



Analysis of Fatwa Regarding Sharia Credit Cards and Their Relevance to the Development of Islamic Banking in Indonesia and Bahrain

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Abstract

This research aims to analyze fatwas on Sharia credit cards and their relevance to the development of Islamic banking in Indonesia and Bahrain. This qualitative study uses a text and context approach. The main data used are fatwas from DSN-MUI and the Sharia Supervisory Board of Bank Islam Bahrain regarding Sharia credit cards, supported by books, scientific articles, and reports on the development of Islamic banking. Data were collected through documentation techniques and analyzed using descriptive analysis. This study concludes that Sharia credit cards, as outlined in the fatwas of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) and the Sharia Supervisory Board of Bank Islam Bahrain (SSB-BIsB), are permissible as transaction tools based on legal principles, contract provisions, wage and service provisions, penalties, and limits in accordance with Sharia principles. Specifically, in Bahrain, fatwas must refer to the standards of the Accounting and Auditing Organization for Islamic Finance Institutions (AAOIFI). Currently, the use of Sharia credit cards in Bahrain is experiencing significant growth, while in Indonesia, public interest in using Sharia credit cards remains relatively low. The findings of this research can serve as policy studies for fatwa institutions and Islamic banking to enhance the growth of Sharia credit cards as a Sharia financing instrument for the public, particularly in Indonesia.

Keywords: Fatwa, Syariah Credit Card, Islamic Banking, Indonesia, Bahrain.

Abstrak

Penelitian ini bertujuan untuk menganalisis fatwa tentang kartu kredit syariah dan relevansinya terhadap perkembangan perbankan syariah di Indonesia dan Bahrain. Studi kualitatif ini menggunakan pendekatan teks dan konteks. Data utama yang digunakan adalah fatwa DSN-MUI dan Badan Pengawas Syariah Bank Islam Bahrain tentang kartu kredit syariah, didukung dengan buku, artikel ilmiah dan laporan perkembangan perbankan syariah. Data dikumpulkan melalui teknik dokumentasi dan dianalisis dengan analisis deskriptif. Studi ini menyimpulkan bahwa kartu kredit syariah yang ada dalam fatwa Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) dan Badan Pengawas Syariah Bank Islam Bahrain (SSB-BIsB) boleh digunakan sebagai alat transaksi berdasarkan ketentuan landasan hukum, ketentuan akad, ketentuan upah dan jasa, ketentuan denda dan batas sesuai prinsip syariah. Terkhusus di Bahrain, fatwa harus mengacu pada standar Accounting and Auditing Organization for Islamic Finance Institutions (AAOIFI). Saat ini, penggunaan kartu kredit syariah Bahrain mengalami perkembangan yang signifikan, sementara di Indonesia minat masyarakat terhadap penggunaan kartu kredit syariah masih cenderung rendah. Temuan penelitian ini dapat menjadi studi kebijakan bagi lembaga fatwa dan perbankan syariah guna meningkatkan pertumbuhan kartu kredit syariah sebagai instrumen pembiayaan syariah bagi masyarakat, khususnya di Indonesia.

Kata Kunci: Fatwa, Kartu Kredit Syariah, Perbankan Syariah, Indonesia, Bahrain.



Introduction

The development of the Islamic economy in the Islamic banking sector has attracted a lot of attention from economic figures, including Muslim scholars and intellectuals. Various kinds of responses to the products and services of banking services cause problems in terms of sharia, including credit cards which are still debatable. Credit card is one of the products issued by a bank to make the transaction easier for their customers without the need to interact directly with the bank.¹ The use of credit cards is considered safer and more practical with the various types of payment transactions offered. Various Islamic banks in Muslim countries have issued credit cards as an effort to advance Islamic banking institutions, including in Indonesia and Bahrain.

According to the number of Islamic banking institution in 2021, Indonesia had 12 Sharia Commercial Banks (BUS), 21 Sharia Business Units (UUS), and 164 Sharia Financing Banks (BPRS).² Currently, Indonesia has merged 3 Islamic banks (Mandiri Sharia Bank, BNI Sharia Bank, and BRI Sharia Bank) under the auspices of Bank Syariah Indonesia (BSI). This development is driven by many factors, including literacy levels, regulations,³ efficiency and fatwas.⁴ Based on these three factors, the fatwa is the most important factor in achieving sharia compliance which must be fulfilled by Islamic banking.⁵ The role of the fatwa is of non-negotiable urgency in order to provide operational standards and recommendations for sharia economics in Indonesia,⁶ as required by Article 1 Number 12 of Law Number 21 of 2008 concerning Islamic Banking.⁷ In this case, the MUI through the National Sharia Council-Indonesian Ulama Council (DSN-MUI) has become an important mainstream institution for Islamic banking practices in Indonesia.⁸

Seeing the public's interest in using credit cards, Islamic banks began to implement strategies to attract customers' attention by issuing sharia credit card products (sharia cards). The issuance of sharia credit cards is reinforced by fatwa number 54/DSN-MUI/X/2006 concerning Sharia Cards which states the permissibility of sharia credit cards. The development of sharia credit cards in Indonesia is inseparable from the influence of the development of sharia credit cards in other countries that have Islamic banking systems, one of which is Bahrain.

According to research conducted by Independence Contract Drilling Inc ICD-Thomson Reuters Islamic Finance Development Indicator (IFDI) in 2014 that Bahrain was ranked 2nd out of 92 countries with Islamic financial markets, and the first leading country in the Gulf Cooperation Council (GCC) region. As well as ranking highly in terms of the country's commitment to research and training and awareness of local industry, Bahrain also has the

¹ Dewi Sukma Kristianti, "Kartu Kredit Syariah Dan Perilaku Konsumtif Masyarakat," *AHKAM: Jurnal Ilmu Syariah* 14, no. 2 (2014): 287–96, doi:10.15408/ajis.v14i2.1287., p. 287

² "Laporan Perkembangan Keuangan Syariah Indonesia: Menjaga Ketahanan Keuangan Syariah Dalam Momentum Pemulihan Ekonomi" (Jakarta, 2021)., p. 22

³ Ja'far Baehaqi, "Paradoks Fatwa Dewan Syariah Majelis Ulama Indonesia Dalam Regulasi Hukum Perbankan Syariah," *Al-Ahkam* 27, no. 1 (2017): 1, doi:10.21580/ahkam.2017.27.1.1330., p. 2

⁴ Aidil Novia, "Kontribusi Fiqh Legal Maxim Dalam Fatwa-Fatwa Ekonomi Syariah Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI)," *Tsaqafah* 12, no. 1 (2016): 79, doi:10.21111/tsaqafah.v12i1.369., p. 81

⁵ Joko Hadi Purnomo, "Syariah Governance Pada Perbankan Syariah," *Jurnal Ekonomi Syariah* 1, no. 1 (2016): 1–15.

⁶ Muhammad Majdy Amiruddin, "Imposisi Fatwa Terhadap Regulasi Perbankan Syariah," *Bilancia: Jurnal Studi Ilmu Syariah Dan Hukum* 12, no. 1 (2018): 49–78, doi:10.24239/blc.v12i1.334.

⁷ "Undang-Undang Nomor 21 Tahun 2008 Tentang Perbankan Syariah" (n.d.).

⁸ Etik Hawiati and Ahmad Dimiyati, "Menyoal Metode Fatwa Keuangan Dan Perbankan Syariah Indonesia," *Jurnal Islamic Review* III, no. 2 (2014): 289–320.

best governance in Islamic finance in the world, with reports praising an established regulatory framework spanning all sectors, and high levels of disclosure.⁹ The last report in 2020, the Islamic Finance Development Indicator (IFDI) released that Indonesia experienced a high spike in the development of Islamic finance so that it was ranked 2 out of 135 countries while shifting Bahrain's position to rank 3.¹⁰ Previously, according to the Global Islamic Economy Indicator (GIEI), Indonesia was in the 10th position in 2018.¹¹

The study of the DSN-MUI fatwa on the Sharia Card has basically been carried out by researchers including Imam Wahyu Hardiansyah,¹² Mohamad Irsyad,¹³ Efrita Norman,¹⁴ Zainul Mu'ien Husni,¹⁵ Rusdiana Priatna Wijaya and Nurizal Ismail,¹⁶ Dharma Kharini Abd Haling et al,¹⁷ Achmad Boys Awaluddin Rifa'i,¹⁸ Aprillia Russetyowati,¹⁹ Dewi Sukma Kristianti,²⁰ Zainul Arifin Yusuf,²¹ all of which are related to the DSN-MUI fatwa on sharia cards. Significant differences are seen in the research conducted, which tends to focus on economic studies such as consumer behavior and attitudes, trust and operational suitability of Islamic credit cards. The researcher concluded that Hardiansyah's²² Norman²³, Wijaya and Ismail²⁴ researches that used Islamic law and the *maqashid* sharia approaches. Based on previous relevant literature reviews, the authors conclude that this study can contribute to the development of research on sharia credit card fatwas in a comparison between Indonesia and Bahrain through. Based on this, this paper aims to analyze the fatwa of the DSN-MUI and the SSB-BIsB regarding the sharia card and its relevance to the development of Islamic banking in Indonesia and Bahrain.

⁹ "ICD-Thomson Reuters Report Names Bahrain Most Developed Islamic Finance Market in the GCC," 2014, <https://www.bahrainedb.com/latest-news/icd-thomson-reuters-report-names-bahrain-most-developed-islamic-finance-market-in-the-gcc/>.

¹⁰ "ICD-REFINITIV: Islamic Finance Development Report 2020," 2020.

¹¹ "Global Islamic Economy Indicator," 2018, <https://www.zawya.com/giei/>.

¹² Imam Wahyu Hardiansyah, "Kartu Kredit Syariah: Perspektif Hukum Islam," *Al-Muqayyad* 4, no. 1 (2020): 45–52, doi:<https://doi.org/10.46963/jam.v4i1.213>.

¹³ Mohamad Irsyad, "Penerapan Model Al Muqassah Sebagai Model Alternatif Kartu Kredit Syariah Di Indonesia," *Serambi: Jurnal Ekonomi Dan Bisnis Islam* 2, no. 2 (2020): 153–68, doi:<https://doi.org/10.36407/serambi.v2i3.200>.

¹⁴ Efrita Norman, "Syari'ah Card (Kartu Kredit Syariah) Ditinjau Dari Maqashid Syari'ah Dan Asas Manfaat," *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah* 2, no. 2 (2020): 182–95, doi:[10.47467/alkharaj.v2i2.113](https://doi.org/10.47467/alkharaj.v2i2.113).

¹⁵ Zainul Mu'ien Husni, "Penggunaan Fasilitas Kartu Kredit Di Perbankan Dalam Perspektif Islam," *Al-Qodiri: Jurnal Pendidikan, Sosial Dan Keagamaan* 18, no. 2 (2020): 551–68.

¹⁶ Rusdiana Priatna Wijaya and Nurizal Ismail, "Sharia Credit Card in The View of Maqasid Al-Sharia," *Al-Iktisab: Journal of Islamic Economic Law* 4, no. 1 (2020): 17, doi:[10.21111/al-iktisab.v4i1.4347](https://doi.org/10.21111/al-iktisab.v4i1.4347).

¹⁷ Dharma Kharini Abd Haling et al., "Analisis Implementasi Kartu Kredit Syariah Pada PT. Bank BNI Syariah Cabang Palu Perspektif Ekonomi Islam," *Jurnal Ilmu Perbankan Dan Keuangan Syariah* 1, no. 1 (2019): 1–15, doi:[10.24239/jipsya.v1i1.2.1-15](https://doi.org/10.24239/jipsya.v1i1.2.1-15).

¹⁸ Achmad Boys Awaluddin Rifa'i, "Analisa Kesesuaian Kartu Kredit Syariah Terhadap Fatwa No.54/Dsn-Mui/X/2006 Tentang Syariah Card Pada Produk Ib Hasanah Card Bank Bni Syariah" 9, no. 1 (2018): 64–82.

¹⁹ Aprillia Russetyowati, "Peningkatan Minat Penggunaan Kartu Kredit Syariah Melalui Pendekatan Kepercayaan, Sikap, Dan Pendapatan," *Journal of Finance and Islamic Banking* 1, no. 1 (2018): 39–54, doi:[10.22515/jfib.v1i1.728](https://doi.org/10.22515/jfib.v1i1.728).

²⁰ Kristianti, "Kartu Kredit Syariah Dan Perilaku Konsumtif Masyarakat."

²¹ Zainul Arifin Yusuf, "Perbandingan Kartu Kredit Dan Kartu Kredit Berbasis Syariah Di Indonesia," *Al-Iqtishad: Journal of Islamic Economics* 3, no. 2 (2011): 255–72, doi:[10.15408/aiq.v3i2.2135](https://doi.org/10.15408/aiq.v3i2.2135).

²² Hardiansyah, "Kartu Kredit Syariah: Perspektif Hukum Islam."

²³ Norman, "Syari'ah Card (Kartu Kredit Syariah) Ditinjau Dari Maqashid Syari'ah Dan Asas Manfaat."

²⁴ Wijaya and Ismail, "Sharia Credit Card in The View of Maqasid Al-Sharia."

Method

This research uses a qualitative research method with a library approach. Qualitative research with a text approach is an attempt to analyze the meaning and messages contained in a text. The use of the text approach is intended to inquire the text of the fatwa. This study assumes that the text is a symbol that must be given meaning, and the meaning of the text can continue to process in the context of space and culture.²⁵ The main data used is the DSN-MUI fatwa Number 54/DSN-MUI/X/2006 regarding Sharia Card and fatwa from the Sharia Supervisory Board No. 372/2-L4/2008 dated April 15, 2008, regarding approval of bank credit card issuance, Visa-affiliated credit cards, and direct payment card issuance for internet cards, e-cards, of both types, with limited time and prepaid in its decision Number Q501/1-L10/2009 issued on 22 November 2009 AD, later approved in Resolution No. 717-1/H 4/2012 M on March 10, 2013 M to issue MasterCard credit cards. Preparation of Internal Sharia Supervision Review of Sharia Supervisory Board First Edition 1436 AH/2015 M. Secondary data comes from books, scientific journals, monthly reports, annual reports, research results, policy documents, regulations and news. Collecting data using documentation techniques from various documents and literatures and then analyzed using descriptive analysis to observe document-based data qualitatively.

An overview of fatwa concerning sharia card in Indonesia and Bahrain

Summary of DSN-MUI Fatwa Number 54 concerning Sharia Card

The main function of DSN-MUI is to provide clarity on the performance of Islamic Financial Institutions (LKS) in order to properly carry out sharia economic activities based on sharia principles. In addition, the main task of the DSN-MUI is to explore, study and formulate sharia values in the form of fatwas to be used as guidelines in the transaction activities of Sharia Financial Institutions (LKS).²⁶ Fatwas, in the practice of Islamic banking, have a role as a guide in implementing sharia principles. The National Sharia Council-Indonesian Ulama Council (DSN-MUI) is an institution that has the authority to make fatwas related to sharia economics and business.²⁷ Since its inception in 1997 to 2021, DSN-MUI has issued 141 fatwas from various fields of sharia economics and business, and among them is a fatwa on sharia cards or known as sharia credit cards with fatwa number 54/DSN-MUI/X/ 2006 regarding Sharia Card. Based on the considerations made, DSN-MUI issued a fatwa regarding sharia cards with the following provisions:²⁸

1. Legal Provisions

Sharia Card is allowed, with the conditions as stipulated in this fatwa.

2. Contract Terms

The contract used in the Syariah Card are:

- a. *Kafālah*; in this case the Card Issuer is the guarantor (*kāfil*) for the Card Holder against the Merchant for all payment obligations (*dain*) arising from transactions between the Card Holder and the Merchant, and/or cash withdrawals from other than banks or the

²⁵ Purwanto, "Penelitian Teks Dan Konteks: Sebuah Perbandingan," *Jurnal Teknodik* 8, no. 14 (2019): 109, doi:10.32550/teknodik.v8i14.527., p. 120-131

²⁶ Faizi, "Rekonstruksi Fatwa DSN-MUI Pada Pengembangan Industri Perbankan Syariah Di Indonesia," *Jurnal An-Nur* 4, no. 1 (2012): 67–88; Nur Cahyo, Hadi Utomo, and Fakruddin, "Penyerapan Fatwa Dewan Syariah Nasional Dalam Peraturan Otoritas Jasa Keuangan Tentang Pasar Modal Syariah," *Journal of Islamic Business Law* 1, no. 3 (2017): 1–9, <http://urj.uin-malang.ac.id/index.php/jibl/article/view/503>.

²⁷ Panji Adam Agus Putra, "Konstruksi Akad Mudharabah Dalam Fatwa Dewan Syariah Nasional-Majelis Ulama Indonesia Nomor : 03/DSN-MUI/IV/2000 Tentang Deposito," *Fastabiq: Jurnal Studi Islam* 1, no. 1 (2020): 61–79.

²⁸ "Fatwa Dewan Syariah Nasional No: 54/DSN-MUI/X/2006 Tentang Syariah Card" (2006).

Card Issuer's bank ATMs. For the gift of *Kafālah*, the card issuer can receive a fee (*ujrah kafālah*).

- b. *Qard*; in this case the Card Issuer is the lender (*muqrid*) to the Cardholder (*muqtarid*) through cash withdrawals from the bank or ATM of the Card Issuer's bank.
 - c. *Ijārah*; in this case the Card Issuer is a provider of payment system services and services to Cardholders. For this *Ijārah*, the Cardholder is subject to a membership fee.
3. Provisions regarding Limits (*Dawabiṭ wa Hudūd*) Sharia Card
 - a. Does not cause usury.
 - b. Not used for transactions that are not in accordance with sharia.
 - c. Do not encourage excessive spending (*isrāf*), by, among others, setting a maximum spending ceiling.
 - d. The primary cardholder must have the financial ability to repay on time.
 - e. Do not provide facilities that are contrary to sharia.
 4. Fee Terms
 - a. Membership fee

The Card Issuer is entitled to receive membership fees (*rusūm al-'ud'wiyyah*) including the extension of the membership period from the Cardholder as a reward (*ujrah*) for permission to use card facilities.
 - b. Merchant fees

Card issuers may receive fees taken from the price of the object of the transaction or service as wages/reward (*ujrah*) for intermediaries (*samsarah*), marketing (*taswīq*) and billing (*tahsīl al-dain*).
 - c. Cash withdrawal fees

The card issuer may receive a cash withdrawal fee (*rusūm sahb al-nuqūd*) as a fee for services and use of the facility, the amount of which is not linked to the withdrawal amount.
 - d. *Kafālah* Fee

The card issuer may receive a fee from the Cardholder for the provision of *Kafālah*.
 - e. All forms of fees mentioned above must be clearly and permanently determined at the time of the card application contract, except for merchant fees.
 5. Provisions for *Ta'wīd*' and Fines
 - a. *Ta'wīd*'

The Card Issuer may impose *ta'wīd*', which is compensation for the costs incurred by the Card Issuer due to the cardholder's delay in paying his due obligations.
 - b. Late charge

The card issuer may impose a late payment penalty which will be fully recognized as a social fund.

Fatwa Syariah Card at Islamic Bank of Bahrain

Fatwas are an important instrument for Bahrain in carrying out Islamic banking operations. The agency or authority with the right to issue fatwas related to Islamic economic and financial issues is the Sharia Supervisory Board (SSB) of the national Islamic Banks in Bahrain. This means that the national sharia board in Bahrain is not centered on one state institution, but is given the authority to the Sharia Supervisory Board (SSB) of Islamic banks to issue fatwas including the Sharia Supervisory Board of the Bahrain Islamic Bank. The SSB plays a vital role in Sharia governance by advising and supervising the operation of the bank to ensure that it complies with Sharia Principles. The authority to issue a fatwa regarding a product as a decision that is approved in the final form with the applicable contract in the

product. The authority in issuing fatwas and its policies refers to the standards imposed by the AAOIFI based in Bahrain, because they are binding for implementation in the Kingdom of Bahrain.²⁹

The Fatwa issued by the authorities is the Fatwa of the Sharia Supervisory Board (SSB) of the Bahrain Islamic Bank on Credit Cards/Online Purchase Cards/Prepaid Cards at Bahrain Islamic Banks, it contains:

“Bahrain Islamic Bank Sharia Supervisory Board, in its resolution No. 372/2-L4/2008 dated April 15, 2008, approved the issuance of bank credit cards, Visa-affiliated credit cards, and direct payment card issuance for Internet cards, E-cards, of both types, with limited limits and prepaid in its decision No. Q501/1-L10/2009 issued on 22 November 2009 M, later approved in Resolution No. 717-1/H 4/2012 M on March 10, 2013 M to issue MasterCard credit cards. This resolution contains 1) guidelines for a valid credit card, 2) annual/monthly fees that must be issued by the cardholder, 3) cash withdrawal fees if made at an ATM system other than the Islamic Bank of Bahrain, 4) the benefits obtained by the cardholder in accordance with applicable regulations, 5) there are prizes or points that may be received by the card holder, 6) there are fines for late payments according to the agreed time period, but the fines are spent on charity in accordance with the direction of the Sharia Supervisory Board, 7) legal guidelines for prepaid cards.”³⁰

The Fatwa of the SSB-BIsB in issuing the fatwa refers to Sharia Control and Steps to Implement Financing and Investment Products in Bahraini Islamic Banks. The preparation of the Sharia Supervisory Board Internal Sharia Supervisory Review First Edition 1436 AH/2015 M, as follows:³¹

Table 1. The sharia supervisory board internal sharia supervisory review first edition 1436 AH/2015 M

Theme	Rule of Law
Legal Conditiong	A good loan, the credit card holder only returns the entire amount owed without usury interest.
Card Fee	<ol style="list-style-type: none"> 1. The Bank is entitled to card fees for the following: <ul style="list-style-type: none"> • The actual cost of issuing the card. • Card operating service fees (subscription fees in international organizations (Visa, MasterCard, etc.), device services used and intermediary fees). • Benefits and privileges offered to customers. • Efforts made by banks 2. The fee is set initially after signing the terms and conditions of the card so that this fee is clear, known and determined, and then the bank can waive it in whole or in part. 3. The philosophy of calculating credit card fees is related to services and benefits according to quality. A card whose benefits, services, and features vary by type, and whose fees are not linked to the credit limit. 4. The lump sum fee can only be calculated if the credit limit is increased.

²⁹ Sutan Emir Hidayat and Ali Khaled Al-Khalifa, “Shariah Governance Practices at Islamic Banks in Bahrain From Islamic Bankers’ Perspective,” *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah* 10, no. 1 (2018): 53–74, doi:10.15408/aiq.v10i1.5991. p. 56

³⁰ *Fatawa Muntajat Bank Al-Bahrin Al-Islami* (Bahrain: Bank al-Bahrin al-Islami, 2017).

³¹ *Pengendalian Syariah Dan Langkah-Langkah Penerapan Produk Pembiayaan Dan Investasi Di Bank Syariah Bahrain Penyusunan Tinjauan Pengawasan Syariah Internal Dewan Pengawas Syariah Edisi Pertama 1436 AH/2015 M.*, 1st ed. (Bahrain: Bank Islam Bahrain, 2015).

Cash Withdrawal Fee	<ol style="list-style-type: none"> 1. The bank charges a fee of 4 dinars or 4% (whichever is greater) as a fee for cash withdrawals from non-bank ATMs, because cash withdrawals from bank-owned machines cannot be made. 2. This fee is calculated against the fees and services provided, as banks do not benefit from these fees except in small amounts, which are considered as a consideration for cash withdrawal services from credit cards.
Reward	<ol style="list-style-type: none"> 1. The lender (bank) can give or give gifts, gifts or money to the borrower (customer), but the borrower may not. 2. Prizes must be a contribution from the shareholder's funds and accounts, and not from the cardholder's account.

The structure of the fatwa issued by the SSB-BIsB is not the same as the DSN-MUI fatwa which includes many elements such as considering, remembering, paying attention, deciding and determining.

DSN-MUI Fatwa Method and SSB-BIsB on Sharia Card

The biggest challenge faced by DSN-MUI in formulating a fatwa is to find and find methodological constructions that are appropriate and appropriate to the conditions of the Muslim community in Indonesia. This challenge will be even greater if the problems being studied tend to be new and complex. In the world of economy and business, especially in the banking sector, the movement and changes in the banking system are developing so fast, becoming more advanced and more modern. This will not be easily solved by using and referring to classical fiqh studies. Expanding the reach of reasoning is a necessity used by DSN-MUI by opening up to the development of science. In the context of formulating contemporary fatwas, *DSN-MUI* needs to integrate and complement the considerations used through auxiliary sciences such as dialogue on Islamic jurisprudence of transactions (*al-fiqh al-mu'amalah*) texts with economics, accounting, banking, sociology and anthropology.³²

If viewed carefully, the formulation of the DSN-MUI fatwa is methodologically adopted at two levels, namely the analysis of legal arguments (*adillah*) and analysis of the opinions of scholars (*aqwal*). Analysis with legal arguments is an attempt to determine the law on the linguistic aspect that comes from the Qur'an and Hadith. While in the analysis of the opinions of scholars, efforts to determine the law based on the use, selection and analysis of the opinions of scholars in the field of law.³³ The same thing was conveyed by regarding the formulation of a fatwa on Islamic finance which went through 2 stages, namely the application of provisions according to *al-fiqh al-mu'amalah* and the Islamization of conventional banking activities or products (modification of *al-fiqh al-mu'amalah*).³⁴

Based on this, the fatwa regarding sharia credit cards can be classified on the use of methods of applying legal provisions in accordance with Islamic jurisprudence and the Islamization of conventional bank products. That is, in the first stage, DSN-MUI looks at how the conventional credit card system is implemented. Then, it was tested using the basis of sharia law to see the suitability of the conventional credit card system. DSN-MUI uses a legal basis sourced from the Qur'an, Hadith, fiqh principles, and opinions of fuqaha (fiqh experts) as described in sub-section (a). The next stage is to analyze the opinions of fiqh scholars that

³² Hawiati and Dimiyati, "Menyoal Metode Fatwa Keuangan Dan Perbankan Syariah Indonesia.", p. 317

³³ Hawiati and Dimiyati, "Menyoal Metode Fatwa Keuangan dan Perbankan Syariah Indonesia," ..., p. 305.

³⁴ Elimartati, "Analisis Metode Hilah Dalam Proses Fatwa DSN-MUI," *JURIS: Jurnal Ilmiah Syariah* 15, no. 1 (2016): 75–83, doi:10.31958/juris.v15i1.490., p. 76

are relevant to the problems that exist in sharia credit cards. In the fatwa it is stated that several selected scholars' opinions are generally derived from the books of scholars among the Shafi'i schools, are: 1) Imam al-Dimyati in the book *I'ānah al-Ṭalibīn*, Volume III, h, 77-78 2) Khatib Syarbaini in the book *Mugni al-Muhtāj*, Volume III, p. 202, 3) As-Shirazi in *al-Muhazzab*, Juz I, Kitab al-Ijarah, p. 394, 4) Sayyid Sabiq in *Fiqh al-Sunnah*, Volume 4, p. 221-222, 5) Mushthafa 'Abdullah al-Hamsyari as quoted by Shaykh 'Athiyah Shaqr, in the book *Ahsan al-Kalām fi al-Fatāwa wa al-Ahkām*, volume 5, p. 542-543.

This choice of opinion represents the problems that exist in sharia credit cards so that they can be adapted to sharia concepts and principles. In addition, the process of selecting the relevant ulama's opinion is used as an effort to Islamize or modify the practice of the conventional credit card system to a sharia credit card. This modification is carried out by eliminating elements that are prohibited by sharia according to the provisions of the texts, such as eliminating the concept of usury, high late fees, withdrawal fees and so on. Thus, the *DSN-MUI* method used in formulating fatwas in general is through analysis of *adillah* and *aqwāl*. The arguments used refer to texts that are in accordance with the problems, as well as the selection of the opinions of scholars through strong opinions among the Shafi'iyyah scholars. In contrast to the *DSN-MUI*, the formulation of the SSB Islamic Bank of Bahrain's fatwa does not explicitly provide a method for determining the fatwa, only a number of provisions and explanations are given about the elements contained in the credit card. This is because, as has been explained, the fatwa formulated follows the AAOIFI standard and applies to all sharia economic practices in Bahrain.

Testing of DSN-MUI Fatwa and SSB-BIsB Fatwa regarding Sharia Card

Test of Legal Basis and Considerations in Fatwa

According to the legal basis of the Qur'an, DSN-MUI refers to several verses of the Qur'an, namely al-Maidah verse 1, al-Isra' verse 34, Yusuf verse 72, al-Ma'idah verse 2, al-Furqan verse 67, al-Isra' verse 26-27, al-Qashash verse 26, al-Baqarah verse 275, al-Nisa' verse 29, al-Baqarah verse 282, and al-Baqarah verse 280. Selection of verses used the legal basis is closely related to the practice of *muāmalah syar'iyah* such as doing good at work, being frugal in spending wealth, not being stingy and extravagant, carrying out buying and selling contracts according to Islamic law, keeping promises and being responsible for transactions. If analyzed further, basically there is no 1 verse that clearly explains the practice of using sharia credit cards. In fact, from the chosen verses of the fatwa, DSN-MUI does not use the basis of the Qur'an Surah Ali Imran verse 130 which prohibits the practice of usury (interest). Whereas in this verse the use of the word "prohibition" is very firmly used, namely the word *La Ta'kul ar-Ribā* there is *La an-Nāhiyah*. It is different from the selected verses in the fatwa which even though there are verses that explain usury, the use of language in these verses is as information or as a reminder as in the letter al-Baqarah verse 275 namely *wa ahallallahu al-bai'a wa harrama ar-ribā*.

The continuation of the verse explains that for those who have reached the prohibition from their Lord, then continue to stop (from taking usury), then for him is what he took first (before the prohibition came). The appeal of the verse states that for those who have committed usury and then switch to halal transactions according to sharia, the practice of usury that they do is left to Allah SWT. That is, this verse refers only to people who have used an interest-based credit card to switch to a sharia-compliant credit card. Another verse that is used explicitly with the word *La an-Nāhiyah* is Surah al-Nisa' verse 29, but this verse uses to talk about *bil bathil* not usury explicitly.

Based on the considerations used by the MUI DSN in the fatwa, it is explicitly stated in letter b that conventional credit cards use a lot of interest systems so that they are not in accordance with sharia principles and values. However, the legal basis used is not included in the Qur'an Surah Ali Imran verse 130 which explicitly uses the La an-Nahiyah editorial regarding the prohibition of usury. Referring to the commentary books that this verse is very relevant to be used as a legal basis regarding the prohibition of taking additional capital or borrowed debt as is widely practiced by the *jāhiliyyah* nation. In line with that, the credit card system in general is that the issuer guarantees payments made by the customer or card owner to transact with a nominal value according to the agreement of both parties. According to the author, this can also be said as capital or debt because there is an obligation to pay off the nominal that has been used by the card owner every month.

According to a legal basis of the hadith, DSN-MUI uses 10 hadith texts that relate to muamalah transactions such as halal and haram affairs, debt guarantees, rents, work wages, facilitating the affairs of a Muslim and prohibiting postponing debt. From the many texts used, there is no hadith that explicitly discusses practices with credit cards. However, the hadiths used represent contracts in transactions using credit cards such as *kafālah*, *qard'* and *ijārah* (multi-contract). The three provisions of the contract are also as stated in the DSN-MUI fatwa on sharia cards. That is, the reference to the hadith texts used in the fatwa has represented the provisions of the contract that exist in sharia principles.

The absence of legal texts sourced from the Qur'an and hadith is none other than due to the general nature of the Qur'an and does not detail all cases that have existed throughout the ages, such as the case of sharia credit cards. However, the generality of the verse has made a solid legal basis for each case. Likewise in the hadith, specifically no one talks about the case of credit cards because sharia credit cards are new items that did not exist at the time of the Prophet Muhammad. However, the hadiths used have become a strong legal basis that explains the elements of the contract contained in Islamic credit cards. Among them, the Hadith narrated by Abu Daud, Tirmidzi and Ibn Hibban, the Hadith narrated by Ahmad, Abu Daud and Ad-Daruquthni, the Hadith narrated by 'Abd ar-Razzaq, and the Hadith narrated by Nasa'i Abu Daud, Ibn Majah and Ahmad.

Another legal basis used is the principles of fiqh which as a whole lead to the ability to muamalah using credit cards with sharia principles. The general rule is that basically all types of muamalah are permissible unless there is a proof that prohibits it. The purpose of this regulation is that in every transaction, especially sharia credit cards, it is basically allowed, because there are special provisions that have been regulated by the DSN MUI fatwa, so that practices such as debt receivables, borrowing and borrowing, leasing, guarantees, representation, and others, except those that are expressly prohibited such as causing fraud, gambling, and usury.³⁵ In this rule, qarinah states that if there is an argument that states the prohibition of a sharia credit card, then it is haram. However, as has been studied on the legal basis of the Qur'an and Hadith that there is no evidence that mentions the prohibition of its use. However, the interest element cannot be used in Islamic credit cards as in conventional credit cards. In addition, the fee for *kafālah* and *ijārah* services charged to sharia card service users is adjusted according to the initial agreement within reasonable limits, it should not be too expensive so that it burdens the debtor. Likewise, the qardh contract used in sharia credit

³⁵ Soritua Ahmad Ramdani Harahap, Muhammad Ulul Azmi, and Setiawan bin Lahuri, "Fiqh Review on The Use of Sharia Credit Card Based on Fatwa DSN MUI No: 54/ DSN-MUI/X/2006," *Al-Iktisab: Journal of Islamic Economic Law* 3, no. 2 (2019): 145–156, p. 151-152.

cards must also be in accordance with sharia so that there are no elements that violate legal provisions that have an impact on the prohibition.³⁶

The fatwa issued by the SSB-BIsB did not provide an explanation of the legal basis both in terms of the Qur'an, Hadith, fiqh rules and the opinions of scholars. SSB-BIsB only provides a brief understanding of sharia credit cards and then explains the provisions that apply to sharia credit or debit cards.

Test of Contract Provisions in Fatwa

According to a review of the contracts used in the fatwa on sharia credit cards, DSN-MUI uses three types of contracts, namely *kafālah*, *qard'* and *ijārah* contracts. The terms of merging two or more contracts in one transaction are termed multi-contracts. According to Abd Allah al-Imrani, multi contract or *al-'uqūd al-māliyah al-murakkabah* is a collection of contracts which become one contract by combining them or accepting each other so that all rights and obligations are structured like a single contract. Multi-contract provisions can occur naturally because of the dependence between one contract and another, in addition it can also occur due to modifications aimed at facilitating the application of the contract to banking products.³⁷ In multi-contract, the first contract can respond to the second contract, besides the linkage and support between the fulfillment of the first contract depends on the fulfillment of the second contract, through a reciprocal process.³⁸

When viewed in the three contracts, the card issuer is a provider of payment system services and services to cardholders. For this *ijārah*, the card holder is charged a membership fee. So in this contract it appears that there are two contracts that provide an opportunity to gain profit for the bank, namely *kafālah* and *ijārah*. While *Qard'*, banks do not take profits.³⁹ Merging contracts in one transaction is a form of *ijtihād taṭbīqī* DSN-MUI which is built from contracts formulated by classical fiqh scholars.⁴⁰ Based on the provisions of the contract, sharia credit cards that apply the concept of *kafālah* have been implemented based on sharia principles and objectives, so that banks will allow cardholders to buy goods or services using a credit card without direct payment. Therefore, the issuer has the right to charge any amount as a fee for the services performed, in this case the fee is adjusted to sharia principles. Thus, Islamic banks rely on management fees or other benefit service fees such as monthly fees and annual management fees as their main source of income.⁴¹ The charging of service fees is justified or allowed in Islam as explained in the DSN-MUI fatwa.

Whatever the reason, Islam explains that the agreement that has been agreed upon must be fulfilled in accordance with the mutual agreement of each of the transacting parties. It is not allowed to change, reduce or damage the agreement that has been agreed, with an

³⁶ Sholikul Hadi, Didin Hafifuddin, and Hendri Tanjung, "Perbandingan Sistem Credit Card Konvensional Dan Credit Card Syari'ah Sebagai Alternatif Konstruksi Sistem Credit Card Pada Perbankan," *Jurnal Manajemen Pendidikan* 8, no. 1 (2017): 1–11., p. 5

³⁷ Burhanuddin Susanto, "Tingkat Penggunaan Multi Akad Dalam Fatwa Dewan Syari'Ah Nasional-Majelis Ulama Indonesia (Dsn-Mui)," *Al-Ihkam: Jurnal Hukum & Pranata Sosial* 11, no. 1 (2016): 201, doi:10.19105/al-ihkam.v11i1.862., p. 209-210

³⁸ Fikri Lahafi et al., "Risks of Multi-Contract in Sharia Financial Institutions, Indonesia" 231, no. Amca (2018): 259–62, doi:10.2991/amca-18.2018.71., p. 260

³⁹ Hardiansyah, "Kartu Kredit Syariah: Perspektif Hukum Islam.", p. 50

⁴⁰ Nur Fathoni, "Analisis Normatif-Filosofis Fatwa Dewan Syari'Ah Nasional Majelis Ulama' Indonesia (Dsn-Mui) Tentang Transaksi Jual Beli Pada Bank Syari'Ah," *Al-Ahkam* 25, no. 2 (2015): 139, doi:10.21580/ahkam.2015.25.2.596., p. 153

⁴¹ Abubakar Balarabe and Md. Faruk Abdullah, "The Islamic Credit Card Based on Ujrah Concept:," *Journal of Emerging Economies and Islamic Research* 8, no. 3 (2020): 74, doi:10.24191/jeeir.v8i3.9556., p. 77

important note that as long as the parties do not betray and do not damage the contents of the agreement.⁴² This is as explained in the Qur'an Surah at-Taubah verse 4 (Surah At-Taubah [9]: (4). Taking profit is permissible in economic activity, however, religion forbids taking bad profits. Bad profits are profits that are taken in excess of reasonable limits, are not transparent, are not in accordance with the agreement and have elements of lies.⁴³

In testing the contracts contained in the SSB fatwa of the Islamic Bank of Bahrain, basically it does not explicitly explain what contracts are applicable in Islamic credit cards. However, if examined further, the author finds similarities in the contracts that apply in the fatwas in Indonesia and Bahrain regarding sharia cards. This can be seen in the explanation of card fees, cash withdrawal fees, rewards and provisions for late payments. On the cost of the card, the SSB of the Islamic Bank of Bahrain stated that there is a fee for the card issuer for the services and guarantees provided (*kafālah* contract and *ijārah* contract), this is the same as the DSN-MUI fatwa. However, on cash withdrawal fees, SSB-BIsB charges a fee of 4 *dinars* or 4% (whichever is greater) as a cash withdrawal fee from non-bank ATMs, as cash withdrawals from bank-owned machines cannot be made. These fees are calculated against the fees and services provided, as banks do not benefit from these fees except in small amounts, which are considered as a consideration for cash withdrawal services from credit cards.

a. Transaction Limits and Fines in Fatwa

Customer delays in paying sharia credit card bills are subject to fines, then the fines may not be recognized as bank income, but must be treated as social funds. Banks may only recognize collection fees (*ta'wīd*) whose value is in accordance with the real losses incurred as a result of billing made by the bank. For example, in billing, the bank contacts the customer by telephone or visits him, the real costs resulting from this billing can be charged to the customer. With a concept based on sharia principles, of course, it provides many conveniences and benefits for customers.⁴⁴ This is also the case with the SSB Fatwa of the Islamic Bank of Bahrain which imposes fines for late payments for credit card holders, whose fines are intended for charities under the supervision of SSB.

Development of Sharia Credit Cards in Indonesia and Bahrain

Use of Sharia Credit Cards in Indonesian Sharia Banking

According to the number of Sharia banking institution in 2021, Indonesia had 12 Sharia Commercial Banks (BUS), 21 Sharia Business Units (UUS), and 164 Sharia Financing Banks (BPRS).⁴⁵ Currently, Indonesia has merged 3 Sharia banks (Mandiri Sharia Bank, BNI Sharia Bank, and BRI Sharia Bank) under the auspices of Bank Syariah Indonesia (BSI). Malik Cahyadin et al stated that the development of Islamic banking during 2010-2016 based on the average asset growth (GABS) was 33.48%. The maximum and minimum growth of Islamic banking assets (GABS) are 48.60% and 13.56%, respectively. Meanwhile, the average growth in assets of Islamic commercial banks and sharia business units (GABUS) was 33.69% (above GABS) and GABPRS (average growth in assets of rural banks) was 26.55% (below GABS). This

⁴² Husni, "Penggunaan Fasilitas Kartu Kredit Di Perbankan Dalam Perspektif Islam.", p. 554

⁴³ Fathoni, "Analisis Normatif-Filosofis Fatwa Dewan Syari'Ah Nasional Majelis Ulama' Indonesia (Dsn-Mui) Tentang Transaksi Jual Beli Pada Bank Syari'Ah.", p. 156

⁴⁴ Solikhah, "Keunggulan Kartu Kredit Syariah Sebagai Alat Pembayaran Di Era Globalisasi," *Jolsic* 4, no. 2 (2016), doi:<https://dx.doi.org/10.20961/jolsic.v4i2.50498>, p. 80

⁴⁵ "Laporan Perkembangan Keuangan Syariah Indonesia: Menjaga Ketahanan Keuangan Syariah Dalam Momentum Pemulihan Ekonomi.", p. 22

figure shows that Islamic banking can be developed in an accelerated manner, especially Islamic commercial banks and Islamic business units.⁴⁶

The growth of the Sharia banking sector in Indonesia is followed by a wide range of products, services and innovations. The various kinds of products and services must first be reviewed by the National Sharia Council so that banking operations can run according to sharia corridors and international sharia standards. Among the Sharia banking products that have been reviewed by the National Sharia Council are sharia credit cards or sharia cards. All fatwas that have been issued by DSN related to contracts in Sharia banks emphasize the extent to which DSN's fatwas are transformed in regulation and governance.⁴⁷ Basically, Sharia credit cards in Indonesia have come later so that public interest is low and it is still difficult to switch from conventional credit cards. It's just that, looking at the current development of the Sharia banking sector, it seems that Islamic credit cards will continue to grow even though they tend to be slow. This can be seen from the pattern of people's use of Sharia credit cards.⁴⁸

During 2020, electronic money and bank transfers dominated payment methods for halal product transactions in e-commerce marketplaces with respective shares of 42.10% and 23.08%. Despite having a sizable share, bank transfer methods show negative growth in 2020. The use of conventional methods such as bank transfer payments has the potential to be disrupted by more modern payment methods. On the other hand, the use of electronic money continues to grow positively. Meanwhile, with a share of 6.92%, payments in installments without a card show continued growth. Incessant promos for the use of electronic money in collaboration with e-commerce marketplace platforms as well as applications for obtaining installment approvals that are relatively easy and fast have encouraged the increase in the use of electronic money and payments by cardless installments.⁴⁹

In 2020, the Islamic financial services industry disbursed financing of IDR 434.52 trillion. This amount increased by 6.27% compared to the total financing disbursed throughout 2019. Banking financing of IDR 395.69 trillion is still the main contributor to this industry. The share of financing has increased by 0.69% compared to the share of financing to total bank credit from 6.45% in 2019 to 7.13% in 2020. This provides a positive signal for Islamic banking financing which has positive growth amid negative growth in bank credit in general. Even though there has been a slowdown in lending in general, the distribution of sharia financing is still resilient and growing positively. Some of the financing carried out by Islamic banking credit, namely Construction Wholesale Trade and Retail Industry Processing Transportation, Warehousing and Communication Agriculture, Hunting and Forestry Activities whose boundaries are not yet clear Fisheries Mining and Quarrying Government Administration, Defense and Compulsory Social Security International Agencies and Other Extra International Agencies Education Services Provision of accommodation and provision of food and drink Individual Services Serving Households Real Estate, Rental Business, and Company Services

⁴⁶ Malik Cahyadin, Tamat Sarmidi, and Elsa Adelia Nurrachma, "The Readiness of Islamic Banking in Indonesia to Implement Digital and Green Banking," *Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi Dan Pembangunan* 20, no. 2 (2020): 176–192, doi:10.23917/jep.v20i2.6757., p. 179

⁴⁷ Agus Waluyo, "Kepatuhan Bank Syariah Terhadap Fatwa Dewan Syariah Nasional Pasca Transformasi Ke Dalam Hukum Positif," *Inferensi* 10, no. 2 (2016): 517, doi:10.18326/infsl3.v10i2.517-538., p. 519-526

⁴⁸ Asniyati Asniyati and Rizal Yaya, "Analisis Pengaruh Financial Literacy, Religiusitas, Mental Accounting, Dan Norma Subyektif Terhadap Minat Dosen Fakultas Ekonomi Menggunakan Kartu Kredit Syariah," *Reviu Akuntansi Dan Bisnis Indonesia* 4, no. 2 (2020): 1–14, doi:10.18196/rabin.v4i2.10706., p. 2

⁴⁹ "Laporan Ekonomi Dan Keuangan Syariah: Bersinergi Membangun Ekonomi Dan Keuangan Syariah" (Jakarta, 2021), h. 25

Health Services and Social Activities Community Services, Socio-Cultural, Entertainment and other Individuals Electricity, gas and water Financial Intermediaries.⁵⁰

When viewed in full, the differences between the three types of credit cards are in terms and conditions, transaction limits, monthly and annual fees and billing fees (*ta'wid*). Even though there are monthly, annual and billing fees, they are still classified according to sharia principles. This means that these costs are possible as a form of wages for services (*ijārah* contract) provided by the issuing bank. Meanwhile, late fees in collection are allowed by allocating them to religious social institutions in collaboration with the issuing bank. So, it can be said that the Sharia principles that must be fulfilled by banks are sourced from the fatwa issued by the National Sharia Council. If this provision is violated, the Islamic bank will be subject to administrative sanctions in accordance with banking regulations.⁵¹

a. Use of Sharia Credit Cards in Bahrain Islamic Banking

Bahrain is a GCC countries with a Muslim population of 70.2% in 2010⁵² and 70.3% in 2017⁵³. During the 1970s and 1980s, Bahrain established itself as a major regional financial center and a pioneer of Islamic finance in the region and global. In 2017, Bahrain was ranked second, right after Malaysia, on the ICD-Thomson Reuters Islamic Finance Development Indicator, and the financial sector is estimated to account for about 17 percent of the country's GDP, the second largest sector of the economy.⁵⁴ Bahrain also hosts several global Islamic finance organizations such as the General Council for Islamic Banks and Financial Institutions (CIBAFI), Islamic International Rating Agency (IIRA), Bahrain Institute of Banking and Finance (BIBF)-Centre for Islamic Finance, Accounting and Auditing. Organization for Islamic Financial Institutions (AAOIFI) International Islamic Financial Market (IIFM).⁵⁵

According to the Central Bank of Bahrain, from 2000 to 2015, the growth of the Islamic banking segment grew very rapidly, for example, the market share of Islamic banks increased from 1.8 percent of the total assets of Islamic banks to 13.5 percent. Currently assets in the Islamic banking sector are around US\$26.8 billion of total assets in 2018. Bahrain has many established and operated Islamic banks, including ABC Islamic Bank, Arcapita Bank, Al Baraka Islamic Bank, and Al Salam Bank Bahrain.⁵⁶ In the first quarter (Q1) of 2018 the aggregate assets of the Islamic Bank reached \$27,177.3 million, equivalent to 77% of GDP in Bahrain⁵⁷ and as of July 2020, the assets of the banking sector stood at more than US\$212 billion, more than five times Bahrain's annual GDP. The growth of the banking industry has been supported by an open market economy, stable and prudent macroeconomic and fiscal policies,

⁵⁰ "Laporan Ekonomi Dan Keuangan Syariah: Bersinergi Membangun Ekonomi Dan Keuangan Syariah"., h. 79

⁵¹ A H (Abdul) Simal, "Relevansi Fatwa Dalam Regulasi Perbankan Syariah Sebagai Landasan Operasional Perbankan Syariah," *Jurnal Hukum Ekonomi Syariah* 3, no. 2 (2019): 157–175, p. 167

⁵² Ministry of Information Affairs, "Population and Demographics," accessed December 2, 2021, <https://www.mia.gov.bh/kingdom-of-bahrain/population-and-demographics/?lang=en>.

⁵³ Mohammad Jalal Abbasi-Shavazi and Gavin W. Jones, "Population Dynamics and Human Capital in Muslim Countries," *Vienna Yearbook of Population Research* 16 (2018): 57–81, doi:10.1553/populationyearbook2018s057., p. 61

⁵⁴ "Independent Country Programme Evaluation 2019: Bahrain" (Bahrain, 2020)., p. 4

⁵⁵ Henny Saptatia et al., "Perkembangan Keuangan Islam Di Eropa: Studi Atas Implikasi Kerjasama Inggris Dan Al-Baraka Bahrain Dalam Mengembangkan Perbankan Syariah," *Jurnal ICMES* 4, no. 2 (2020): 148–170., p. 149-150

⁵⁶ Omar Salim Ali, "Nexus Islamic Banking and Economic Growth in Bahrain," *Saudi Journal of Economics and Finance* 5, no. 5 (2021): 180–91, doi:10.36348/sjef.2021.v05i05.001., p. 181

⁵⁷ "Bahrain Human Development Report 2018: Pathways to Sustainable Economic Growth in Bahrain" (Bahrain, 2018).

a credible regulatory framework according to international standards, a good quality local and expatriate workforce, thus successfully attracting many foreign banking organizations to establish a presence in Bahrain.⁵⁸

The growth of the Islamic banking industry in Bahrain cannot be separated from the existence of financing instruments, namely credit cards as a Islamic banking product that is widely used by customers, namely credit cards. The number of credit card usage in Bahrain has increased from year to year. POS (Point of Sale) transactions in Bahrain have shown a steady increase in both volume and value. The total number of transactions for H1 2021 reached 53.5 million (an increase of 15.0% compared to H2 2020 and a 43.7% increase compared to H1 2020). Similarly, the total transaction value for H1 2021 increased to Bahrain Dollar (BD) 1,367.3 million (8.9% increase compared to H2 2020 and 25.9% increase compared to H1 2020). Both the volume and value of card issuance in Bahrain have increased in Semester 1 of 2021 by 13.2% and 6.8% respectively when compared to Semester 2 of 2020 and by 51.4% and 32.1% respectively if compared to Semester 1 of 2020. The volume and value of transactions with cards issued outside Bahrain showed a significant increase in H1 2021 compared to H2 2020 which increased by 51.6% and 40.5% respectively indicating recovery as a result of the removal of travel restrictions due to the COVID-19 pandemic.⁵⁹

Table 3. Amount of Credit Card Transaction in Bahrain from 2018-2020

Year	Quarter	Amount of Transaction			Value of Transaction in Bahrain Dollar		
		Inside of Bahrain	Outside of Bahrain	Amount	Inside of Bahrain	Outside Bahrain	Amount
2018		49,048,695	15,425,030	64,473,725	1,524,054,553	453,159,703	1,977,214,256
2019		58,433,552	15,246,093	73,679,645	1,877,177,353	557,218,330	2,434,395,682
2020		77,347,515	6,438,295	83,785,810	2,124,921,776	216,993,593	2,341,915,369
	Q1	17,208,015	3,403,237	20,611,252	502,314,582	111,827,796	614,142,378
	Q2	15,874,738	772,294	16,647,032	447,251,147	25,008,665	472,259,812
	Q3	20,504,199	907,432	21,411,631	554,864,878	33,249,383	588,114,260
	Q4	23,760,563	1,355,332	25,115,895	620,491,169	46,907,750	667,398,919

Source: The data is modified from the Bahrain central bank report

As of Q2 2021, the total number of transactions made using POS (Point of Sale) machines in Bahrain was 26.7 million which is a 6.3% increase from Q4 2020, and a 60.4% YoY increase from Q2 2020. The total value of transactions made using POS machines (point of sale) in Bahrain in Q2 2021 was BD 674.3 million which is a 1.0% increase from Q4 2020, and a 42.8% YoY increase from Q2 2020. The increase in volume and value of POS Transactions in Q2 2021 reflects the increase consumer spending compared to Q2 2020 where there was a significant impact of the COVID-19 pandemic on consumer spending.⁶⁰ The following is the Central Bank of Bahrain (CBB) report as of August and September 2021 regarding Points of Sale and E-Commerce Transactions by Sector-Credit Card issued in Bahrain:

⁵⁸ Central Bank of Bahrain, "Banking," accessed December 2, 2021, <https://www.cbb.gov.bh/banking/#banking>.

⁵⁹ H1 refers to the first half of a fiscal year (April through September) and H2 to the second half of a fiscal year (October through the following March). "Financial Stability Report September 2021" (Bahrain, 2021), p. 80

⁶⁰ "Q1," "Q2," "Q3," and "Q4" refer to the first, second, third, and fourth quarter of a calendar year, respectively, starting from January. "Financial Stability Report September 2021" (Bahrain, 2021), p. 80

Table 4. Points of sale and e-commerce transactions by sector-credit card issued in Bahrain

Sector	2021			
	Agustus		September	
	Amount of Transaction	Value in Bahrain Dollar	Amount of Transaction	Value in Bahrain Dollar
Education	4,293	2,214,305	7,713	3,613,162
Lodging-Hotels, Motels, Resorts	16,017	1,388,527	13,914	1,052,818
Restaurants	717,972	5,537,354	730,469	5,589,820
Health	161,834	4,308,683	171,870	4,529,502
Government Services	232,674	55,400,006	254,890	58,871,151
Construction-Contractors, Building Materials and Maintenance and Related Services	40,645	2,647,606	43,729	2,882,947
Supermarket	509,212	7,409,793	562,950	8,273,803
Jewelry Stores	8,995	3,743,831	8,489	3,227,756
Department Store	112,419	2,680,094	102,245	2,378,266
Clothing and Footwear	102,734	2,759,653	97,384	2,609,391
Electronic and Digital Goods	28,340	2,496,559	27,853	2,129,372
Insurance	12,169	1,258,246	12,891	1,364,177
Telecommunication	151,236	4,565,311	151,569	4,512,836
Transportation	4,901	295,973	4,821	272,248
Automobile and Truck Dealers-Sales, Service, Repairs, Part and Leasing	79,010	7,828,355	83,414	7,628,254
Travel	4,550	1,585,898	4,507	1,301,956
Family Entertainment and Tourism	38,879	776,959	38,016	811,623
Equipment, Furniture and Home Furnishings	23,845	1,991,017	23,748	1,993,992
Book Stores and Stationary	7,108	182,257	10,033	228,433
Miscellaneous Goods and Services	113,363	4,507,264	117,532	4,727,932
Amount	2,370,196	113,577,691	2,468,037	117,999,438

Source: Bahrain Central Bank Bulletin⁶¹

Based on a report by the Central Bank of Bahrain on credit card transactions, the use of credit cards in Bahrain is generally used for permissible things such as education, health, transportation, household furniture, books and so on. Credit cards in Bahrain are so supportive of the life of this developed gulf country that it can be said that Bahrainis must have a credit card as a means of daily payment.

Conclusion

The use of sharia credit cards in Indonesia and Bahrain is strengthened by the fatwa from the Indonesian DSN-MUI and the Bahrain Islamic Bank. The fatwa containing the provisions on this card is the result of *ijtihad* through the authority of the fatwa institution of each country in determining the permissibility of sharia credit cards according to sharia standards and

⁶¹ "Statistical Bulletin" (Bahrain, 2021), <https://www.cbb.gov.bh/publications/>, p. 43

principles. Although the content of the fatwa in Indonesia and Bahrain looks different, they basically have the same goal, namely to provide an understanding that credit cards can be used and are in accordance with sharia principles (*al-Qur'an, Hadis and Fiqh*). This difference can be seen in the legal basis used, the clarity of the contract and some provisions on the level of fees borne by the credit card owner. In addition, the Sharia Supervisory Board of the Islamic Bank of Bahrain in issuing fatwas must comply with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) located in Bahrain, Meanwhile, DSN-MUI does not include this standardization in its considerations and basis for its fatwa.

As an important instrument for Islamic banking, the position of this fatwa has influenced the development of credit cards in Indonesia and Bahrain. However, it tends to be slow in the Indonesian context because public interest in using Sharia credit cards is still relatively low. If we refer to Bahrain, the use of this Sharia credit card is increasing significantly in the Islamic banking sector through various sales and financing transactions. Based on a comparison of these two Muslim countries, Indonesia seems to need to take the experience of Bahrain in implementing Sharia credit cards by strengthening the basis of the fatwa. It is also necessary to increase literacy and educate the public regarding the use of Sharia credit cards, which have yet to be popular. Thus, this study can be used as policy material and consideration for fatwa and Sharia financial institutions to increase the growth of Islamic banking through Sharia credit cards, especially in Indonesia.

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