

## SHARIA BANKING FINANCING FOR MICRO BUSINESS DEVELOPMENT WITH MUSYARAKAH MUTANAQISAH CONTRACTS

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### ABSTRACT

*Islamic banking plays a strategic role in expanding access to financing for micro and small enterprises through partnership-based financial instruments. One scheme with strong potential for this purpose is the musyarakah mutanaqisah contract, a diminishing partnership arrangement in which ownership shares are gradually transferred from one party to another over time. This study examines the role of musyarakah mutanaqisah in small business financing, its implementation mechanisms within Islamic banking institutions, and the challenges encountered in its application. This research employs a qualitative approach using descriptive-analytical methods based on a literature review of Islamic finance studies, regulatory frameworks, DSN–MUI fatwas, and publications from Islamic financial institutions. The findings indicate that musyarakah mutanaqisah provides an alternative financing mechanism that strengthens access to capital for small enterprises through partnership-based financing, proportional risk sharing, and more equitable asset ownership structures. However, its implementation remains constrained by limited public literacy, the complexity of contractual structures, and practices that do not always fully reflect genuine profit-sharing principles. This study contributes to the literature by positioning musyarakah mutanaqisah as a productive asset financing instrument for small enterprises within the framework of maqashid al-shariah. Future research should explore its empirical application in Islamic microfinance institutions to assess its effectiveness in promoting inclusive economic development.*

**Keywords:** *Musyarakah Mutanaqisah, Small Business Financing, Islamic Banking, Partnership-Based Finance, Maqashid al-Shariah.*

### ABSTRAK

Perbankan syariah memiliki peran strategis dalam memperluas akses pembiayaan bagi usaha mikro dan kecil melalui instrumen keuangan berbasis kemitraan. Salah satu skema yang memiliki potensi besar untuk tujuan tersebut adalah akad musyarakah mutanaqisah, yaitu bentuk kemitraan menurun di mana kepemilikan salah satu pihak secara bertahap berkurang seiring dengan pembelian porsi kepemilikan oleh pihak lainnya. Penelitian ini bertujuan untuk menganalisis peran akad musyarakah mutanaqisah dalam pembiayaan usaha kecil, mekanisme implementasinya dalam lembaga perbankan syariah, serta berbagai tantangan yang dihadapi dalam penerapannya. Penelitian ini menggunakan pendekatan kualitatif dengan metode deskriptif-analitis melalui studi literatur yang bersumber dari kajian keuangan syariah, artikel jurnal ilmiah, kerangka regulasi, fatwa DSN–MUI, serta publikasi resmi lembaga keuangan syariah. Hasil penelitian menunjukkan bahwa akad musyarakah mutanaqisah dapat menjadi alternatif pembiayaan yang memperkuat akses permodalan bagi usaha kecil melalui skema kemitraan, pembagian risiko yang proporsional, serta mekanisme kepemilikan aset yang lebih adil. Namun demikian, implementasinya masih menghadapi sejumlah kendala, seperti rendahnya literasi masyarakat terhadap kontrak keuangan syariah, kompleksitas struktur akad, serta praktik yang belum sepenuhnya mencerminkan prinsip bagi hasil secara optimal. Penelitian ini memberikan kontribusi dengan menempatkan akad musyarakah mutanaqisah sebagai instrumen pembiayaan aset produktif bagi usaha kecil dalam perspektif maqashid al-shariah. Penelitian selanjutnya disarankan untuk mengkaji implementasi empiris akad ini pada lembaga keuangan mikro syariah guna menilai efektivitasnya dalam mendorong pembangunan ekonomi yang inklusif.

**Kata Kunci:** *Musyarakah Mutanaqisah, Pembiayaan Usaha Kecil, Perbankan Syariah, Kemitraan Keuangan, Maqashid al-Syariah.*

## INTRODUCTION

A well-functioning financial system requires institutions capable of mobilizing and allocating financial resources efficiently, among which banks play a central role. Banks act as financial intermediaries that connect surplus units, which possess excess funds, with deficit units that require financing for productive activities. In Indonesia, the banking sector consists of two primary systems: conventional banking and Islamic banking. In recent years, Islamic banking has experienced significant growth, reflected in the increasing number of customers and the expanding public interest in sharia-compliant financial services. This growing demand has encouraged Islamic financial institutions to continuously innovate and diversify their financial products in order to meet the evolving needs of society while maintaining competitiveness within the financial sector. Nevertheless, product development within Islamic banking must remain firmly grounded in sharia principles, which constitute the fundamental distinguishing feature between Islamic and conventional banking systems. In the context of entrepreneurial activities, access to financing remains a persistent challenge, particularly for businesses whose primary assets are intangible in nature, such as intellectual property rights, trademarks, and creative works. These types of assets are often difficult to value and are rarely accepted as collateral by conventional financial institutions, thereby limiting entrepreneurs' access to formal financing channels. Consequently, the development of alternative financing mechanisms within Islamic banking becomes increasingly important to support entrepreneurial activities and promote inclusive economic development.<sup>1</sup> The implementation of sharia financing for businesses, especially in the creative sector, often faces obstacles in asset valuation and inflexible contract structures.<sup>2</sup>

According to Pasal 1 of Law No. 21 of 2008 concerning Islamic Banking, Islamic banks are defined as financial institutions that conduct their business activities based on sharia principles. Based on their institutional structure, Islamic banks in Indonesia are categorized into Islamic Commercial Banks (Bank Umum Syariah) and Islamic Rural Banks (Bank Pembiayaan Rakyat Syariah). In addition, the regulatory framework governing Islamic financial practices is further supported by fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN–MUI). One relevant regulation is DSN–MUI Fatwa No. 98/DSN-MUI/XXI/2013 concerning Islamic refinancing, which outlines several permissible contractual structures for refinancing activities, including the *musyarakah mutanaqisah* contract. *Musyarakah mutanaqisah* (MMQ), commonly referred to as a diminishing partnership contract,

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<sup>1</sup>Arnidhya Nur Zhafira, “Kementerian UMKM Siap Inisiasi Akses Pembiayaan Industri Kreatif,” *Antara*, 2025, <https://www.antaraneews.com/berita/4960325/kementerian-umkm-siap-inisiasi-akses-pembiayaan-industri-kreatif>.

<sup>2</sup>Nuhbatul Basyariah, “Implementasi Pembiayaan *Musyarakah Mutanaqisah* Di Perbankan Syariah Indonesia,” *Cantaka: Jurnal Ilmu Ekonomi Dan Manajemen* 2, no. 1 (2018): 74–87, <https://doi.org/10.61492/cantaka.v2i1.141>.

represents a financing arrangement in which the ownership share of one party gradually decreases as it is incrementally purchased by the other party. Through this mechanism, the customer progressively acquires full ownership of the financed asset or capital over the contract period. Within the framework of Islamic finance, MMQ is widely regarded as an important instrument for strengthening productive economic activities. The contract is structured as a partnership between two parties typically a financial institution and a customer who jointly participate in the ownership and management of an asset or business activity, while gradually transferring ownership to the customer over time.<sup>3</sup>

This diminishing partnership is a derivative product of the partnership agreement. Partnership or *syirkah* is a collaboration between capital and profits. Meanwhile, *mutanaqishah* comes from the word *yanataqishu-tanaqish-tanaqishan-mutanaqishun*, which means to gradually reduce. *Musyarakah Mutanaqisah* (diminishing partnership) is a form of cooperation between two or more parties for the ownership of goods or assets. In this cooperation, the ownership rights of one party are reduced while the other party's ownership rights increase. This transfer of ownership is through a mechanism of payment for the other party's ownership rights. This form of cooperation ends with the transfer of rights from one party to another.<sup>4</sup> The purpose of *Musyarakah Mutanaqishah* financing is to acquire property assets and business capital free from usury practices. This financing agreement also has many advantages, including that *musyarakah* financing has advantages in terms of sharing and fairness, both in sharing profits and risks of loss, so that it can be an alternative in the process of acquiring assets or capital.

*Musyarakah Mutanaqishah* as a solution for owning property without usury. *Musyarakah Mutanaqishah* is a *Musyarakah* or *Syirkah* where the ownership of assets or capital of one party (*syarik*) is reduced due to gradual purchases by the other party. Each contract provides a different financing process to prospective customers, but still produces similar results in terms of financing. In fact, the marketing process that prioritizes MMQ contracts in its promotions has generally succeeded in acquiring 70% of prospective customers, while the marketing process that prioritizes other contracts in its promotions has only succeeded in acquiring 42% of customers.<sup>5</sup> Significant differences in the use of the *Musyarakah Mutanaqisah* (MMQ) scheme

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<sup>3</sup>Wali Nazaruddin and Rayyan Firdaus, "Implementasi Akuntansi Syariah Dalam Pembiayaan Musyarakah Tinjauan Literatur Terhadap Praktik Di Lembaga Keuangan," *Jurnal Intelek Insan Cendekia* 1(9) (2024).

<sup>4</sup>Suprayanto and Rosad, "Pembiayaan Pemilikan Rumah Dengan Akad MMQ Pada Bank Muamalat Indonesia (Studi Kasus: Produk Pembiayaan Hunian Syariah Kongsi (Phsk)," 2015, 248–53.

<sup>5</sup>Fadhil Kefee Prasetyo, "Analisis Pengaruh Akad Musyarakah Mutanaqisah Pada Proses Pemasaran Terhadap Keputusan Pebelian Nasabah Di Unit Usaha Syariah Indonesia Eximbank" (2024).

compared to other schemes indicate that consumer purchase intent and determination are higher when the MMQ scheme is applied. Consumer purchasing decisions are basically influenced by two main categories of determinants, namely internal factors and external factors.<sup>6</sup> Internal factors include aspects such as motivation, perception, attitude, personal characteristics, and consumer lifestyle patterns. Meanwhile, external factors include product attributes which consist of product quality, pricing, promotional strategies, and accessibility as well as environmental elements such as testimonials and recommendations from third parties.<sup>7</sup>

Although the musyarakah mutanaqisah (MMQ) scheme has been widely implemented within Islamic financial institutions, empirical research examining its effectiveness in supporting the development of small sharia-based enterprises remains relatively limited. Most existing studies have concentrated on the application of MMQ in residential property or home ownership financing, while investigations into its potential role in financing productive business activities—particularly for small enterprises—are still scarce. Addressing this gap, the present study focuses on the musyarakah mutanaqisah contract due to its distinctive partnership-based structure and gradual ownership transfer mechanism, which are considered more equitable and consistent with the profit-and-loss sharing principles emphasized in Islamic economics. Moreover, this financing model offers a potentially more flexible alternative for small business actors who face constraints in providing conventional collateral, thereby broadening access to financing and promoting more inclusive participation in economic activities.

## METHOD

This study employs a qualitative research approach using a descriptive-analytical design. The qualitative approach is adopted to obtain an in-depth understanding of small business financing practices using musyarakah mutanaqisah contracts, particularly with regard to their role, implementation mechanisms, and the challenges encountered in the financing process. Data collection is conducted through a library research method by reviewing and analyzing various written sources relevant to the topic. These sources include Islamic economics and finance textbooks, peer-reviewed journal articles, previous research findings, regulatory frameworks, fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), as well as official reports and publications from Islamic financial institutions related to the application of musyarakah mutanaqisah contracts. The data analysis

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<sup>6</sup> Afifah Fathiin Lu'lu'in Nisaa, "Faktor-Faktor Yang Mempengaruhi Keputusan Konsumen Membeli Produk Di Waroeng Spesial Sambal 'SS' Condongcatur Timur," *Jurnal Pendidikan Teknik Boga*, 2018, 1–10.

<sup>7</sup> K. Komariah, "Faktor-Faktor Yang Mempengaruhi Keputusan Konsumen Membeli Produk Di Waroeng Spesial Sambal 'SS' Condongcatur Timur," *Journal If Culinary Education and Technology* 7(5) (2018).

process involves organizing, interpreting, and synthesizing relevant concepts, theoretical perspectives, and empirical findings in order to develop a comprehensive understanding of the mechanisms, characteristics, and implications of musyarakah mutanaqisah contracts in small business financing. Through this approach, the study seeks to construct a systematic analytical framework that reflects both qualitative research principles and the normative foundations of Islamic economics.

## DISCUSSION

### Musyarakah Mutanaqisah (MMQ)

Musyarakah Mutanaqisah comes from two words, namely Musyarakah, which means cooperation, partnership, or collaboration, and Mutanaqisah, which means gradual reduction. Musyarakah mutanaqisah can be interpreted as an agreement for cooperation or partnership with the aim of jointly owning goods, whereby ownership of the goods will gradually decrease for one party and will be transferred in full to the other party.<sup>8</sup> Fatwa DSN MUI No. 73 2008 states that musyarakah mutanaqisah is “*Musyaraqah Mutanaqisah (MMQ) is a partnership in which the ownership of assets or capital of one party is reduced due to gradual purchases by the other party*”. This musyarakah mutanaqisah can be applied as a financing product from Islamic banks that use the syirkah 'inan principle, whereby hishshah or the capital share of one of the partners, in this case the bank, will decrease as customers gradually purchase or transfer their commercial rights. Financial institutions that provide musyarakah mutanaqisah facilities include Islamic Commercial Banks (BUS), Islamic Business Units (UUS), or Islamic Rural Banks (BPRS), which are cooperative institutions that reduce capital. In this musyarakah mutanaqisah contract, the capital provider will gradually sell the assets to customers. The musyarakah mutanawisah product has a hybrid structure.<sup>9</sup>

Muhammad Taqi Usmani states that the concept of diminishing partnership is already known in classical fiqh literature, but its application in the modern financial system requires adaptation and innovation.<sup>10</sup> Musyarakah Mutanaqisah has a hybrid contract nature consisting of several integrated contract components. The main components are the musyarakah contract, which forms the basis of the partnership; ijarah, which is the asset leasing mechanism; the ba'i contract, which is a gradual sale and purchase process; and in some cases, the istisna contract for the manufacturing or procurement of these assets. The operational mechanism of Musyarakah Mutanaqisah is initiated through the

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<sup>8</sup> Muh Turizal Husein, “*Telaah Kritis Akad Musyarakah Mutanaqisah*,” 2020.

<sup>9</sup> Siti Fariha Muhamad, “*An Evaluation on Musharakah Mutanaqisah Based House Financing By Islamic An Evaluation On Musharakah Mutanaqisah Based House*,” no. July (2020).

<sup>10</sup> Mufti Muhammad Taqi Usmani, *An Introduction to Islamic Finance* (Karachi: Idaratul Maarif, 2002).

establishment of a collaborative partnership between Islamic financial institutions and customers for the procurement or acquisition of an asset.

The ownership ratio is determined based on the proportion of capital contributions provided by each party. Subsequently, customers gradually acquire the financial institution's share of ownership through an installment payment scheme, which results in a proportional reduction in the financial institution's ownership. In addition to the acquisition installments, customers are also required to pay a rental fee (*ujrah*) for the use of assets that are still owned by the financial institution.<sup>11</sup>

### **Micro Bussiness Development**

The operation of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is regulated under Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises. This regulation provides the legal definitions and classification criteria for MSMEs based on the scale of business activities. Micro enterprises are defined as productive businesses owned by individuals or individual business entities. Small enterprises refer to independent productive economic activities carried out by individuals or business entities that are not subsidiaries or branches of medium or large enterprises, whether directly or indirectly owned or controlled. Meanwhile, medium enterprises are defined as independent productive economic entities operated by individuals or business entities that are not subsidiaries or branches of small or large enterprises. Furthermore, the classification of MSMEs under Law No. 20 of 2008 is determined based on two primary indicators: the value of net assets excluding land and business premises and the annual sales turnover. These criteria serve as the main benchmarks for distinguishing the scale of business operations and for formulating policy frameworks aimed at supporting the development of MSMEs within the national economy.<sup>12</sup> Tambunan (2012) states that Micro/Small Enterprises are independent productive business units, run by individuals or business entities in all economic sectors. Micro, small and medium enterprises (MSMEs) are also defined as businesses managed by individuals or families or several people who do not yet have a full business license.

### **The Role of Musyarakah Mutanaqisah in Micro Business Implementation**

The musyarakah contract plays a fundamental role in the operationalization of Islamic banking as an instrument of capital cooperation between banking institutions and customers. In this contract scheme, both parties contribute in the form of financial capital and expertise to operate a business or project, which is then followed by the distribution of profits and

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<sup>11</sup> Abu Umar Faruq Ahmad and M. Kabir Hassan, "Regulation and Performance of Islamic Banking in Bangladesh," 2007, <https://doi.org/https://doi.org/10.1002/tie.20142>.

<sup>12</sup> Sri Maulida and Ahmad Yunani, "Peluang Dan Tantangan Pengembangan Usaha Mikro Kecil Menengah (UMKM) Dari Berbagai Aspek Ekonomi" 2, no. 1 (2017): 181–96.

allocation of risks in accordance with the agreement established at the outset. Profit distribution is implemented based on an agreed ratio, while losses are borne proportionally according to each party's capital contribution. This mechanism represents the principles of fairness and partnership that form the foundation of the Islamic economic system. Furthermore, musyarakah mutanaqisah contributes to encouraging the growth of the productive business sector, particularly Micro, Small, and Medium Enterprises (MSMEs), as it offers a more equitable financing scheme compared to the interest-based system in conventional banking.<sup>13</sup> Ela Wilfa Sari stated in her research that in her study, many customers felt that their businesses were running smoothly, which led to further growth for business owners in line with the essential function of Musyarakah Mutanaqisah (MMQ) agreements, whereby banking institutions, as financing providers, participate in facilitating customers' business capital needs.<sup>14</sup> This mechanism effectively mitigates the risk of misuse of financing funds from the allocation plan agreed upon in the initial financing agreement by customers. This role includes obligations and rights related to a person's position obtained based on the business being run. In addition to serving as an instrument for access to capital, musyarakah agreements offer flexibility in the mechanism for repaying the principal amount of financing.

The payment scheme can be adjusted to the operational cash flow conditions of the business, so that customers do not experience financial pressure when profits have not yet reached a stable level.<sup>15</sup> Overall, musyarakah not only functions as a financing instrument, but also builds partnership relationships that are congruent with the principles of justice and collective responsibility. Through this scheme, Islamic banking institutions can provide financing that is in accordance with sharia principles while contributing to the expansion of inclusive financial access and the enhancement of sustainable economic activity. Fundamental values such as transparency, trustworthiness, and proportional distribution of profits are integral elements in the practice of musyarakah, which in turn strengthen the ethical and integrity dimensions of the Islamic financial system.

This capital participation scheme provides significant benefits for small and medium-sized enterprises because it is compatible with the characteristics of MSMEs that are in the growth phase and require adaptive financing mechanisms. Although in fact the portion of musyarakah financing in Islamic

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<sup>13</sup> Umrotul Hasanah and Hoirul Ichfan, "Aplikasi Pembiayaan Akad Musyarakah Pada Perbankan Syariah," *Jurnal Muhasabatuna: Jurnal Akuntansi Dan Keuangan Islam*, 2021, <https://doi.org/10.54471/muhasabatuna.v3i1.1085>.

<sup>14</sup> Ela Wilfa Sari, Supardi Mursalin, and Kustin Hartini, "Peranan Pembiayaan Musyarakah Mutanaqisah (MMQ) Bank Syariah Indonesia Pada Pengembangan UMKM Di Kota Bengkulu," *Jurnal Tabarru: Islamic Banking and Finance* 7 (2024): 165–75.

<sup>15</sup> Rifdah Atika Pasaribu and Tuti Anggraini MA, "Pelaksanaan Akad Musyarakah Dalam Perbankan Syariah Perbankan Syariah," *Jurnal Bisnis, Ekonomi Syariah Dan Pajak*, no. 3 (2024): 68–77.

banking institutions has not yet reached a dominant position, its development potential remains substantial given that the features offered are highly relevant to MSMEs that need capital support without the burden of fixed payment obligations. Through the musyarakah mechanism, each party is obliged to allocate capital, so that risks and profits are distributed proportionally according to each party's contribution.<sup>16</sup> In addition, Selvia Nia's research also found that musyarakah financing has proven to be very supportive of the sustainability of MSME businesses, not only in terms of providing capital, but also through the assistance provided by banks and regular business monitoring. These monitoring efforts can strengthen the relationship between business actors and banks and ensure that business activities are carried out in accordance with the agreements made by both parties.<sup>17</sup>

### **The Mechanism of Musyarakah Mutanaqisah Contracts in Business Financing**

Despite its growing application within Islamic financial institutions, the implementation of musyarakah mutanaqisah contracts continues to face several practical challenges. One of the primary issues is the limited level of customer understanding regarding the concept and operational mechanisms of the contract, which indicates the need for more intensive regulatory and institutional dissemination. In addition, there is a tendency among some industry practitioners to structure musyarakah financing with fixed installment payments that resemble conventional credit arrangements. Such practices risk undermining the fundamental principles of profit and risk sharing that form the core of partnership-based financing in Islamic economics. In principle, musyarakah contracts are grounded in a profit-and-loss sharing mechanism, whereby the distribution of profits and losses is determined proportionally according to the capital contributions of each participating party. This mechanism emphasizes equitable participation and ensures that all partners receive returns consistent with the agreement established at the outset of the contract. To support transparency and accountability in its implementation, operational and accounting standards for musyarakah transactions have been formally regulated within the Islamic financial system. In Indonesia, these standards are codified in Financial Accounting Standard (PSAK) 106, which provides guidance on the recognition, measurement, presentation, and disclosure of musyarakah transactions within Islamic banking institutions.<sup>18</sup>

<sup>16</sup> Jerry Kurniawan Piri and Muhammad Ichsan Gaffar, "Analisis Potensi Pembiayaan Akad Musyarakah Terhadap UMKM Di Indonesia," *Jurnal Mahasiswa Akuntansi* 2, no. 3 (2023): 381–88.

<sup>17</sup> Selvia Nia, "Analisis Peran Produk Pembiayaan Musyarakah Bak Syariah Indonesia Pada Perkembangan Usaha Mikro Kecil Menengah (UMKM) Di Kabupaten Bejang Lebong" (2023).

<sup>18</sup> Triya Oftafiana, Balya Rifqi Abd. Wahid, and Binti Nur Asiyah, "Standar Pelaksanaan Akad Musyarakah Dan Perlakuan Akuntansi Musyarakah Berdasarkan PSAK 106 Pada Perbankan Syariah," *Ribhuna: Jurnal Keuangan Dan Perbankan Syariah* 3 (2024).

In practice, the business financing mechanism with *musyarakah mutanaqisah* contract is carried out through a partnership pattern that places Islamic financial institutions and business actors as partners who jointly provide capital to run business activities or own productive assets. The capital contribution of each party is determined at the beginning of the contract, so that the ownership share of the bank and customers can be identified clearly and transparently. During the course of the business, the profits generated are distributed based on the agreed ratio, while potential losses are borne proportionally according to the share of capital, reflecting the principle of risk sharing in Islamic economics. Over time, customers gradually purchase the bank's share of ownership, causing the Islamic financial institution's ownership to continue to decline until it is finally transferred entirely to the customer. During this period, customers are also charged a fee for the use of the portion of assets or capital still owned by the bank, so that this scheme continues to provide reasonable profits for Islamic financial institutions. Thus, *musyarakah mutanaqisah* not only functions as a business financing instrument, but also as a mechanism for strengthening capital structure, increasing business independence, and applying the values of justice and sustainability in accordance with sharia principles. Through this mechanism, *musyarakah* contracts are able to create a more equal relationship between Islamic financial institutions and business actors, thereby encouraging increased access to capital for MSMEs while strengthening the position of Islamic banking as a strategic partner in national economic development.<sup>19</sup>

### **Musyarakah Mutanaqisah Contract from the Perspective of Maqashid Syariah**

Islamic banking represents a financial system that operates in accordance with the principles of Islamic law (sharia). In contrast to conventional banking, which relies on interest-based transactions as a core financial instrument, Islamic banking prohibits *riba* (interest) and avoids practices that involve excessive uncertainty (*gharar*) or speculation (*maysir*). Instead, it promotes financial transactions grounded in principles of fairness, transparency, and risk sharing. Beyond the pursuit of financial profitability, Islamic banking is oriented toward achieving broader socio-economic objectives, including the promotion of justice, equitable wealth distribution, and inclusive welfare. These objectives are closely aligned with the overarching goals of Islamic law (*maqasid al-shariah*), which emphasize the protection and advancement of societal well-being through ethical and socially responsible economic activities.<sup>20</sup> From an Islamic perspective, usury is categorized as an

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<sup>19</sup> Nazaruddin and Firdaus, "Implementasi Akuntansi Syariah Dalam Pembiayaan *Musyarakah* Tinjauan Literatur Terhadap Praktik Di Lembaga Keuangan."

<sup>20</sup> Muhammad Anwar Zainuddin, "Akad *Musyarakah Mutanaqisah* Dalam Sistem Perbankan Syariah," *Bilancia: Jurnal Studi Ilmu Syariah Dan Hukum* 12(2) (2018).

exploitative practice because it harms those in need. Therefore, Islamic banking substitutes the interest system with profit and loss sharing schemes, sale and purchase transactions (*murabahah*), leasing (*ijarah*), and other contracts that comply with sharia provisions.

This principle is the operational foundation of Islamic banking. The relationship between banking institutions and customers is not constructed as a debtor-creditor relationship, but rather as business partners (*syirkah*) or in the capacity of capital owners-fund managers. Profits and losses arising from a business venture will be allocated jointly in accordance with the initial agreement. This mechanism creates distributive justice and encourages banking institutions to apply stricter selection criteria in determining which projects are eligible for financing. This scheme is implemented through *mudharabah* contracts (partnership between capital owners and fund managers) and *musyarakah* (partnership between two or more parties to manage a business). The prohibition of *gharar* (uncertainty) covers all forms of ambiguity or speculation that could potentially harm one of the parties involved in the transaction.<sup>21</sup> Makraja and Ramlah state that in the practice of *Musyarakah Mutanaqisah*, there are significant problems with the achievement of *maqasid shariah* in Islamic banking, particularly in terms of asset protection and fairness. If the implementation of *Musyarakah Mutanaqisah* does not consistently reflect the principles of partnership and risk sharing, then *Musyarakah Mutanaqisah* is considered to have failed to fulfill its basic objectives.<sup>22</sup> Therefore, systematic improvements and more comprehensive supervision are needed. Islamic banking institutions need to develop more authentic innovations, for example, through the implementation of leasing schemes that can be adapted to market dynamics, or by establishing risk allocation and accountability mechanisms that are more equitable and transparent. Regulators, such as the Financial Services Authority (OJK), are also required to issue more detailed and explicit guidelines to ensure that the *Musyarakah Mutanaqisah* products offered are truly in accordance with sharia principles, rather than merely being rebranded conventional products.<sup>23</sup>

The problem of imbalance between risk and responsibility manifests itself in situations where customers often bear the full burden of asset maintenance, even though banking institutions still have a significant share of ownership. The complexity of contract structures also poses a substantive obstacle that has the potential to cause ambiguity (*gharar*) and trigger legal disputes. Therefore, fundamental reforms are needed so that *Musyarakah Mutanaqisah* practices are congruent with sharia objectives (*maqasid al-shariah*). Sharia banking institutions need to develop more equitable and transparent formulas, such as setting rental values that can be adapted to

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<sup>21</sup> Husein, “*Telaah Kritis Akad Musyarakah Mutanaqisah*.”

<sup>22</sup> Makraja and Ramlah.

<sup>23</sup> Makraja and Ramlah.

market dynamics. In addition, a more proportional risk and responsibility allocation mechanism between banking institutions and customers is needed. With the implementation of these improvements, Musyarakah Mutanaqisah can function as an authentic financing alternative based on the principles of fairness, partnership, and transparency, rather than merely a superficial sharia compliance instrument for conventional products.<sup>24</sup>

### **Challenges in Implementing Musyarakah Mutanaqisah in Micro Business Financing**

One of the key advantages of musyarakah mutanaqisah (MMQ) lies in its flexible partnership structure, particularly in determining profit-sharing arrangements and the gradual transfer of asset ownership. This mechanism provides an alternative financing solution for individuals who possess limited initial capital but intend to acquire assets through a progressive payment scheme. Moreover, the sharia-based framework underlying MMQ fosters a sense of security and trust among Muslim communities seeking financial products that align with their religious values. Nevertheless, the effectiveness of this financing scheme remains closely linked to the level of public literacy regarding the concept and operational mechanisms of MMQ, as well as the readiness of Islamic financial institutions to implement the contract in a transparent, accountable, and equitable manner. Empirical observations in several urban areas suggest that MMQ has been relatively effective in facilitating gradual home ownership among Muslim customers without involving interest-based financing. In major metropolitan areas such as Jakarta, Surabaya, and Makassar, there has been a noticeable increase in the number of customers shifting toward sharia-compliant financing schemes, driven by religious considerations as well as the perceived fairness and transparency of the financing process.

Customers often report a greater sense of financial and psychological assurance, as the acquisition process is conducted through partnership-based arrangements that emphasize mutual agreement and transparency. In addition, customers typically participate actively in the early stages of the contractual process, including in determining the rental value, financing period, and the proportion of asset ownership transfers, thereby reinforcing the participatory and equitable nature of the MMQ financing structure.<sup>25</sup> Although Musyarakah Mutanaqisah has been implemented in accordance with sharia provisions, its implementation in the field still faces a number of significant obstacles. One of the main challenges is the low level of public literacy regarding the structure

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<sup>24</sup> Fahmi Makraja et al., “Analisis Terhadap Akad Musyarakah Mutanaqisah Dan Problematikanya Dalam Praktik Perbankan Syariah,” *Jurnal Syariah Dan Ekonomi Islam* 3, no. 2 (2025): 83–98.

<sup>25</sup> Besse Suci Nurul Maqrifah et al., “Efektivitas Skema Musyarakah Mutanaqisah Dalam Mendorong Kepemilikan Aset” 2, no. 2 (2025): 35–50.

and mechanisms of Musyarakah Mutanaqisah. A number of customers still assume that Musyarakah Mutanaqisah is synonymous with conventional installment schemes. In fact, there are fundamental differences in terms of asset ownership, leasing mechanisms, and the role of financial institutions as business partners. In addition, not all Islamic banking institution officers have the capacity to comprehensively explain the Musyarakah Mutanaqisah scheme, which has the potential to cause misconceptions or misunderstandings among customers.<sup>26</sup> Administrative aspects also pose a significant challenge in the implementation of Musyarakah Mutanaqisah. Given that this model integrates two contracts simultaneously (musyarakah and ijarah), the legal documentation and accounting recording processes become more complex. Financial institutions are required to document every transfer of ownership in detail and transparently. If not carried out accurately, errors in rent calculations or data discrepancies could occur, potentially harming one of the parties. In addition, the costs of notary fees, taxes, and insurance are often an additional obstacle for customers in choosing this product over other financing alternatives.<sup>27</sup> Despite various challenges, Musyarakah Mutanaqisah continues to receive positive responses from the public, especially from the Muslim middle class segment, which is increasingly aware of the importance of sharia financing.<sup>28</sup> In some regions, Musyarakah Mutanaqisah has even been designated as a flagship program in support of sharia-based subsidized housing programs. In addition, a number of sharia cooperatives and Baitul Maal wat Tamwil (BMT) have begun to adopt similar schemes in the context of microfinance for small business assets, such as trading carts or production equipment.<sup>29</sup> This indicates that Musyarakah Mutanaqisah is not only relevant for large banking institutions, but can also be implemented in the microfinance sector, which is more accessible to low-income communities.

The implementation of the Musyarakah Mutanaqisah scheme in asset ownership demonstrates significant potential in realizing a more equitable economic system that is congruent with Islamic values. However, for this scheme to be truly effective and sustainable, synergy between financial institutions, regulatory authorities, and the community is required. Education on Islamic financial literacy must continue to be intensified, and financial

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<sup>26</sup> Arsyaf Tampubolon, Sri Sudiarti, and Marliyah, "Penerapan Akad Musyarakah Pada Perbankan Syariah Di Indonesia," *Jurnal Riset Ekonomi Dan Keuangan Syariah* 02, no. 02 (2025): 1–8.

<sup>27</sup> Hadiat, Oyo Sunaryo Mukhlas, and Ayi Yunus Rusyana, "Implementasi Pembiayaan Musyarakah Mutanaqisah Di Perbankan Syariah Indonesia," *Jurnal Ilmu Ekonomi Dan Manajemen* 2(1) (2024).

<sup>28</sup> Zuel Fahmi, Muhammad Syafii Antonio, and Arip Rahman, "Implementasi Konsep Syirkah Al Amlak Dalam Akad Al Musyarakah Al Muntahiyah Bi Al Tamlik (MMBT) Pada Produk Pembiayaan Purchase Order (PO) Financing Fintech Syariah (Studi Kasus Di PT Alami Fintek Sharia)," *Ekonomis: Journal of Economics and Business* 8.2 (2024).

<sup>29</sup> Maqrifah et al., "Efektivitas Skema Musyarakah Mutanaqisah Dalam Mendorong Kepemilikan Aset."

institutions need to ensure that the implementation of Musyarakah Mutanaqisah is carried out professionally and transparently. Through these collaborative efforts, Musyarakah Mutanaqisah can function as a financing solution that promotes safe, sharia-compliant, and socially equitable asset ownership.<sup>30</sup> Based on the above description, it can be concluded that the Musyarakah Mutanaqisah scheme is not only relevant in the context of financing in large-scale Islamic banking institutions, but also has significant potential for application in the microfinance sector through Islamic financial institutions such as Islamic cooperatives and Baitul Maal wat Tamwil (BMT). This shows that the partnership characteristics and gradual ownership mechanism in Musyarakah Mutanaqisah allow this scheme to be used more flexibly in supporting the ownership of productive assets for low-income communities, such as business equipment and means of production. In addition, this study also shows that the level of Islamic financial literacy and public trust in the principles of fairness and transparency in Islamic financing are important factors that influence the effectiveness of the implementation of this scheme. Therefore, increasing public understanding of the Musyarakah Mutanaqisah concept is necessary to avoid misunderstandings and ensure that its implementation remains in line with the sharia principles that are the main advantage of MMQ financing.

## CONCLUSION

The musyarakah mutanaqisah contract represents a sharia-compliant financing instrument with considerable potential to support the development of small enterprises through productive asset-based financing. This scheme establishes an equitable partnership between Islamic financial institutions and business actors through mechanisms of joint capital participation, profit sharing, and the gradual transfer of asset ownership. Such a structure makes musyarakah mutanaqisah particularly relevant for small business financing, as it provides flexibility in capital management and avoids rigid payment obligations commonly associated with interest-based financing systems. Consequently, the scheme reflects the core principles of fairness, risk sharing, and partnership emphasized in Islamic economic thought. Despite its potential, the implementation of musyarakah mutanaqisah within Islamic banking institutions continues to face several challenges.

These include limited public literacy regarding sharia-based financing contracts, the relative complexity of contractual structures, and operational practices that do not always fully reflect genuine profit-and-loss sharing principles or the broader objectives of maqasid al-shariah. Addressing these challenges requires strengthening public education and financial literacy, enhancing the institutional capacity of Islamic banking institutions to

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<sup>30</sup> Maqrifa et al.

implement contracts transparently and consistently, and improving regulatory as well as supervisory support. Strengthening these aspects is essential to optimize the role of musyarakah mutanaqisah as a fair, inclusive, and sustainable financing instrument capable of promoting small business development while reinforcing the resilience of the Islamic banking system.

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