



UJRAH-BASED ISLAMIC CREDIT CARD: A SHARIAH-COMPLIANCY ANALYSIS

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ABSTRACT

The issue of Islamic credit card has received considerable academic attention. Therefore, this study investigates Islamic credit cards' practice based on the concept of Ujrah in the Islamic Banks in Malaysia and analyses contemporary Shariah scholars' views on that. The study adopts a qualitative method to achieve its objectives. The data were collected using semi-structured interviews as primary data. For the interviews, a sample of eight participants was selected. Six were Shariah scholars, and the other two were practitioners from Islamic banks in Malaysia. The findings revealed that Ujrah is permissible among classical and modern jurists, and Ujrah is accepted as the recommended contract used in structuring Islamic credit cards. It is also allowed to pay the fee in Shariah. Most Islamic financial institutions accept Islamic credit card based on Ujrah theory, such as Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Bank Negara Malaysia (BNM). The findings revealed that Ibra (rebate) as practised in the Ujrah-based credit card is permitted in the Shariah, which is used for doing justice to the customers. Islamic financial institutions implement the concept of Ibra in Islamic credit card not for hilah (legal strategy) but actually for the benefit of the people. The paper will directly impact the current operation of the Islamic credit card in Malaysia. The Ujrah concept at the Islamic banks will help them charge the service fee to the customers.

Keywords: *Ujrah, Bay-al-Inah, Tawarruq, Ibra*, Islamic Credit Card, Shariah

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INTRODUCTION

The Islamic credit card has been offered in Malaysia by Islamic financial institutions as an alternative to the conventional credit card. The Shariah Advisory Council of Negara Bank Malaysia has approved Islamic credit card as Shariah-compliant product (Bank Negara Malaysia, 2010). According to Balarabe & Abdullah, (2020), an Islamic credit card is "plastic money" that is based on the same concept of "buy first, pay later" as in a standard credit card. However, it can only be done through lawful transactions, and activities should be conducted according to Shariah rules and regulations. The Shariah status of Islamic credit card is considered a viable option for Muslims and non-Muslims alike.

Many models have been used to create an Islamic credit card in the world based on murabahah, wakalah, kafalah, ijarah, and bay al-inah or tawarruq. For example, in Malaysia,





an Islamic credit card is structured using the contracts of Bay al-inah, Tawarruq, and Ujrah. Through this model, Muslims and non-Muslims can purchase valuable items physically or online without paying riba (interest-based) (Bilal & Mydin Meera, 2015).

However, the Islamic credit card model has been debated among contemporary scholars to adopt a suitable concept. They argued that the concept of Inah and tawarruq are the way of hilah to allow riba in Islamic banking. Hence, most juristic schools of thought argued against such ideas, i.e. the Maliki, Hambali, and Hanafi schools of jurisprudence (Balarabe et al., 2020). However, this problem calls for introducing the Shariah-permitted concept. In the light of this, scholars opined that Ujrah is accepted by the majority of scholars and eventually adopted Ujrah in Islamic credit card.

Nevertheless, Azman (2015) has a different opinion on the Islamic credit card based on Ujrah. He noted that Ujrah is used as a contract to charge in regular Islamic credit card, which does not reflect the actual service fee. He argues that banks are charging a service fee to generate profits from this practice which is prohibited in Shariah. Taking a profit for a credit service provided is tantamount to Riba. He further argued that Ujrah is problematic if it is conditioned and combined with Ibra (rebate) (Azman, 2015). A group of jurists have controversial views on the rebate and argue that it is a hilah (a legal ploy) or that it resembles the idea of Riba.

Therefore, this paper aims to examine the Ujrah-based model's practice and get Shariah scholars' opinion on this model. The article was organized as follows: The investigation began with the origin of the Islamic credit card. Subsequently, this paper reviewed the theory of Bay al-Inah, Tawarruq, and Ujrah. The next section discusses research methodology and then discusses the findings.

LITERATURE REVIEW

Islamic credit card definition

In the 1990s, Islamic banks were introduced as an alternative to the modern banking system, assessing a Muslim Islamic credit card's demand. In Malaysia in 2001, Am Bank introduced the first Islamic credit card in the name of al-Taslif, and the Islamic bank launched it in the year 2002. According to Uddin et al. (2018), an Islamic credit card is a "plastic currency" that has the same basic concept of "buy first, pay later" as in a conventional credit card. However, it can only be done through a legitimate transaction, and its activities are conducted under Shariah laws, rules, and regulations. Islamic credit cards are now considered an excellent option for Muslims and non-Muslims alike with Shariah status. The Advisory Committee of the Bank of Negara Malaysia (BNM) has approved the credit card as a legal framework developed under the Shariah system (Bank Negara Malaysia, 2010).

Models of Islamic credit card

Although since then, Islamic financial institutions in Malaysia have disapproved of the Islamic credit card system for following Shariah rules. There are three Islamic credit card ideas implemented in Malaysia by different Islamic banks: bay al-Inah, Tawarruq, and Ujrah (Noor & Azli, 2009).

Bay al-Inah Concept





Bai al-Inah is a sale and buy-back that includes contracts between shareholders and the client. In the initial agreement, the detected goods bank sells them to the customer in accordance with the agreed price based on the delay payment method. In the second agreement, the bank buys at a cheaper price in cash, which must be different prices before, but the model is, then the banks have the highest profit from the customer, which is determined in future (Bilal & Mydin Meera, 2015; Azman & Razak, 2015). The amount should be placed in the customer's account. Whenever he used his credit card for buying his needs, the charges rate is taken from his account. Under the contract, the bank will charge the consumers (Uddin et al., 2018). The figure below shows the structure of Islamic credit card based on bay al-Inah contract:

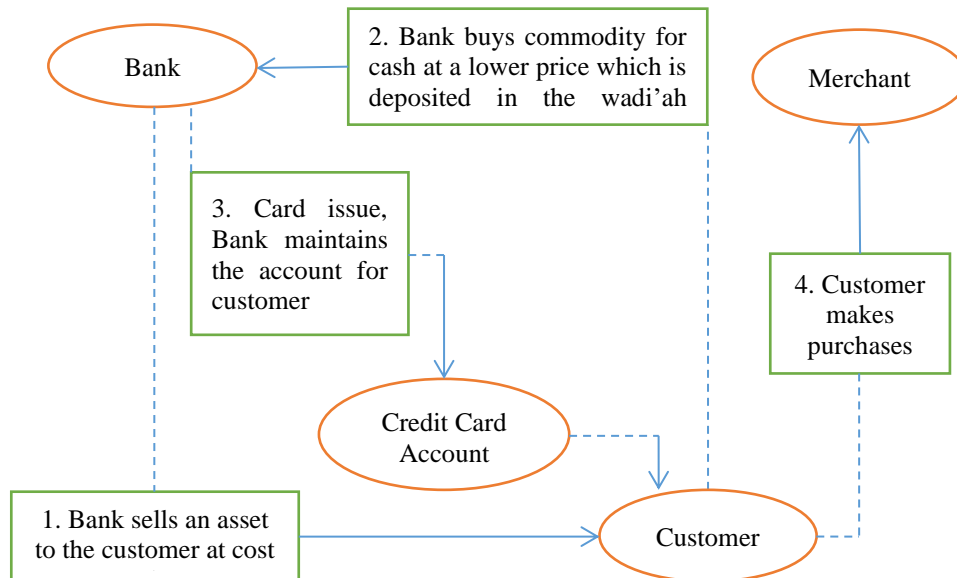


Figure 1: Bay al-Inah Concept

According to Siraj, Hilmy, Bank, & Lanka (2015), in the concept of bay al-Inah, the bank sells the product at a certain amount at a high rate. After that, the bank buys the product from the customer at a lower value, which means the credit will be available for a credit card. There were similarities in the price between the first and second transactions in the contract. In this system, the user has a limited amount to spend.

Bay al-Inah Model

Bay al-Inah is the first method used by Malaysian Islamic financial institutions to create Islamic credit cards. The Islamic credit card for bay al-Inah's scheme consists of three contracts: bay al-Inah, qard al-hasan, and wadiah (Bilal & Mydin Meera, 2015).

Tawarruq Concept

Tawarruq is defined as a tripartite transaction built on a deferred amount. The buyer can buy the goods and then sell them at the lowest price to a third party for payment and early settlement. The result is, in the end, the client collects the cash and has a delayed amount from the financial institution (Jamaan et al., 2014). Occasionally, the concept is used to launch various Islamic banking products - where mustawriq is a bank or consumer who want to get





money, and the bank is always the agent (on behalf of the client) to make a trade or purchase transaction with dealers (Mohamad & Ab Rahman, 2014).

Tawarruq Model

Tawarruq model is a widely used product in Islamic credit card. Islamic banks began to use tawarruq, which was developed in the United Arab Emirates. The Tawarruq model consists of three other contracts: wadiah, tawarruq, and wa'ad (promise) (Azman, 2015). The figure below shows the structure of Islamic credit card based on tawarruq contract:

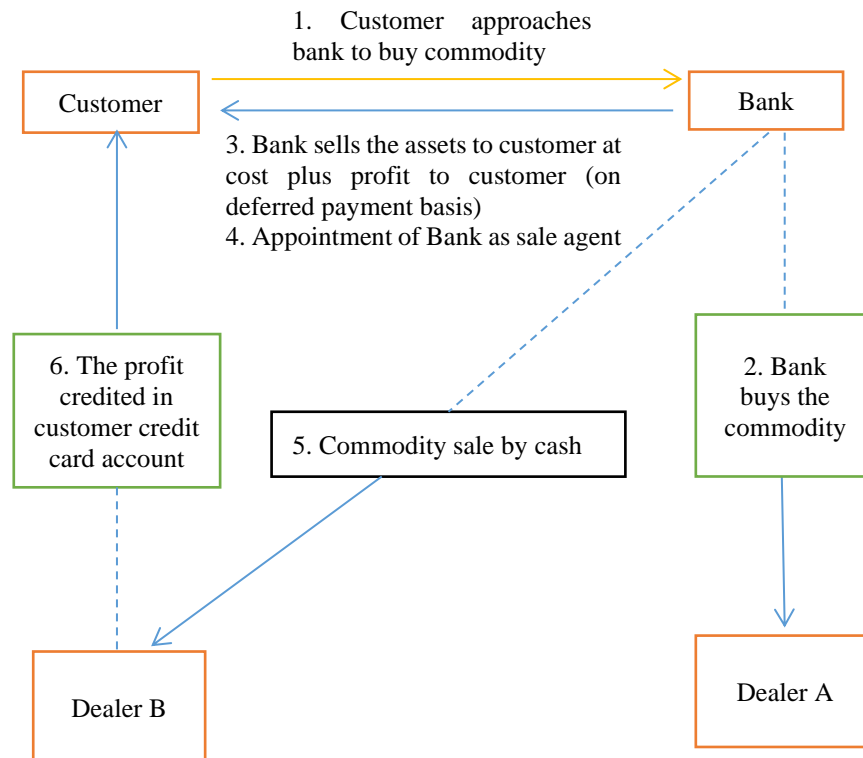


Figure 2: Tawarruq Concept

As a result of the Islamic Bank Card implementation, the Customer made a Wa'ad (promise) purchase the Bank's goods. Upon completing the contract, the Bank will purchase the goods from dealer A. Bank as the issuer. The consumer agrees to sell the goods to the customer by Murabahah Sale or at Sale Price (Principle Price + Profit) (Aljamos et al., 2018). Simultaneously, the Customer agrees to purchase the goods on the delayed payment system for the supply chain's contract period. The customer will place the Bank as his agent to act on his behalf to sell the goods to someone on cash at the purchase price, which is equal to the Bank Islamic Card's amount of money as Bank deems appropriate. The bank sells goods to a second dealer B and cash at the purchase price. The cash from the sale of the goods will be deposited in the Customer account (Hosen, 2012).





Ujrah concept

In Arabic, Ujrah (service charge) means wages and remuneration, Ujrah (fees) are payments received by employees while carrying out their work (Thoarlim et al., 2017). According to the Securities Balarabe & Abdullah (2020), Ujrah (service fee) is money received by employees as a benefit of service regarding hire work or service for a certain period as long as they perform their duties. However, Islam is guiding the humanity for submission of the Ujrah (service charge), which should be received when the project is completed. Concerning to this study the researcher defined Ujrah (fee) as the bank's service charge goes to the customer, or the cardholder when used the Islamic credit card for his requirement benefit, and the bank is allowed to charge for the completed work service (Balarabe & Abdullah, 2020).

In Islam, it is permissible to pay an employee for his work; Allah says in Surah al-Qasas: "One of the women said, "O my father, hire him. Indeed, the best one you can hire is the strong and the trustworthy." He said, "Indeed, I wish to wed you one of these, my two daughters, on [the condition] that you serve me for eight years; but if you complete ten, it will be [as a favor] from you. And I do not wish to put you in difficulty. You will find me, if Allah wills, from among the righteous" (Quran, 28:26,27). According to Imam al-Shafi'i: Allah the Almighty (S.W) in the Holy Qur'an reveals that Prophet Musa (A.S) worked for a reward in eight years working for the exchange of women. This verse indicates that it is permissible in Islam to contract a person (al-Shafi'i, 1990, p. 26).

Under the Ujrah system, banks process and maintain the consumer credit card and charge the card Ujrah for services. In the Ujrah system, the customer pays an annual service fee to use the credit card. Thus, the fee may include bank statements or annual service, and other matters. The service fee on an Islamic credit card built on Ujrah cannot put on profit, but it is charged more than a regular bank, but it is not profitable (Balarabe et al., 2020; Bilal & Mydin, Meera, 2015; Uddin et al., 2018). Hence, the card is based on a fixed charge system; only the specified amount will be received from the cardholder (Siraj et al., 2015; Fozi, M. S., 2020). The figure below shows the structure of Islamic credit card based on Ujrah contract:

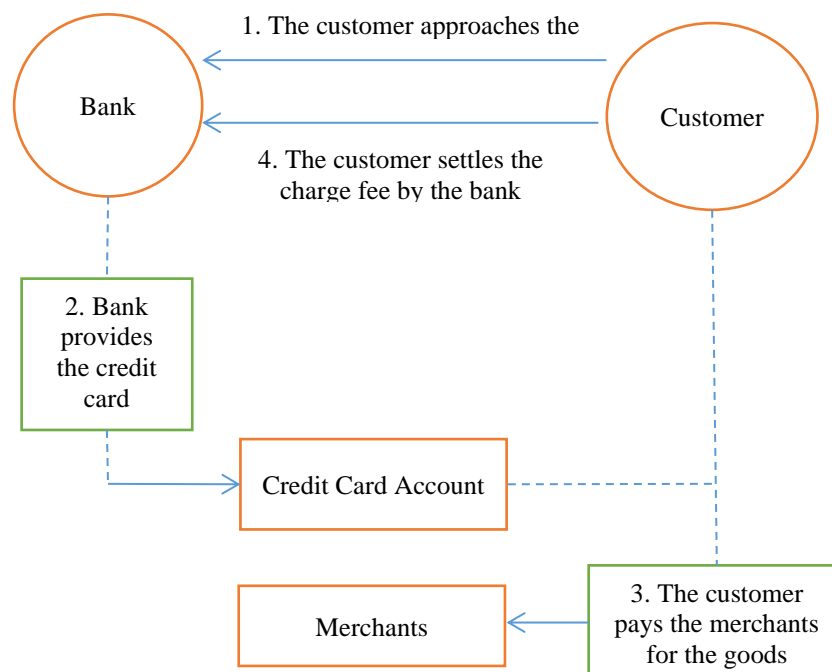


Figure 3: Ujrah Concept





1. The customer will approach the bank to issue or get an Islamic credit card.
2. The bank offers credit card accounts based on the customer's qualifications.
3. The customer will pay the merchants service after using the credit card account. The amount will be as a qard from the bank given to the customer.
4. The customer will pay the fee. The bank will charge the client a fixed fee, such as the monthly operating fee, depending on the actual transaction cost and the banking activity's annual service fee. Hence, the bank profits from service fees and merchants.

Previous studies have examined Islamic credit cards from various perspectives. For example, Sajna & Nairoos (2017); Uddin et al. (2018) Carried out research based on the light of the Quran and Sunnah about Shariah legal opinion for choosing an appropriate Islamic contract model on an Islamic credit card. Qaisar Ali (2019), Examine the factors that influence the acceptance of Islamic credit cards. Besides, Nabee, Amiirah, and Kahf (2016) researched current credit card facility causes based on Shariah's perspectives and economics. The study examines Islamic credit cards how they are treated in Shariah perspectives.

Furthermore, a research conducted by Jamaan et al., (2014), in empirical knowledge on the practices of the Ujrah and Inah concept in Islamic credit card, the case study conducted in Malaysia. Also, Bilal & Mydin Meera (2015), Azman (2015), Abdeen et al. (2018) studied the alternative Shariah-compliant Islamic credit card model in Malaysia. Thoarlim et al. (2017) Azira, Binti, Azizudin, Khairul, & Wan (2019) researched the Ujrah (right hire) concept, the views of Shariah, and law scholars for collecting wages. Also, Husaeni (2018) examined the Shariah permissibility on Ujrah (fee) in a gratuitous contract.

However, so far, only a few studies have solved the problems of Shariah in the Islamic credit card based on Ujrah. Therefore, the study will examine the Ujrah-based model and get Shariah scholars' opinions on Ujrah based model.

The present paper different from the preview research. The study was conducted in Malaysia. Therefore, the study identified the modern Shariah scholars' perspective on the Structure of Islamic credit card products, Shariah scholars' view for Islamic credit card operation, Shariah principles in operation for Islamic credit card based on Ujrah theory.

RESEARCH METHODOLOGY

This study followed several research methods to achieve its goals. The qualitative method was adopted because the researcher can get the information needed to illustrate the Islamic credit card based on Ujrah practice in Malaysia. Besides, determining the Shariah status of Ujrah requires in-depth research on fuqaha (jurists) views, which is very subjective (Abdullah, 2016; Maxwell, 2012).

Qualitative research is a situated method that guides the observer to identify a phenomenon. Although it begins with the study's assumptions and background, it will help the researcher solve the problems and address the specific meaning or finding (Dodgson, J. E., 2017).

The study collects primary data, while the data is essential in identifying our objective and addressing the problem presented in this research paper (Hasan Basri et al., 2014). The study was compiled in the following ways:

A qualitative interview occurs when researchers test one or more participants through unfinished questions and transcribe their reports. The researcher then translates the data and types the data into a computer for analysis (Chih-Pei, H. U., & Chang, Y. Y., 2017). The discussion was conducted by interviewing the practitioners and scholars to get information regarding Islamic credit card operations based on Ujrah.





For this study, the semi-structured interview was held with Shariah scholars and practitioners from the bank to gather relevant information. Semi-structured allow the researcher to change the questions' structure and ask more questions whenever necessary and useful (Abdullah, 2016). All interviewees are set to get the same answers and conducted via Webex meetings and face to face. The jurists' discussion will also be on this subject of research to assess the relevant views and opinions regarding Islamic credit card practice based on the Ujrah system (Sajna & Nairoos, 2017; Abdeen et al., 2018).

The study's focus was on two Islamic banks in Malaysia. However, the names of the banks are encrypted considering the reputational issues that the banks may face due to the findings of this study. The researcher chose those banks because they are practicing the Ujrah concept. Experts interviewed for this study was customer officials, all the customs officials at each bank were interviewed for details.

Furthermore, experts in jurisprudence and Islamic Shariah scholars have been interviewed based on their understanding of using Ujrah in Islamic credit cards. Interviewees are conducted face to face and online through Webex meetings. Copies of the interview guidelines were sent to them for this study. The total duration of the interview was between 30 and 45 minutes. The researcher used a digital recorder for face-to-face interview and recorded the online discussion session after receiving permission from the participants (Chih-Pei, H. U., & Chang, Y. Y., 2017).

This study used a purposive sampling technique. Bradt, J., Burns, D. S., & Creswell, J. W. (2013), states that, in a purposive sampling technique, participants in the program are deliberately prepared to explore and understand what is under study.

Throughout the collection period, which started from 8th August 2020 and lasted until October 21st, 2020, 8 data-rich participants were interviewed, six selected Shariah scholars, and two experts from the banks. One customer officer was interviewed in each bank from that department. The purpose of the selected customer officer to discuss with them is how the administration of Shariah has helped to obtain information about the practice of Ujrah. The researcher transcribed the data using six- Phases of Thematic Analysis (TA) taken from Braun & Clarke, (2006). Also, given experts in the field to review the interviewers' findings.

Thematic analysis is the exploration of themes that define the status quo as important for describing the phenomenon. The method involves identifying topics from side to side of the data. This type of process is integrated between data, where emerging themes become study classes (Joffe, H., 2012). In this study, a thematic analysis was selected. Data obtained from the library study, literature review, and data will be analysed by the method.

Data collected for the interview were analysed using six- Phases of Thematic Analysis (TA) taken from Braun & Clarke, (2006). At the end of the data exercise, some crucial themes were generated that served as the basis for answering the research question. Qualitative Data Analysis (QDA) software - Atlas.ti9 was used for Microsoft Windows to create key analysis themes.

RESULTS AND DISCUSSION

The Modern Shariah Scholars' Opinions

After a rigorous thematic analysis of the data, three themes emerged concerning the modern scholars Shariah ideologies on Islamic credit card based on Ujrah concept. The first theme is the "structure of Islamic credit card product," second is the "Shariah scholars' perspective for Islamic credit card operation," the third is the "Shariah principles in operation for Islamic credit





“Banks are not charging customers because the loan they are charging depends on the bank's service. The bank will allow the customer to use the card for withdrawing money buying goods on the day of repayment customer should pay the Ujrah service that he agreed to earlier (Participant 2: Line 9-15). And the Ujrah will not be found on the loan percentage; it will lead to riba, which is prohibited in Islam. In this regard, the Shariah did not allow us to charge ujrah in qard matter (Participant 3: Line 41-42)”.

The prominent findings clarify that the charge of Ujrah has nothing to do with qard, and Ujrah will not be available on the loan contract. It will result in usury, which Islam forbids. In this regard, Shariah does not charge money in the qard agreement because it is part of charity (not profit). If we look at Bay wassalaf, a hadith from the Prophet (S.A.W) says: do not combine loan and sale in one contract. That is a big challenge in Ujrah card because it has something of a mortgage or similar loan, and it has some sale there they all go together. Some people may argue that Ujrah and qard are combined in the same contract for a profit. The results show that the Ujrah contract has nothing to do with qard. Banks have the right to charge the customer for the service and what they set up is other services, and it has nothing to do with qard. Ujrah is not a problem, and previous scholars have not discussed the Ujrah system's legitimacy with a bank. The concept is currently being used in Islamic banking (Balarabe et al., 2020). The results also show that the Islamic credit card is designed for all people, not just Muslims, and will not be used in non-Islamic activities.

As per the previous discussion, Azman (2015), has a different opinion on Islamic credit card based on Ujrah. It noted that the main service charge Ujrah (fee), which is charged with a regular Islamic credit card, does not reflect the service's actual fee. This large amount of money suggests that an Islamic credit card means generating cash and profits, not as an alternative to a conventional credit card, but competing with it as a substitute. The main problem of Shariah is that the real nature of credit cards is lending and earning income from riba (interest) while taking riba from a qard is also forbidden in Shariah. Furthermore, scholars should review Islamic credit card structures applied in Malaysia from time to time towards more Shariah-compliant concepts and business operations.

Besides, participants 4, 6,7 and 8 explained that merging Ujrah and rebate in one contract is not the same; each one is working on its side; Ujrah is for the charge. Islamic financial institution offered a rebate based on the people's maslaha, and it is allowed in the AAOIFI standard and Bank Negara Malaysia.

“When the customer uses Islamic credit card services, the bank will charge him the Ujrah (fee), which is not related to the qard (Participant 4: Line 1-5). We find that something like Ujrah when we originally made it, we see the general rule rebate is discussion and is a fixed price, then the regulator came and said no, we are making rebate mandatory. You have to show how you calculated the rebate, and you have to give a rebate, so we listen to the innovator and follow what they are saying because the rebate is for the society's maslaha. It is not something that haram not good to do (Participant 7: Line 59-64). Rebate: In the Shariah, the structure is debated, meaning that we have ready provided the card and charge Ujrah to use this card, meaning regardless, he uses this card or not or the facility. The bank deserves the entire fee, and the bank has the way and discussion to waive any of the fees that we want. The regulation comes and tells us we cannot charge the entire fee. We can charge based on how much the customer use, and so we waive some of the fees if their force, then we waive.





The Shariah structure offered is that they want the client to pay the entire Ujrah, regardless he uses the card or not, and waiving this Ujrah is out of the discussion (Participant 8: Line 21-30). We cannot promise anything to customers regarding what in the future, so there is a rebate for an Islamic credit card, so you have to settle what has been using for the card, and most take Ujrah service charge. On less, we give a rebate on what you purchase like the man gets cashback, but we did not promise any rebate (Participant 6: Line 24-29)”.

Current research has found that a rebate, which is allowed to be practice, is legal and not hilah. The rebate is for the benefit of the community and justice for their customers and is not haram. However, the combination of the rebate and the Ujrah contract is not the same. Each one works on his own; Ujrah is working for the charge. These results are consistent with the standard (BNM, 2010; Fairouz, 2016; Saiman, 2017; Ishak, 2019).

The opposite opinion pointed out that the rebate is not allowed as it is in line with the purpose of usury and is a hilah (legal tactic). Besides, some scholar noted this would lead to gharar (uncertainty) in the marketing price. Therefore, they accept the Ujrah charge regarding the contract entered into. (Ibn Qudamah, 1988; Abdul Hamid Mohamad & Trakic, 2013; Balarabe & Abdullah, 2020).

According to the findings and opinions presented above, this research concluded that customer would pay the Ujrah service because it works independently does not help any model or be under it as support.

Shariah scholars' perspective for Islamic credit card operation

Shariah scholars have given convincing opinions about the Islamic credit card operation. Therefore, the participant has some basic ideas about the practice of an Islamic credit card. Figure 4.1 shows the participants 1, 2 and 4 explanations.

“It is clear from the Shariah point of view that the purpose of an Islamic credit card is under Shariah transactions. (P1: Lines 1-4). A credit card is the source of demand in today's because it comes to a digital transaction with cash. People use credit cards for online business, not necessarily for credit (Participants 4: Lines 6-9). We do not allow the use of Islamic credit cards to buy haram goods (Part 2: Lines 46-47)”.

In this regard, the study found that the product under the Islamic transaction card is clearly visible for implementation if the concept is in line with Shariah teaching principles. Hence, People are using credit card to shop online in today's situation, withdraw money and fly. Credit cards are essential because money must be used in everyday life. However, it has also been found that operating with an Islamic credit card introduced by Shariah replaces a conventional credit card. Similarly, an Islamic credit card has been offered for hajah, depending on the people's needs. These findings are consistent with the reading of several Shariah scholars for Islamic credit card. Islam does not single out those who will follow its rules because it applies to all human beings. An Islamic credit card applies to both Muslims and non-Muslims, and adherence to its rules is mandatory in all transactions. (Hasan Basri et al., 2014; Jamshidi, D., & Hussin, N., 2016; Sajna & Nairoos, 2017; Balarabe et al., 2020).

The above findings indicate that an Islamic credit card issued to replace a credit card. As a result, Shariah scholars have clearly indicated that an Islamic credit card will not participate in making a profit is prohibited in Islam. Allah says: "O you who have believed, do





not consume usury, doubled and multiplied, but fear Allah that you may be successful." However, Islamic banks have designed the card on the teachings of Shariah to avoid making profits in all their activities. Islamic credit card is permissible as long as the contract's use is under the Shariah. These findings confirm the positions of (Basiru, 2012; Jamsihidi & Nazimah, 2013; CompareHero.my, 2017; Azman, 2015; Balarabe & Abdullah, 2020; AAOIFI).

Shariah principles in operation for Islamic credit card based on Ujrah theory

The present study determined that the Islamic credit card, which is related to Ujrah, activities are based on the principles of Shariah because Islam leaves nothing to be implemented except the rules of Shariah. Participants 1 and 8 elaborated that:

"Any interest or profit is prohibited under Sharia law; therefore, the Islamic credit card service cannot include any profits. People should also note that usury is not given in Islam, which means that a Muslim cannot pay usury and cannot receive usury (Part 8: Lines 39-41). Shariah Bank has a system that differs from conventional banking, such as usury, prohibited activities, and uncertainty. After all, all activities that are considered illegal in Islam should be avoided in the Islamic credit card and require adherence to the Shariah (Part 8: Lines 5-7)".

Allah, in His great book, in many verses and places, instructs Muslims to practice Islam and to judge by what Allah has revealed in chapter 5 of Surat al-Ma'idah.

"وَلِيَحْكُمِ أَهْلَ الْإِنجِيلِ بِمَا أَنْزَلَ اللَّهُ فِيهِ وَمَنْ لَمْ يَحْكَمْ بِمَا أَنْزَلَ اللَّهُ فَأُولَئِكَ هُمُ الْفَاسِقُونَ" (٥:٤٧)

Translation: *Allah said: "And let the People of the Gospel judge by what Allah has revealed therein. And whoever does not judge by what Allah has revealed - then it is those who are defiantly disobedient." (Quran, 5:47).*

1. Riba (usury): in banking and financial transactions, illegal usury is prohibited under Shariah; therefore, an Islamic credit card service related to Ujrah may not contain any interest. It should also be noted that usury is generally forbidden in Islam, which means that a Muslim cannot pay usury and cannot receive usury. The prescription is supported by several verses of the Holy Quran, similar to sections 30:39, 4: 161, 3: 130, and 2:28. For example, chapter 3, verse 130, indicate it as follows:

"يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ" (٣:١٣٠)

Translation: *"O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful." (Quran, 3:130).*

2. Gharar (Uncertainty): Under the terms and conditions, all illicit uncertainty is prohibited and is not permitted by any contract. After that, all activities that are considered illegal in Islam should be avoided in the Islamic credit card based on Ujrah and require following the Shariah.
3. The principle of Islamic law by credit card. An Islamic credit card product based on Ujrah is prohibited from engaging in illegal investments such as alcohol, gambling, and the sale of pork and casinos. However, the bank will not allow these types of uses, and the card will be blocked.





4. The results show that the banks are making short-term contracts, but they have lending rules in the Islamic credit card. They charge a fee, but Ujrah has nothing to do with qard for services. The forbidden thing is where you combine the qard and the sale to make them one and protect them as a condition; this is what you should avoid. According to Azman (2015), the fee charged to the customer for the use of the loan amount provided the bank may appear as collateral benefits if the bank does not mention it correctly. Besides, If the charge is made due to delay or payment of a debt, it is considered as benefits of loans, which Shariah prohibits.
5. Besides, the study clarified that the Islamic credit card has Shariah rules regarding Ujrah. The service must be received, paid at the time it is approved. It cannot be related to the qard from the latter allowed the Ujrah to continue to rebate. These results are consistent with the position (Jamshidi & Hussin, 2016; CompareHero2017;.my, Sajna & Nairoos, 2017).

Comparison of Islamic credit card implemented in Malaysia and other countries

Sharia-compliant credit cards are Islamic credit cards that adhere to the Sharia financing principles in Malaysia. Those cards are growing increasingly popular, not only among Muslims but also among non-Muslims. Malaysia's Islamic banks have added an Islamic credit card to their banking products, completing the whole Islamic financing range and meeting all Sharia banking needs of consumers. However, Islamic credit cards in Malaysia are based on different contracts kafalah, bay al-inah, but tawidh, tawarruq and ujarah are making contracts in Malaysia recently (CompareHero, 2021). In Indonesia, 330,000 people used Islamic credit cards in 2010, with Kafalah, Qard, and Ijarah contracts. However, the National Sharia Council-Indonesian Ulema Council dismissed the sharia credit card product since it did not accept a permit based on the potential for usury, gharar, and maysir (Aditiawarman & Kulliyah, 2010).

The Saudi Arabian credit card has a near-monopoly on the Saudi credit card market, which is expected given Saudi Arabia's interest rate limitation (Riba). The Islamic credit card in Saudi Arabia not only offers payments based on Islamic law, but it also contains free insurance (Takaful) that protects the Muslim cardholder against a variety of risks. The halal credit card did not exist until recently in Nigeria, and the market is still dominated by conventional credit cards that charge interest, which is against Islamic sharia. In Nigeria, the Islamic payment card provides financial items such as Islamic travel insurance and postponed payment (Takaful) (Islamiccreditcard.com, 2021).

CONCLUSION

Shariah scholars have criticised the issue of Islamic credit card in Malaysia, which their Shariah non-compliant structures. This study comes with solutions from contemporary Shariah scholars' perspectives regarding the Islamic credit card arrangement and operating system. The study discusses the Shariah principles that apply to Islamic credit cards based on the Ujrah theory. Therefore, the idea of Ujrah is the best model for an Islamic credit card and the concept replacement for the concept of Islamic banks in Malaysia. We consider this study's findings to be of particular importance to educators and practitioners who want to understand the modern practice of Malaysia's Islamic credit card theory.

The direct investigation concerns the impact of the Islamic credit card in Malaysia, especially the Ujrah model. By understanding the purpose of Ujrah, the Islamic bank or industry will charge Ujrah to the customers without any profit and help them meet their needs in the simplest way that is in accordance with the rules of Shariah. In the Ujrah model, it is





easy for industries to charge the fee using an Islamic credit card without making a profit. Besides, the proposed contract provides a solution for service charges in each contract.

Although this study has a significant contribution to the literature on Islamic credit cards for daily activities related to Ujrah, it is also limited. These boundaries, in turn, lead to further research into the Islamic credit card system in the world to block emerging problems. The current study used a qualitative method to achieve state objectives. Therefore, this study's analysis can be used as variables to conduct quantitative analysis using statistical tools. This study focuses on the issue of Ujrah in following the Shariah; therefore, the gap left for further research is considerable. More research is needed to be conducted on other Islamic credit card ideas.

Researchers can have more results by combining multiple banks to conduct research. Alternatively, the researcher can choose various banks in addition to the examined banks. Finally, more researchers can compare Islamic banking activities in Malaysia with other major Islamic banking countries.

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