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## HYBRID CONTRACTS AND SHARIAH REGULATORY TRANSFORMATION IN ISLAMIC BANKING: EVIDENCE FROM ACEH

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### ABSTRACT

The implementation of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS) in Aceh has transformed the regulatory landscape of Islamic banking by requiring all financial institutions to operate based on sharia principles. This study examines how hybrid contracts (*al-'uqud al-murakkabah*) are structured and implemented within the post-*Qanun* regulatory framework. Unlike previous studies that mainly discuss hybrid contracts from normative and permissibility perspectives, this research analyzes their practical operation within a territorially binding sharia regulatory regime. This study employs an empirical legal approach with a socio-legal framework. The data were obtained from financing contract documents used in Islamic banking practices in Aceh, particularly *murabahah bil wakalah*, *musarakah mutanaqisab*, and *ijarah muntahiyah bittamlik* (IMBT), as well as relevant regulations and DSN-MUI fatwas. The data were analyzed qualitatively through content analysis, thematic coding, and document triangulation to examine contractual structures, implementation patterns, and potential sharia compliance risks. The findings indicate that hybrid contracts have become the dominant contractual structure in Islamic banking practices in Aceh following the implementation of the *Qanun* LKS. The integration of multiple contracts into a single financing structure functions not merely as product innovation, but as a regulatory adaptation mechanism that harmonizes regional sharia legislation, national banking regulations, and fatwa standards. However, the study also identifies several structural issues related to contract sequencing, clause interdependence, and documentation consistency that may create potential sharia non-compliance risks. This study argues that the institutionalization of sharia regulation in Aceh has directly influenced the reconstruction of contractual architecture in Islamic banking practices. Accordingly, hybrid contracts should be understood not only as contractual innovations, but also as institutional responses to regulatory transformation within contemporary Islamic finance.

**Keywords:** Hybrid Contracts; Islamic Banking; *Qanun* LKS; Sharia Compliance; Contract structure.

### ABSTRAK

Pemberlakuan *Qanun* Lembaga Keuangan Syariah (*Qanun* LKS) di Aceh telah mengubah lanskap regulasi perbankan syariah dengan mewajibkan seluruh lembaga keuangan beroperasi berdasarkan prinsip syariah. Penelitian ini mengkaji bagaimana hybrid contracts (*al-'uqud al-murakkabah*) dikonstruksikan dan diimplementasikan dalam kerangka regulasi pasca-*Qanun*. Berbeda dengan penelitian sebelumnya yang umumnya membahas hybrid contracts dari perspektif normatif dan batas kebolehnya, penelitian ini menganalisis implementasinya dalam rezim regulasi syariah yang bersifat teritorial dan mengikat. Penelitian ini menggunakan pendekatan hukum empiris dengan kerangka socio-legal. Data penelitian diperoleh dari dokumen kontrak pembiayaan yang digunakan dalam praktik perbankan syariah di Aceh, khususnya *murabahah bil wakalah*, *musarakah mutanaqisab*, dan *ijarah muntahiyah bittamlik* (IMBT), serta regulasi terkait dan fatwa DSN-MUI. Data dianalisis secara kualitatif melalui content analysis, thematic coding, dan triangulasi dokumen untuk mengidentifikasi struktur kontrak, pola implementasi, dan potensi risiko ketidakpatuhan syariah. Hasil penelitian menunjukkan bahwa hybrid contracts telah menjadi struktur kontrak yang dominan dalam praktik perbankan syariah di Aceh pasca implementasi *Qanun* LKS. Integrasi beberapa akad dalam satu struktur pembiayaan tidak hanya berfungsi sebagai inovasi produk, tetapi juga sebagai mekanisme adaptasi regulatif yang mengharmonisasikan legislasi syariah daerah, regulasi perbankan nasional, dan standar fatwa. Namun demikian, penelitian ini juga menemukan sejumlah persoalan struktural terkait urutan akad, interdependensi klausul, dan konsistensi dokumentasi yang berpotensi menimbulkan risiko ketidakpatuhan syariah. Penelitian ini berpendapat bahwa institusionalisasi regulasi syariah di Aceh telah secara langsung memengaruhi rekonstruksi arsitektur kontrak dalam praktik perbankan syariah. Oleh karena itu, hybrid contracts tidak hanya harus dipahami sebagai inovasi kontraktual, tetapi juga sebagai respons institusional terhadap transformasi regulasi dalam keuangan syariah kontemporer.

**Kata Kunci:** Al-Uqud Murakkabah; Perbankan Syariah; *Qanun* LKS; Kepatuhan Syariah; Struktur Kontrak.

## INTRODUCTION

Contemporary Islamic banking transactions are increasingly characterized by complex financing structures involving multiple legal relationships, risk allocation mechanisms, and long-term financing arrangements. In this context, single-contract models are often insufficient to accommodate the operational needs of modern Islamic financial institutions. Consequently, hybrid contracts (*al-'uqud al-murakkabah*) have developed as adaptive contractual mechanisms that integrate several contracts within a unified financing structure. In Islamic banking practices, hybrid contracts are commonly applied in financing schemes such as *murabahah bil wakalah*, *musyarakah mutanaqisah*, and *ijarah muntahiyah bittamlik* (IMBT).

From a normative perspective, discussions on *al-'uqud al-murakkabah* within fiqh muamalah have generally focused on questions of permissibility, legal limitations, and the potential risks of *hilah* (legal stratagems). Contemporary scholars emphasize the importance of maintaining clarity regarding contract objects, sequencing, and legal consequences in order to preserve sharia compliance and avoid contractual ambiguity (Ahmed, 2022; Yusoff & Oseni, 2023). At the same time, the increasing complexity of Islamic financial products has encouraged the development of more flexible contractual structures capable of integrating financing, ownership transfer, guarantees, and risk management within a single legal framework.

The regulatory transformation of Islamic banking in Aceh following the implementation of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS) has created a distinct legal environment for the operation of Islamic financial institutions. Unlike the dual banking framework generally applied in Indonesia, the *Qanun* LKS requires all financial institutions in Aceh to operate entirely based on sharia principles. This condition has not only strengthened sharia governance but has also influenced the contractual architecture used in Islamic banking practices. Hybrid contracts therefore function not merely as product innovations, but increasingly as institutional mechanisms for harmonizing sharia principles, banking regulations, and operational requirements.

Previous studies on hybrid contracts have largely concentrated on normative analysis, contractual validity, and product innovation within Islamic finance (Hasanudin et al., 2022; Pitriani et al., 2024). Although recent studies have discussed sharia non-compliance risks and regulatory challenges, limited attention has been given to how hybrid contracts operate within territorially binding sharia regulatory systems such as Aceh. In particular, there

remains limited empirical research examining the relationship between regional sharia legislation, contractual restructuring, and the emergence of hybrid contracts as institutional responses to regulatory transformation.

Based on this gap, this study examines how hybrid contracts are structured and implemented in Islamic banking practices following the implementation of the *Qanun* LKS in Aceh. Using an empirical legal approach with a socio-legal framework, this research analyzes financing contract documents, relevant regulations, and DSN-MUI fatwas to identify contractual patterns, regulatory adaptation mechanisms, and potential sharia compliance risks. The main contribution of this study lies in demonstrating that the institutionalization of sharia regulation in Aceh has directly influenced the reconstruction of contractual structures within Islamic banking practices. Accordingly, hybrid contracts should be understood not only as contractual innovations, but also as institutional responses to regulatory transformation in contemporary Islamic finance.

However, most previous studies remain limited to conceptual and normative discussions of hybrid contracts. Although recent scholarship has examined sharia non-compliance risks in Islamic finance (Rahim et al., 2024; Ismail & Muneeza, 2023), limited empirical attention has been given to how hybrid contracts operate within territorially binding sharia regulatory systems such as Aceh. Consequently, there remains a research gap concerning the relationship between regional sharia legislation, contractual restructuring, and sharia compliance risks in Islamic banking practices.

This issue becomes particularly significant in the context of Aceh following the implementation of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS), which requires all financial institutions to operate under a fully sharia-based system. In this regulatory environment, hybrid contracts function not merely as product innovations, but also as institutional mechanisms for harmonizing regional sharia legislation, national banking regulations, and DSN-MUI fatwa standards. Accordingly, the structure and sequencing of contracts become important aspects of maintaining both regulatory compliance and institutional legitimacy within Islamic banking practices.

In this context, this study identifies two specific research gaps. First, previous studies on *al-'uqud al-murakkebah* have predominantly focused on normative permissibility, contractual validity, and product innovation within Islamic finance, while limited empirical research has examined how hybrid contract structures are operationally implemented within a territorially binding sharia regulatory system such as Aceh. In particular, insufficient

attention has been given to the relationship between regional sharia legislation, contract sequencing, clause interdependence, and potential sharia compliance risks in financing practices.

Second, existing studies generally position *al-'uqud al-murakabah* as a form of contractual flexibility or financial engineering intended to accommodate modern banking transactions. However, limited research has analyzed hybrid contracts as institutional responses to mandatory regulatory transformation following the implementation of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS). Consequently, this study contributes to the socio-legal discourse of Islamic finance by demonstrating that the institutionalization of sharia regulation in Aceh has directly influenced the reconstruction of contractual architecture within Islamic banking practices.

Based on these research gaps, this study examines how *al-'uqud al-murakabah* is structured and implemented in Islamic banking practices following the implementation of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS) in Aceh. Using an empirical legal approach with a socio-legal framework, this research analyzes financing contract structures, regulatory arrangements, and DSN-MUI fatwa standards to identify implementation patterns, contractual restructuring, and potential sharia compliance risks.

Unlike previous studies that mainly discuss hybrid contracts from normative and permissibility perspectives, this study positions *al-'uqud al-murakabah* within the broader context of regulatory transformation and institutional adaptation. The contribution of this research lies in demonstrating that the implementation of the *Qanun* LKS has influenced the reconstruction of contractual architecture in Islamic banking practices in Aceh. In this context, hybrid contracts function not only as instruments of product innovation, but also as institutional mechanisms for maintaining sharia compliance and operational sustainability within a territorially binding sharia regulatory system. This perspective contributes to the socio-legal discourse of Islamic finance by highlighting the interaction between fiqh norms, public regulation, and contemporary banking practices.

## RESEARCH METHOD

This study employs an empirical legal research design with a socio-legal approach to analyze the implementation of *al-'uqud al-murakabah* in Islamic banking practices following the enactment of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS) in Aceh. This approach is used because the study does not only examine legal norms as written in

regulations and fatwas, but also analyzes how those norms are translated into contractual practices within Islamic banking institutions.

The data of this study consist of primary and secondary legal materials. The primary data were obtained from financing contract documents used by Islamic banking institutions in Aceh. The analyzed documents include financing contracts based on *murabahab bil wakalah*, *musyarakah mutanaqisab*, and *ijarah muntahiya bittamlik* (IMBT). These schemes were selected through purposive sampling because they represent the most common forms of hybrid contract structures in contemporary Islamic banking practice, namely sequential, embedded, and conditional hybrid models. The secondary data include the *Qanun* LKS, relevant national banking regulations, DSN-MUI fatwas, and scholarly literature on Islamic financial regulation, hybrid contracts, and sharia compliance risks.

The data were analyzed qualitatively through content analysis and thematic coding. Content analysis was used to examine the structure of contract clauses, the relationship between one contract and another, the sequence of contractual implementation, and the legal consequences arising from each contract component. Thematic coding was then applied to classify the findings into several analytical themes, including contract sequencing, clause interdependence, regulatory adaptation, and potential sharia non-compliance risks.

To ensure the validity of the findings, this study applied document triangulation by comparing financing contract documents with the *Qanun* LKS, DSN-MUI fatwas, and relevant banking regulations. This triangulation was intended to identify the extent to which contractual practices are consistent with the normative framework of Islamic financial law. The study is limited to documentary analysis and does not include interviews with regulators, practitioners, or customers. Therefore, the findings should be understood as an analysis of contractual structure and regulatory alignment, rather than as an assessment of institutional perceptions or customer experiences.

## **FINDINGS AND DISCUSSION**

### **Overview of Research Findings**

This study analyzed financing contract documents used in Islamic banking practices in Aceh following the implementation of the *Qanun* on Islamic Financial Institutions (*Qanun* LKS). The examined documents primarily consisted of financing structures based on *murabahab bil wakalah*, *musyarakah mutanaqisab* (MMQ), and *ijarah muntahiya bittamlik* (IMBT). Using a socio-legal approach, the analysis focused on contractual sequencing, clause

interdependence, ownership arrangements, and risk allocation mechanisms within hybrid contract structures.

The examined financing documents indicate that hybrid contractual arrangements (*al-'uqud al-murakabah*) constitute a significant contractual pattern within contemporary Islamic banking practices in Aceh. Rather than operating through stand-alone contracts, the analyzed financing structures combined several contractual components within an integrated legal framework. Sequential structures were predominantly identified in *murabahah bil wakalah* financing, while embedded ownership-rental arrangements appeared more clearly in *musyarakah mutanaqisah* contracts. Meanwhile, conditional transfer mechanisms were found in IMBT-based financing structures (Hasanudin et al., 2022).

Several contractual clauses further demonstrate how hybrid contracts operate institutionally within Islamic banking practices. For example, one MMQ financing agreement states that:

“NASABAH dapat menyewa Objek Akad ini yang diikuti dengan pembayaran ujarah selama Hishshah BANK belum ditebus seluruhnya oleh NASABAH.”

This clause indicates that the *ijarah* component is structurally embedded within the *musyarakah* arrangement rather than functioning as an independent contract. The customer's right to utilize the asset is directly connected to the gradual transfer of the Bank's ownership portion (*hishshah*). Consequently, ownership transfer, rental obligations, and profit distribution become contractually interconnected. Such a structure reflects the operational model of diminishing partnership commonly discussed in contemporary Islamic finance literature (Hassan et al., 2024).

A similar contractual integration appears in another MMQ agreement which states that:

“BANK bersedia menjual Hishshah BANK kepada NASABAH secara bertahap sesuai jadwal Angsuran yang dibayarkan oleh NASABAH.”

This provision demonstrates that the reduction of the Bank's ownership share is contractually linked to the customer's installment payments. Legally, this structure reflects a diminishing partnership model in which ownership transition occurs gradually through a series of interconnected contractual obligations. The financing structure therefore operates not merely as a debt-payment mechanism, but as a contractual reconstruction combining

partnership, leasing, and transfer-of-ownership elements simultaneously (Hirsanuddin et al., 2021).

The findings further reveal that hybrid contracts function not only as financing techniques, but also as mechanisms for institutional adaptation within a territorially binding sharia regulatory system. The contractual structures examined in this study show efforts to integrate sharia compliance requirements, ownership legitimacy, banking operational needs, and risk mitigation arrangements within a unified financing framework. In this context, the implementation of the *Qanun* LKS appears to have influenced the restructuring of contractual architecture in Islamic banking practices in Aceh (Berlianty et al., 2025).

Based on the analysis of the examined financing documents and the typology of hybrid contracts discussed in contemporary Islamic finance literature (Haneef & Smolo, 2020; Hasanudin et al., 2022), the contractual structures identified in this study may be classified as follows:

**Table 1. Analytical Classification of Hybrid Contract Structures**

| Financing Scheme                         | Hybrid Contract Pattern | Main Contractual Structure  | Legal Function                               |
|--|-------------------------|---|--|
| <i>Murabahah bil wakalah</i>             | Sequential<br>Hybrid    | Wakalah → <i>Murabahah</i>  | Asset acquisition and ownership legitimacy   |
| <i>Musyarakah mutanaqisah (MMQ)</i>      | Embedded<br>Hybrid      | <i>Musyarakah</i> + <i>Ijarah</i> + Gradual Transfer of Ownership | Shared ownership and diminishing partnership |
| <i>Ijarah muntahiya bittamlik (IMBT)</i> | Conditional<br>Hybrid   | <i>Ijarah</i> → Transfer of Ownership                             | Lease-to-own financing structure             |

Source: Developed by the author based on examined financing documents and hybrid contract typologies (Haneef & Smolo, 2020; Hasanudin et al., 2022).

The table demonstrates that hybrid contracts within the examined financing structures operate through different contractual configurations and legal mechanisms. The distinction between sequential, embedded, and conditional hybrid structures indicates that contemporary Islamic banking contracts increasingly rely on interconnected contractual arrangements rather than stand-alone agreements. This interconnectedness reflects the institutional need to integrate ownership transfer, financing mechanisms, and sharia compliance requirements within a unified contractual framework.

## **Contractual Structure and Patterns of *al-‘uqud al-murakkabah***

### ***Murabahah* with *Wakalah*: Sequential Hybrid Model**

In the analyzed *murabahah* financing contracts, it was found that the *wakalah* contract always precedes the sale contract. Customers are authorized by the bank to purchase the financing object on behalf of the bank before the *murabahah* contract is executed. Contractually, there is an explicit clause stating that *murabahah* is only valid after the purchase process through *wakalah* has been completed. This structure illustrates a sequential hybrid contract pattern, where the first contract serves as a prerequisite for the validity of the subsequent contract. Without *wakalah*, the *murabahah* cannot be executed legally because the bank does not yet possess the financing object in principle.

This finding is consistent with the study by Hassan and Aliyu (2020), which states that the *wakalah-murabahah* model is the most commonly used form of hybrid contract in modern Shariah finance practices. Ayub (2021) also emphasizes that this combination is permissible as long as each contract has clear objects and legal consequences. From a *fiqh* perspective, this structure does not fall into the category of “two contracts in one transaction” that is prohibited, as its implementation is sequential and does not lead to ambiguity in rights and obligations (Haneef & Smolo, 2020).

### ***Musarakah mutanaqisah*: Embedded Hybrid Model**

In the *musarakah mutanaqisah* contracts, it was found that the partnership contract is combined with an *ijarah* contract within a unified contractual structure. The bank and the customer together own the financing object, while the customer pays *ujrah* for the portion of the bank's ownership that has not yet been transferred. Unlike the sequential model, this pattern demonstrates an embedded hybrid contract, where the *ijarah* contract is substantially integrated into the *musarakah* structure. *Ijarah* does not stand as a separate contract but becomes the mechanism for distributing benefits and risks.

Contemporary literature explains that *musarakah mutanaqisah* is one of the most representative forms of contractual innovation in modern Shariah finance because it is able to integrate profit-sharing principles with gradual ownership (Hasan & Asutay, 2021; Rahman, 2023). Furthermore, Ahmed (2022) shows that this model has developed rapidly in regions with stringent Shariah regulations. In the context of Aceh post-*Qanun* LKS, this structure has become an important instrument for ensuring Shariah compliance while maintaining the sustainability of financing in the real sector.

### ***Ijarah muntahiya bittamlik (IMBT): Conditional Hybrid Model***

In the IMBT scheme, the *ijarah* contract is explicitly linked to an ownership transfer mechanism at the end of the financing period. The clause states that the transfer of ownership occurs only after all payment obligations have been fulfilled. This structure demonstrates a conditional hybrid contract pattern, where the validity of the sale and purchase or grant agreement at the end of the period is dependent on the fulfillment of the previous *ijarah* agreement.

This model aligns with the findings of global studies on IMBT practices as a valid hybrid contract as long as there is a conceptual separation between the lease and the transfer of ownership (Hassan & Aliyu, 2020; Ayub, 2021).

### **Interdependence of Clauses and Legal Rationality**

A further analysis of the contract clauses reveals a strong interdependence among the contracts. For instance, in the case of *murabahah-wakalah*, the cancellation of the *wakalah* contract leads to the nullification of the *murabahah* contract. In *musyarakah mutanaqisah*, the failure to pay *ujrah* impacts the restructuring of ownership.

This interdependence indicates that *murakkabah*, in practice, cannot be understood as two separate contracts but rather as a single integrated legal system. Dusuki (2020) emphasizes that the validity of hybrid contracts is not determined by the quantity of the contracts involved, but by the integrity of the structure and its economic purpose. This finding demonstrates that *murakkabah* serves both as a risk management instrument and as a mechanism to ensure Shariah compliance.

### **Urgency Dimensions of *al-'uqud al-murakkabah* Post-Qanun LKS**

The urgency of *al-'uqud al-murakkabah* in the context of Aceh can be analyzed through three main dimensions. The *first* dimension is **Structural Urgency**, without a combination of contracts, modern financing cannot operate effectively. Banks cannot avoid practices that resemble interest-based lending without contractual reconstruction based on multi-contract frameworks. The Islamic Financial Services Board (2023) emphasizes that contractual flexibility is a key factor for the sustainability of the Shariah finance industry.

Modern financing based on a single contract within Islamic banking is challenging to implement operationally, as the complexity of contemporary transactions demands the integration of ownership mechanisms, risk distribution, and payment certainty within a cohesive legal framework. A single contract structure does not always accommodate these

needs simultaneously, posing a risk of simplifying transactions to the extent that they resemble interest-based credit schemes substantially. Therefore, multi-contractual reconstruction becomes an important instrument for maintaining the normative differentiation between Shariah financial systems and conventional systems. Several studies have shown that hybrid contracts have evolved in response to the demands of risk management and institutional efficiency within the modern Shariah finance industry (Hasanudin et al., 2022; Mateev et al., 2022). The Islamic Financial Services Board (2023) also asserts that contractual flexibility is a prerequisite for the industry's sustainability, as it enables Shariah financial institutions to adapt to regulatory dynamics and market pressures without compromising the principles of prohibition against *riba* and *gharar*. Thus, *al-'uqud al-murakkabah* is not merely a technical innovation but a structural necessity within the architecture of contemporary Islamic banking.

The *second* dimension is **Regulatory Urgency**, the implementation of the *Qanun* LKS has transformed the institutional landscape in Aceh by requiring all financial institutions to operate based on Shariah principles. Such regulatory reforms, according to Ahmed (2022), tend to trigger contractual innovation as a form of institutional adaptation. Rahman (2023) also indicates that regulatory pressures often act as catalysts for the development of hybrid contracts. In this context, *murakkabah* emerges as a systemic consequence of regulatory changes, rather than merely a product design choice.

This transformation not only affects changes in the nomenclature of contracts but also leads to a comprehensive restructuring of the contractual architecture. The obligation for complete compliance with Shariah principles compels financial institutions to adjust transaction mechanisms, risk distribution, and the legal relationship patterns between banks and customers to remain compatible with the prohibitions against *riba*, *gharar*, and *maisir*. Consequently, multi-contract innovation arises as a structural response to the need for harmonization between religious norms and state regulatory systems. From a socio-legal perspective, this condition illustrates that the law is not merely normative and doctrinal but also performative; it shapes institutional behavior and concretely influences contract design.

Therefore, *al-'uqud al-murakkabah* in the context of Aceh represents a form of institutional adaptation to a comprehensive Shariah regulatory regime, while also demonstrating how public law configurations can shape the evolution of private law practices in the financial sector.

Thus, *al-'uqud al-murakkabah* in the context of Aceh can no longer be understood merely as contractual innovation driven by market creativity; rather, it is a manifestation of institutional reconstruction triggered by a comprehensive Shariah regulatory regime. *Murakkabah* becomes a structural prerequisite that ensures the sustainability of financial intermediation functions within a legal framework that has been normatively transformed by the *Qanun* LKS.

The *third* dimension is **Functional-Economic Urgency**, Hybrid contracts enable a more proportional and equitable distribution of risk. In the case of *musyarakah mutanaqisah*, for instance, ownership risk is jointly borne by the bank and the customer, while the payment of *ujrah* provides cash flow certainty for the bank. Hasan and Asutay (2021) refer to the flexibility of contract design as an indicator of the competitiveness of Islamic banking within the global financial system.

Looking back at the example of the *musyarakah mutanaqisah* contract, ownership risk is shared gradually between the bank and the customer, thus avoiding one-sided risk transfer as seen in interest-based debt schemes. At the same time, *ujrah* payments ensure cash flow certainty for the bank, which is crucial for maintaining liquidity stability and operational sustainability. This structure illustrates that *murakkabah* not only meets the principles of distributive justice in *fiqh muamalah* but also addresses the risk management needs of modern banking systems (Mateev et al., 2022). In line with this, Hasan and Asutay (2021) emphasize that the flexibility of contract design becomes an indicator of Islamic banking competitiveness at the global level, as it allows financial institutions to adapt to market dynamics and regulations without compromising Shariah compliance. Therefore, hybrid contracts serve as an instrument of balance between normative integrity and economic efficiency.

Thus, *al-'uqud al-murakkabah* does not merely reflect the flexibility of contract design; rather, it constitutes a structural foundation that enables Islamic banking to maintain its normative differentiation while remaining competitive in a risk-based global financial system.

### **Shariah Non-Compliance Risks and Potential Structural Gaps**

Although *al-'uqud al-murakkabah* functions as an adaptive mechanism in response to the complexities of regulatory and modern transactions, the multi-contract structure also opens up potential risks of shariah non-compliance. These risks are not always substantive but often arise from weaknesses in contractual design, inconsistencies in clauses, or errors in

contract sequencing. In the context of mandatory shariah regulations, such as in Aceh, these risks have implications that extend beyond private law, affecting both reputational and institutional aspects.

*First*, there is the risk of sequencing errors. In sequential hybrid models like *wakalah-murabahab*, failure to ensure that the object has been owned substantially by the bank before executing the *murabahab* contract can lead to potential *bai' al-ma'dum* (sale of an object not yet owned). Normatively, this situation can violate the fundamental principles of sales in *muamalah fiqh*. Research by Mustapha et al. (2021) indicates that a significant portion of non-compliance risks in modern shariah finance actually stems from procedural and documentation errors rather than from the product design itself. Thus, the validity of *murakabah* is highly dependent on the integrity of its implementation.

*Second*, there is the risk of disproportionate clause interdependence. In *musyarakah mutanaqisab*, for example, the relationship between shared ownership, *ujrah* payments, and the mechanism for transferring ownership portions must be coherently designed. If the default clause in *ujrah* payments automatically shifts all risks to the customer without a fair partnership mechanism, this structure may deviate from the risk-sharing principle that underlies the *syirkah* contract. Such a condition can shift the substance of the contract from partnership to a veiled debt financing arrangement. Therefore, clarity in the relationship of rights and obligations among contracts is a crucial aspect of maintaining the integrity of *murakabah*.

*Third*, there is the risk of contemporary legal tricks or excessive contractual engineering. The incorporation of multiple contracts within a single structure could create a perception that multi-contracts are used solely as a legal engineering tool to circumvent the prohibition of *riba*, without maintaining the substantive elements of justice and risk distribution. Contemporary literature emphasizes that hybrid contracts are permissible as long as each contract has a clear object, legal consequences, and objectives that do not negate one another (Ahmed, 2022; Hasanudin et al., 2022). In this context, the conceptual separation of contracts becomes essential to avoid overlaps that may reduce their normative validity.

*Fourth*, the risk of documentation issues and consistency in terminology. Analysis of contract documents reveals that, in some cases, the terminology used in contracts is not always accompanied by adequate explanations of legal consequences. Ambiguity in wording can lead to interpretative ambiguities, particularly in dispute resolution. In a shariah-based

legal system like that in Aceh, consistency between fiqh terms, contract wording, and regulatory frameworks is a critical factor in ensuring contract enforceability.

Nevertheless, the presence of these risks does not inherently weaken the position of *al-'uqud al-murakkabah*. On the contrary, these findings indicate that the urgency of *murakkabah* must be balanced with strengthening contractual design and shariah compliance governance. In a comprehensive shariah regulatory regime such as the *Qanun* LKS, the quality of contract structure becomes a key indicator of the credibility of financial institutions. In other words, *murakkabah* requires not only normative legitimacy but also technical precision in its implementation. Therefore, this risk analysis enriches the research findings, suggesting that the urgency of *al-'uqud al-murakkabah* is twofold: it is a structural necessity within the modern shariah finance system, while simultaneously demanding tighter contract design standards to avoid potential normative deviations and institutional risks.

### **Synthesis and Academic Contribution**

Unlike previous research that focused more on normative debates regarding the validity of hybrid contracts, this study demonstrates that *al-'uqud al-murakkabah* in the post-*Qanun* LKS Aceh context represents a structural and institutional consequence. *Murakkabah* is not simply a contractual innovation, but rather a systemic necessity arising from the interaction between fiqh norms, state regulations, and modern banking practices.

Using a socio-legal approach, this study expands the discourse on contemporary muamalah fiqh by positioning *murakkabah* as a response to the regulatory dynamics and complexities of modern transactions (Haneef & Smolo, 2020; Ahmed, 2022; Rahman, 2023).

### **Comparative Insight: The Distinctiveness of *Murakkabah* within the Context of Territorial Shariah Regulation**

To clarify the contributions of this research, a comparative reading of the practice of *al-'uqud al-murakkabah* in other jurisdictions implementing shariah financial systems is essential. Literature indicates that in countries with a dual banking system, such as Malaysia and Indonesia (excluding Aceh), hybrid contracts have developed as a form of product innovation aimed at enhancing the competitiveness of the industry (Hasan & Asutay, 2021; Hassan & Aliyu, 2020). In such contexts, *murakkabah* is primarily driven by market demand and financial innovation rather than by structural regulatory pressures.

Conversely, in jurisdictions that adopt a more comprehensive or territorial approach to shariah, such as post-*Qanun* LKS Aceh, *murakkabah* evolves not merely as an instrument

of innovation but as a normative consequence of the obligation for total compliance with shariah principles. Research by Ahmed (2022) demonstrates that mandatory shariah-based regulatory reforms tend to yield more systemic contractual restructurings compared to optional regulations.

This difference illustrates that regulatory factors significantly influence contract construction. In a dual banking system, banks still possess alternative conventional contractual options for comparison, making *murakkabah* a strategic choice. However, in the context of Aceh, where the entire financial system must operate based on shariah principles, *murakkabah* becomes an unavoidable structural necessity.

Rahman's (2023) study also emphasizes that in tighter regulatory environments, contractual innovations are more likely to be compliance-driven rather than solely market-driven. The findings of this research support this thesis. Document analysis reveals that the integration of multi-contract structures is carried out to ensure conformity with the principles prohibiting *riba*, *gharar*, and *maisir* while maintaining financial intermediation functions. Furthermore, from a socio-legal perspective, *murakkabah* in Aceh reflects the interaction among *fiqh* norms, public policy, and institutional practices. This contrasts with practices in many other countries that place greater emphasis on the commercial aspects of products. Accordingly, Aceh's distinctiveness lies in its regulatory-territorial dimension, which directly shapes contractual design.

This comparative insight reinforces the novelty of the research, suggesting that *al-'uqud al-murakkabah* in the context of Aceh is not merely a global phenomenon replicated locally, but rather the result of a specific regulatory configuration that establishes it as an institutional necessity. Thus, this study provides theoretical contributions by demonstrating that the urgency of *murakkabah* is contextually regulatory and cannot be uniformly generalized across the entire shariah finance system.

Based on the overall findings, this research asserts that *al-'uqud al-murakkabah* within the practice of Islamic banking in Aceh post-*Qanun* LKS can no longer be understood merely as a contractual innovation or an elaboration of contemporary *fiqh* *ijtihad*. In this context, *murakkabah* has transformed into an institutional necessity arising from the simultaneous interaction among shariah norms, regulatory restructuring, and the operational demands of the modern financial system. Consequently, its urgency is structural and systemic, rather than a technical choice that is optional.

These findings shift the academic debate from classical discussions regarding the legality of hybrid contracts toward analyses of how territorial regulatory configurations shape contract architecture within the shariah finance industry. In this perspective, *al-'uqud al-murakkabah* serves not only as a compliance mechanism but also as a foundational element of institutional adaptation that enables the Islamic banking system to remain functional without compromising its normative integrity. In other words, under comprehensive shariah regulatory regimes like that of Aceh, *murakkabah* is not merely a design choice for products but an existential prerequisite for the sustainability of the system itself.

### **Strategic Benefits of *Al-'uqud al-murakkabah* in the Islamic Banking System**

In the contemporary development of Islamic finance, *al-'uqud al-murakkabah* is no longer understood merely as a technical variation of fiqh, but as a structural instrument that facilitates the operationalization of modern financing within the normative boundaries of shariah. The hybrid contract becomes a reconstructive mechanism that transforms the conventional interest-based credit model into an asset-based and risk-sharing structure. Saibil et al. (2023) emphasize that the development of hybrid contracts is a systemic response to the complexities of modern Islamic banking products, particularly in maintaining a balance between shariah compliance and business viability.

Functionally, the main benefit of *al-'uqud al-murakkabah* lies in its ability to integrate multiple transaction goals within a single contractual framework. In *musyarakah mutanaqisah*, for example, there is a combination of *syirkah* (joint ownership), *ijarah* (rent on the bank's ownership portion), and *bai'* (gradual transfer of ownership). Without this *murakkabah* structure, property financing would struggle to avoid patterns resembling interest-based credit. Pitriani et al. (2024) demonstrate that the multi-contract design allows for the adaptation of classic *syirkah* principles into contemporary financing structures without losing their normative foundations.

From a risk distribution perspective, *murakkabah* provides more proportional contractual flexibility. Ownership risks remain shared according to capital contributions, while cash flow certainty can be managed through the *ijarah* component. Hasanudin et al. (2022) refer to the flexibility of hybrid contract design as a crucial indicator of the competitiveness of the Islamic financial industry in the global financial system. Thus, *murakkabah* does not eliminate risk-sharing principles but rather formulates them within a more operational and applicable framework.

In the context of regulatory reform, particularly after the enactment of the *Qanun* LKS in Aceh, the benefits of *murakkabah* become increasingly significant. Regulatory reforms mandating that all financial institutions operate based on shariah principles create the need for new contractual designs that are compatible with shariah oversight standards and banking regulations. Berlianty et al. (2025) assert that strengthening integrated shariah oversight models requires consistency between contract structures and compliance governance. In this situation, *al-'uqud al-murakkabah* functions as an instrument of institutional adaptation, rather than merely a product innovation.

Furthermore, *murakkabah* also provides benefits in enhancing shariah governance. Because it comprises several contract components, each part must be tested separately in shariah audits, thereby improving documentation accuracy and compliance standards. Mustapha et al. (2021) indicate that the risk of non-compliance in Islamic finance often arises from weaknesses in contractual design, thus a systematic multi-contract structure can reinforce internal control mechanisms.

Consequently, the benefits of *al-'uqud al-murakkabah* are multidimensional: operational, normative, regulatory, and institutional. It enables the transformation of conventional products into shariah-compliant structures, distributes risks more equitably, expands financing innovations, and strengthens compliance governance. In the context of an Islamic banking system that operates under regulatory reform pressures, *murakkabah* is no longer merely a design choice but a prerequisite for systemic sustainability.

### **Theoretical and Practical Implications for Shariah Financial Regulatory Reform**

The findings of this research have significant theoretical implications for the development of contemporary *fiqh muamalah*. Theoretically, *al-'uqud al-murakkabah* demonstrates that the flexibility of Islamic law does not contradict its normative principles; rather, it serves as an adaptive mechanism to uphold *maqashid al-shariah* within the context of the modern economy. The hybrid contract illustrates that *muamalah fiqh* is not rigid but possesses reconstructive capacity to respond to changes in economic structures and regulations. Thus, *murakkabah* reinforces the thesis that the dynamics of contracts in Islam are more principle-based than textual-formal.

These implications are important within the socio-legal discourse of Islamic finance. Regulatory reforms, such as the *Qanun* LKS in Aceh, not only necessitate institutional conversion but also demand an epistemological reconstruction of contract design.

*Murakabah* exemplifies how regulatory changes can trigger contractual innovation that remains within the confines of shariah. From the perspective of responsive legal theory, this phenomenon indicates that shariah law and state regulations can interact productively rather than antagonistically.

Practically, the results of this research underscore that strengthening shariah regulation must be accompanied by enhanced capacity for contractual design at the institutional level. Without a deep understanding of multi-contract structures, the risks of sequencing errors, inconsistencies in clauses, and potential normative deviations may increase. Therefore, reforms in shariah financial regulations should include: 1) Standardization of design guidelines for hybrid contracts based on fatwas and technical regulations; 2) Strengthening the internal shariah audit function to comprehensively understand multi-contract structures; and 3) Harmonization between banking regulations and fiqh norms in product development.

Furthermore, this research also indicates that *murakabah* has the potential to become a relevant contract design model for the development of shariah financial products at the national level, extending beyond the context of Aceh. In Indonesia's dual banking system, the competitiveness of Islamic banks is highly contingent upon the flexibility of product innovation that remains consistent with shariah principles. The hybrid contract provides that space without compromising normative integrity.

However, this flexibility also presents challenges. As the complexity of contract structures increases, so does the need for oversight and contractual literacy. Thus, the future development of *murakabah* should aim for structural simplification without losing shariah substance, ensuring it remains comprehensible to customers and efficient in practice.

In conclusion, the theoretical and practical implications of this research affirm that *al-'uqud al-murakabah* is not merely a product innovation but an instrument for reforming Islamic economic law. It stands at the intersection of *fiqh*, state regulations, and modern business practices, serving as an indicator of the institutional maturity of Islamic banking in facing regulatory transformations.

### **Theoretical Model of Contractual Reconstruction Post-*Qanun* LKS**

The empirical findings of this study indicate that the dominance of *al-'uqud al-murakabah* in the practice of Islamic banking in Aceh is not a spontaneous phenomenon driven solely by market innovation. Instead, it is the result of a contractual reconstruction

process influenced by changes in regulatory configurations. International literature shows that regulatory reform in the Islamic financial system significantly affects product design and contract structure (Mateev et al., 2022; Hoque & Liu, 2023).

In the global context, Mustapha et al. (2021) assert that the enhancement of sharia governance standards in Nigeria encourages the restructuring of contract designs to mitigate non-compliance risks. Similarly, Ibrahim and Ismail (2020) demonstrate that the integration of regulatory frameworks and maqasid al-shariah in supervision systems directly impacts the efficiency and configuration of Islamic banking products. These findings indicate that regulation does not merely impose limits but systematically reshapes the contractual architecture.

Conceptually, the post-*Qanun* LKS contractual reconstruction can be explained through four structural stages: *First, Shariah Legislation as a Constitutive Structure*, Shariah regulations with imperative characteristics possess constitutive power over financial practices. Berlianty et al. (2025) show that integrated sharia oversight models in Indonesia have direct implications for contract design restructuring and product governance. Internationally, Mateev et al. (2022) find that stricter regulations in the MENA region affect risk-taking behavior and the financing structure of Islamic banks. Thus, the *Qanun* LKS can be understood as a constitutive regulation that reshapes the contractual possibility space for financial institutions in Aceh.

*Second, Compliance Pressure and Institutional Adaptation*, Institutional adaptation theory explains that organizations respond to regulatory and normative pressures by adjusting their internal structures. Hoque and Liu (2023) show that regulatory strengthening increases the homogenization of Islamic banking product designs. Saifurrahman and Kassim (2024) also emphasize that regulatory pressures in the context of Islamic financial inclusion encourage banks to reformulate their contractual strategies. In the context of hybrid contracts, Saibil et al. (2023) state that the development of multi-contracts represents compliance-driven innovation, born from the need to maintain adherence within an increasingly stringent regulatory environment.

*Third, Reconstruction of Contractual Architecture*, Reconstruction occurs through the reorganization of contract structures. Pitriani et al. (2024) explain that modern hybrid contracts require the separation of objects, clarity of stages, and integrity of legal consequences. Hasanudin et al. (2022) refer to the flexibility of multi-contract designs as a response to the systemic needs of the Islamic financial industry. Globally, Hassan et al. (2024)

highlight that the complexity of hybrid contracts increases in line with the evolving regulatory standards and market demands. Therefore, contractual reconstruction is not only a local phenomenon but part of the global evolution of the Islamic finance industry.

*Fived, Institutionalization of Murakkabah as a Dominant Structure*, When the multi-contract structure is consistently used and standardized, it undergoes institutionalization. This process reflects what is known in organizational theory as regulatory isomorphism, the tendency of institutions to standardize structures in response to regulatory pressures (Hoque & Liu, 2023). In the context of Aceh, *murakkabah* has transformed from an innovation into a dominant, systemic structure. It is no longer merely a design option but has become the standard architecture in financing practices.

## CONCLUSION

This study demonstrates that *al-'uqud al-murakkabah* in Islamic banking practices in Aceh following the implementation of the *Qanun* on Islamic Financial Institutions (*Qanun LKS*) functions not merely as a contractual innovation, but as a structural and institutional response to regulatory transformation within the contemporary sharia financial system. The analysis of financing contract documents reveals that the examined financing structures predominantly apply sequential, embedded, and conditional hybrid contract models through the integration of *murabahah bil wakalah*, *musyarakah mutanaqisah*, *ijarah*, and *ijarah muntahiya bittamlik* arrangements within interconnected contractual frameworks.

The findings indicate that hybrid contracts operate not only as financing mechanisms, but also as instruments for integrating ownership arrangements, risk allocation, and sharia compliance requirements within Islamic banking operations. In the context of Aceh's territorially binding sharia regulatory regime, the use of hybrid contracts reflects an institutional adaptation process aimed at maintaining both regulatory compliance and operational sustainability. This study therefore contributes to the socio-legal discourse of Islamic finance by demonstrating that the development of hybrid contracts is closely influenced by regulatory configurations and institutional pressures rather than solely by product innovation considerations.

Nevertheless, this study has several limitations. First, the research is limited to documentary analysis of financing contracts and does not include interviews with regulators, banking practitioners, or customers for broader empirical triangulation. Second, the study focuses exclusively on Islamic banking practices in Aceh, particularly within the post-*Qanun*

LKS regulatory environment. Consequently, the findings cannot be generalized automatically to other jurisdictions with different regulatory and institutional characteristics.

Future research may expand the scope of analysis through comparative studies across different regions or jurisdictions and incorporate empirical interviews with practitioners, regulators, and customers. In addition, quantitative or mixed-method approaches may further examine the relationship between hybrid contract structures, sharia compliance risks, and financing performance within contemporary Islamic banking practices.

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