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Sharia Compliance of Subsidized Mortgage Financing Products at Bank Jabar Syariah Garut

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Abstract: Subsidized mortgage financing is a government-supported housing program designed to help low- and middle-income families obtain affordable home ownership through Islamic banking institutions. At Bank Jabar Syariah Garut Branch, this financing scheme is implemented using the *musyarakah mutanaqishah* contract, under which the ownership certificate is registered in the customer's name from the beginning of the financing period. This practice raises legal questions regarding its compliance with the principles of Islamic Economic Law and the applicable DSN-MUI fatwas. Therefore, this study aims to analyze the implementation of subsidized mortgage financing based on the *musyarakah mutanaqishah* contract and examine the legal status of registering the financed property under the customer's name. The study employs an empirical juridical approach with a qualitative research design. Data were collected through interviews, observations, and documentation, and analyzed by comparing banking practices with the provisions of Islamic Economic Law and relevant DSN-MUI fatwas. The findings show that the implementation of subsidized mortgage financing at Bank Jabar Syariah generally complies with sharia principles and is consistent with DSN-MUI Fatwa No. 73/DSN-MUI/XI/2008 concerning *Musyarakah Mutanaqishah*. Furthermore, the registration of ownership certificates under the customer's name is permissible under DSN-MUI Fatwa No. 01/DSN-MUI/X/2013, provided that it is based on mutual agreement and the agreed *ujrah* mechanism. These findings provide empirical evidence that the financing model implemented by Bank Jabar Syariah is legally and sharia compliant while offering practical guidance for the implementation of Islamic home financing products in Indonesia.

Keywords: *KPR financing, musyarakah mutanaqishah, sharia economic law*

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INTRODUCTION

Sharia banking is banking whose activities are based on the principles of Islamic law, by applying Islamic norms in every transaction and prohibiting usury, gharar, and maysir (Soemitra, 2016). Based on product type, Islamic banks offer two types of products: funding and financing. Funding is the process by which banks generate funds, whether sourced from owners, internal sources, or the public through mobilizing public funds or funds from third parties (Wangsawidjaja, 2013). Meanwhile, according to Kasmir, financing is the provision of funds or bills made based on an agreement between the bank and another party, which requires the party receiving the financing to return the funds or bills after a predetermined period of time, with compensation or profit sharing (2008).

Sharia financing products generally contain three principles, namely the principle of buying and selling using the murabahah, istishna', and salam contracts, the principle of profit sharing using four contracts, namely al-musyarakah, al-mudharabah, al-muzaraah,

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al-musaqah, and the principle of renting using the ijarah contract. In practice, the contracts most often used in sharia banking are murabahah contracts, musyarakah contracts, and mudharabah contracts (Antonio, 2001).

The cooperation referred to in business is a form of strategy in running a business which is carried out by two or more parties over a certain period of time in order to gain mutual benefits, so that the principle contained therein is the principle of mutual benefit (Hafsah, 1999). Meanwhile, cooperation in Islamic economics is cooperation that applies sharia principles known as mudharabah and musyarakah contracts.

According to the Malikiyah, musyarakah is the granting of permission to two partners to manage assets or capital together. Musyarakah is an investment by two or more owners of capital and/or goods for the purpose of running a specific business in accordance with sharia, with the sharing of business profits between the two parties based on the agreed ratio, while the distribution of losses is in accordance with the proportion of capital of each party (Bank Indonesia Regulation Number: 10/16/PBI/2008 Concerning Amendments to Bank Indonesia Regulation Number 9/19/PBI/2007 Concerning the Implementation of Sharia Principles in Fund Collection and Fund Distribution Activities and Sharia Bank Service Provisions, 2008). Based on the provisions, musyarakah is divided into two forms, namely fixed musyarakah and decreasing musyarakah/musyarakah mutanaqishah.

Fixed musyarakah is musyarakah with provisions for the distribution of funds for each partner determined at the beginning of the contract and the amount remains fixed until the end of the contract period (Nurhayati, 2023). Meanwhile, musyarakah mutanaqishah is an agreement between the parties (customer and LKS) who make an agreement, that the LKS capital will decrease over time and ownership of the project will be transferred to the customer, which basically means that the entire project will belong entirely to the customer (F, 2019).

Bank Jabar Syariah is a sharia-compliant business unit offering several financing and funding products. One of the financing products developed by Bank Jabar Syariah is subsidized mortgage financing using the musyarakah mutanaqishah contract. This type of financing is intended for the community to fulfill all housing needs by utilizing the musyarakah mutanaqishah contract where payments are made in installments, with the installment amount determined at the beginning of the contract and will be paid every month.

The implementation of the musyarakah mutanaqishah contract for subsidized mortgage financing products at Bank Jabar Syariah occurs between the customer and Bank Jabar Syariah, where the customer and Bank Syariah disburse funds to be managed jointly. Regarding the profit-sharing system, it is calculated based on the percentage of capital of each party, while the assets that are the object of the contract will be purchased by the customer over time until the specified period. In its implementation, Bank Jabar Syariah has included the customer's name on the ownership certificate when both parties make an agreement.

It is indicated that the customer's name has been included on the ownership certificate, which gives rise to the assumption that the object of the contract has become the customer's full property. In this case, the collaboration is carried out by pooling capital from two or more contracting parties with the aim of profiting from the pooled capital. This means that in musyarakah mutanaqishah financing, ownership of the goods remains jointly owned by the customer and the Islamic bank (Hosen, 2009).

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Based on this background, the author is interested in conducting in-depth research on the musyarakah mutanaqishah contract applied to subsidized mortgage products, as well as examining the inclusion of the customer's name at the beginning of the contract, especially at Bank Jabar Syari'ah in accordance with the provisions of DSN Fatwa No. 73/DSN-MUI/XI/2008 concerning musyarakah mutanaqishah

Previous studies on musyarakah mutanaqishah financing have generally focused on the operational mechanism of subsidized mortgage financing and the conformity of contracts with sharia principles. However, limited studies critically examine the normative tension between DSN-MUI Fatwa No. 73/DSN-MUI/XI/2008 and DSN-MUI Fatwa No. 01/DSN-MUI/X/2013 regarding the legal status of ownership certificates registered under customers' names at the beginning of the contract period. This study fills the research gap by analyzing the harmonization of both fatwas through an empirical juridical approach and evaluating how Bank Jabar Syariah Garut interprets and implements sharia compliance in subsidized mortgage financing practices. Therefore, this research contributes conceptually to the discourse of Islamic economic law by offering a harmonization framework between normative fatwa provisions and practical financing implementation in Islamic banking institutions.

Several previous studies have discussed musyarakah mutanaqishah financing primarily from operational and accounting perspectives. Antonio (2001) emphasized the role of musyarakah as a partnership-based financing model reflecting justice and profit-sharing principles. Meanwhile, Hosen (2009) highlighted the gradual transfer mechanism as a distinguishing feature of musyarakah mutanaqishah contracts.

However, prior studies have not sufficiently addressed the legal implications of ownership certificate registration under customers' names at the beginning of financing contracts. Existing literature tends to focus on contract mechanisms without critically examining the normative harmonization between DSN-MUI fatwas and empirical banking practices. Therefore, this study attempts to bridge the theoretical and practical dimensions of sharia compliance in subsidized mortgage financing.

RESEARCH METHODS

Research Design

This study employed a qualitative research design using an empirical juridical approach. The empirical juridical approach was selected because the research focuses on examining the conformity between normative legal provisions governing *musyarakah mutanaqishah* financing and their practical implementation in subsidized mortgage financing products at Bank Jabar Syariah Garut. This approach enables the researcher to investigate legal phenomena not only from a normative perspective but also through actual practices occurring in Islamic financial institutions. The study specifically analyzes the implementation of subsidized mortgage financing using the *musyarakah mutanaqishah* contract and evaluates its compliance with Islamic Economic Law, particularly the provisions stipulated in DSN-MUI Fatwa No. 73/DSN-MUI/XI/2008 concerning *Musyarakah Mutanaqishah* and DSN-MUI Fatwa No. 01/DSN-MUI/X/2013 concerning Guidelines for the Implementation of *Musyarakah Mutanaqishah* in Financing Products.

Research Site and Period

The research was conducted at Bank Jabar Syariah Garut Branch, West Java, Indonesia. This institution was selected because it actively offers subsidized mortgage

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financing products based on the *musyarakah mutanaqishah* contract and applies a certificate registration mechanism that directly places ownership under the customer's name from the beginning of the financing agreement. The study was conducted from January to March 2026, covering the stages of preliminary observation, data collection, verification, analysis, and report preparation.

Research Subjects and Informants

The research subjects consisted of individuals directly involved in the implementation of subsidized mortgage financing products. Informants were selected using purposive sampling based on their knowledge and involvement in the financing process. The selected informants included:

1. Branch Manager of Bank Jabar Syariah Garut.
2. Financing Analysts responsible for customer feasibility assessment.
3. Financing Officers involved in contract implementation.
4. Notary partners responsible for ownership certificate administration.
5. Customers who obtained subsidized mortgage financing using the *musyarakah mutanaqishah* contract.

The inclusion of various informants was intended to obtain comprehensive information from both institutional and customer perspectives regarding the implementation of the financing scheme and the legal implications of ownership certificate registration.

Data Sources

This study utilized two categories of data sources:

1. **Primary Data**

   Primary data were obtained directly from field observations and semi-structured interviews with key informants. The interviews focused on:
   - The implementation mechanism of subsidized mortgage financing.
   - Procedures for certificate registration.
   - Rights and obligations of customers and banks.
   - Application of *musyarakah mutanaqishah* principles.
   - Sharia compliance considerations in financing practices.

2. **Secondary Data**

   Secondary data consisted of:
   - DSN-MUI Fatwa No. 73/DSN-MUI/XI/2008 concerning Musyarakah Mutanaqishah.
   - DSN-MUI Fatwa No. 01/DSN-MUI/X/2013 concerning Guidelines for the Implementation of Musyarakah Mutanaqishah.
   - DSN-MUI Fatwa No. 08/DSN-MUI/IV/2000 concerning Musyarakah Financing.
   - Indonesian Civil Code (KUHPerdata), particularly Article 1338.
   - Financing agreements used by Bank Jabar Syariah.
   - Islamic banking regulations.
   - Scientific journals, books, and previous research related to Islamic mortgage financing and Islamic Economic Law.

3. **Data Collection Techniques**

   Observation

   Observation was conducted directly at Bank Jabar Syariah Garut to understand the operational procedures of subsidized mortgage financing. The researcher

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observed customer application procedures, financing approval mechanisms, contract signing processes, and ownership certificate administration.

Semi-Structured Interviews

Semi-structured interviews were conducted to obtain detailed information regarding the implementation of *musyarakah mutanaqishah* financing. This interview format allowed researchers to explore emerging issues while maintaining consistency with the research objectives.

The interview guide covered:

- Financing procedures.
- Ownership transfer mechanisms.
- Legal basis for certificate registration.
- Compliance with DSN-MUI fatwas.
- Challenges encountered in financing implementation.

Documentation Study

Documentation studies were conducted to examine:

- Financing contracts.
- Ownership transfer agreements.
- Financing approval documents.
- Internal bank policies.
- DSN-MUI fatwas.
- Relevant legislation and legal documents.

Documentation was used to strengthen and verify findings obtained through interviews and observations.

Research Variables and Focus

Because this research employed a qualitative design, the study did not use statistical variables but focused on several analytical dimensions:

Table 1. Research Variables and Focus

Research Focus	Indicators
Implementation of Musyarakah Mutanaqishah	Financing procedures, capital contribution, profit-sharing mechanism, ownership transfer
Sharia Compliance	Compliance with DSN-MUI Fatwa No. 73/2008 and Fatwa No. 01/2013
Ownership Certificate Registration	Legal status of SHM registration under customer names
Islamic Economic Law Analysis	Conformity with Qur'an, Hadith, DSN-MUI Fatwas, and Islamic legal principles
Harmonization of Fatwas	Consistency between substantive ownership and administrative ownership

Data Analysis Technique

Data analysis employed the interactive model developed by Miles, Huberman, and Saldaña, consisting of three stages:

Data Reduction

Data reduction involved selecting, simplifying, and categorizing information relevant to the research objectives. Information unrelated to the implementation of subsidized mortgage financing or Islamic Economic Law was excluded from further analysis.

Data Display

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The reduced data were organized into narrative descriptions, thematic categories, and comparative legal analyses. Data displays facilitated interpretation and identification of patterns related to sharia compliance and financing implementation.

Conclusion Drawing and Verification

The final stage involved drawing conclusions and verifying findings by comparing empirical data with normative legal provisions. Verification was continuously conducted throughout the research process to ensure the consistency and reliability of the conclusions.

Validity and Trustworthiness of Data

To ensure the credibility and trustworthiness of the findings, this study applied source triangulation and method triangulation.

Source Triangulation

Information obtained from one informant was compared with information from other informants, including bank officers, financing analysts, notaries, and customers.

Method Triangulation

Data obtained through interviews were verified using observations and documentary evidence, such as financing contracts and DSN-MUI fatwas.

Member Checking

Preliminary findings were reconfirmed with selected informants to ensure that the interpretations accurately reflected their experiences and explanations.

Peer Debriefing

Research findings and interpretations were discussed with colleagues and experts in Islamic Economic Law to improve analytical rigor and minimize researcher bias.

Ethical Considerations

This study adhered to research ethics principles, including informed consent, confidentiality, anonymity, and voluntary participation. All informants were informed about the purpose of the study and agreed to participate voluntarily. Information obtained during the research was used solely for academic purposes and presented in a manner that protected the identities of participants and the institution where necessary.

Research Framework

The research framework consisted of the following stages:

1. Identification of subsidized mortgage financing practices at Bank Jabar Syariah Garut.
2. Examination of the implementation mechanism of musyarakah mutanaqishah financing.
3. Analysis of ownership certificate registration under customers' names.
4. Evaluation of compliance with DSN-MUI Fatwa No. 73/2008 and DSN-MUI Fatwa No. 01/2013.
5. Harmonization analysis between normative fatwa provisions and empirical practices.
6. Formulation of conclusions regarding sharia compliance in subsidized mortgage financing products.

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RESULTS AND DISCUSSION

1. Implementation of Subsidized KPR Financing Products using the Musyarakah Mutanaqishah Contract at Bank Jabar Syari'ah

Financing is an activity of Islamic banks in distributing funds to parties other than banks, in accordance with Islamic principles. The process of distributing funds in the form of financing is based on the trust given by the fund owner to the fund user (2017). KPR is a credit facility provided by banks to customers who will buy or repair a house based on sharia rules (Adil, 2017), financing home ownership according to sharia, the contracts used are sale and purchase with a profit (Murabahah), sale and purchase with terms and construction (Istishna'), lease ends with ownership (Ijarah Muntahiyah Bi al-Tamlik), joint venture reduced with rent (Musyarakah Mutanaqishah) (Ramadhan, 2014).

The subsidized Home Ownership Credit (KPR) financing program was established to help accelerate the housing needs of low-income communities through this program. 75% of the KPR Sejahtera Syariah financing comes from FLPP funds, and 25% from Sharia Banks. The maximum term for KPR Sejahtera Syariah is 20 (twenty) years with a maximum margin rate of 5% per year. The loan margin rate is fixed.

Subsidized mortgages at Bank Jabar Syariah are long-term financing options in the housing sector that utilize the musharaka mutanaqishah contract. This agreement involves a partnership between two parties (the customer and the Islamic bank) for the purchase of an asset/home. The Islamic bank then promises to sell the asset to the customer. Over time, ownership of the asset from one party (the Islamic bank) will transfer to the other party (the customer) through installments made by the customer to the Islamic bank each month until the contract expires.

Based on the results of the interviews conducted, subsidized mortgage financing is financing assisted by the government to lower-middle class people with a fixed or non-fixed income of a maximum of Rp. 8,000,000 (eight million rupiah) per month, and the assistance received in this financing is in the form of a down payment of Rp. 4,000,000 (four million rupiah).

1) Requirements and procedures

The subsidized mortgage financing procedure carried out by customers must fulfill several basic provisions and requirements, the following are several submissions that need to be considered, including (Bjbs, 2025):

- Basic Provisions
  a. Is a first home with a maximum selling price as stipulated by the government minus the down payment;
  b. The maximum selling price ceiling for the home as stipulated by the government minus the down payment;
  c. The maximum loan installment is a principal margin of 85 percent of the monthly net income;
  d. Maximum term of 20 years;
  e. For civil servants/military personnel/police officers/regional-owned enterprises/state-owned enterprises, the loan maturity date must not exceed the retirement age;
  f. For retirees, professionals, and self-employed individuals, the maximum age limit at loan maturity is 60 years;

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g. Margin rate of 5 percent p.a. (subject to change if the government establishes a new margin rate).

2) Requirements

a. Indonesian citizen;
b. Complete a credit application form;
c. Submit a Power of Attorney to Deduct Salary, Honorarium, Allowances, and Other Income on sufficient stamp duty for those with a fixed income;
d. Photocopy of the applicant's and spouse's ID cards, Marriage/Divorce Certificate, Family Card (KK), and Taxpayer Identification Number (NPWP);
e. Two 3x4 passport photos of the applicant and spouse;
f. Last month's pay slip/details/amprah or income statement for self-employed individuals;
g. Offer letter from the developer along with the Building Permit (IMB);
h. Photocopy of the certificate to be used for financing;
i. Business certificate for self-employed individuals;
j. Certificate stating that they have not yet received program housing facilities.

The application for musyarakah mutanaqishah financing by customers goes through several stages, including:

1) Customers wishing to apply for subsidized mortgage financing at Bank Jabar Syariah's Garut branch can visit the developer partnering with Bank Jabar Syariah to select the home they wish to purchase. The developer will then inform the customer of the requirements and submit the necessary documents to Bank Jabar Syariah. The customer will then be directed to apply for financing through Bank Jabar Syariah.
2) Next, the customer submits an application for KPR Sejahtera-FLPP financing by filling out the form provided by the Islamic bank, then the form is filled in with the customer's identity and signed by the customer.
3) The financing application is identified by an analyst or financing officer regarding the validity of the data, as well as checking the information in the application letter by means of a direct interview with the customer.
4) At this analysis stage, the Islamic bank conducts a survey of the business/work location and home that the customer desires, to make an estimate to ensure it complies with the provisions applicable to the Islamic bank
5) After the application is identified, the customer is asked to complete the required documents specified by the Islamic bank. If the requirements requested by the Islamic bank are incomplete, the analyst will report the application to the Islamic bank official, who will then reject the application and notify the customer accordingly.
6) If the documents submitted by the customer are complete, the Sharia bank officer will proceed to the analysis stage. The analysis must comply with the Financing Implementation Guidelines (PPP) for the Sharia financing approval process. This analysis will determine whether the customer's application will be accepted or rejected.
7) The results of the decision to reject or accept the financing application must be conveyed to the customer. If the results of the analysis state that the decision is rejected, the Islamic bank will properly convey the reasons for the rejection to the customer. However, if the decision results are accepted, the sharia bank will

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convey it in writing to the customer regarding the approval of the application through a Financing Approval Notification Letter (SPPP).

8) After the SPPP is received by the customer, the financing officer rechecks the completeness and accuracy of all the required documents for the financing agreement, then the customer signs the financing agreement.
9) The financing agreement is signed by the customer and the authorized official, then the financing officer requests the approval of the financing officer to drop/disburse funds to the customer's account in accordance with the capital portion of the musyarakah mutanaqishah agreement that has been agreed upon by the customer and the Islamic bank.
10) The purchase of a house property made by a customer must be known to the Islamic bank, the purpose of which is to make a Certificate of Ownership (SHM) in the name of the customer by a notary provided by the Islamic bank.
11) After signing the documents, administrative and notarial financing, as well as the musyarakah barangaqishah contract agreement, the customer can make installments in stages every month to the sharia bank with a fixed nominal amount until the end of repayment.

The Prosperous Mortgage Financing (FLPP) program is a type of subsidized financing facilitated by the government for low-income communities (MBR). This financing is intended for individuals who meet the basic requirements and conditions at Bank Jabar Syariah. The government assistance provided is in the form of a down payment of Rp. 4,000,000 (four million rupiah) to the sharia bank, so customers only need to add an additional Rp. 5,000,000 (five million rupiah) to the subsidized financing.

Based on the results of interviews with informants, in this financing, ownership of the Certificate of Ownership (SHM) has been registered as the customer's property by a notary provided by Bank Jabar Syariah. This is done to facilitate the customer in the financing process and help customers avoid additional costs regarding the transfer of SHM ownership, if the SHM is in the name of both parties. Installment payments will be made by the customer to Bank Jabar Syariah with the same nominal amount until the term ends. Once the payment has been completed, Bank Jabar Syariah will hand over the SHM to the customer who used it as collateral previously.

2. Analysis of Sharia Economic Law on the Inclusion of the Customer's Name at the Beginning of the Contract for the KPR Sejahtera-FLPP Financing Product at Bank Jabar Syariah Garut

KPR Sejahtera-FLPP is a financing option based on the musyarakah mutanaqishah contract, where the customer and Bank Jabar Syariah contribute capital to purchase an asset, and the resulting profits are divided according to each party's capital contribution. Thus, at the end of the contract, ownership of the asset is transferred to the customer, resulting in the customer making installments over a predetermined period.

The contract used by Bank Jabar Syariah is the musyarakah mutanaqishah contract, which according to Hanafiyah scholars is a partnership between two parties in capital and profits. And the terms of this financing are between two people who make an agreement between the customer and Bank Jabar Syariah, the object of the agreement is the capital of the parties, and ijab qabul is an agreement made by the

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customer and Bank Jabar Syariah to transfer ownership to the customer due to the purchase of capital owned by Bank Jabar Syariah in stages until a specified period.

The musyarakah mutanqishah contract is used to provide clarity to customers and also to avoid elements prohibited by sharia principles. In this financing, Bank Jabar Syariah deposits 70% of its asset capital and the customer 30%, which is determined before the contract is agreed upon, so that this clarity can avoid elements of usury and gharar. The capital that will be the object of the contract must be known by Bank Jabar Syariah and the customer to avoid elements of maysir, then the profits from this collaboration will be divided according to the portion of each party and there will be a transfer of ownership as agreed by Bank Jabar Syariah at the beginning of the contract. Distribution by way of profit sharing can not only avoid usury, but also avoid injustice (zalim).

Based on the special characteristics of the musyarakah mutanaqishah contract, intiqal al-milkiyyah will occur, namely that for every fee deposit made by the customer to the LKS, the value of the amount deposited is equivalent to the LKS's commercial hisshah value. This is directly proportional to the transfer of assets that occurs at Bank Jabar Syariah when the fee deposit is made by the customer to Bank Jabar Syariah every month with the same nominal amount. Sharia banks in every transaction must of course pay attention to the principle of prudence in order to anticipate disputes that may arise in the future. As stated by Allah SWT in Surah Shad verse 24 and the Hadith narrated by Abu Daud, which reads:

وَاِنَّ كَثِيْرًا مِّنَ الْخُلَطَاۤءِ لَيَبْغِيْ بَعْضُهُمْ عَلٰى بَعْضٍ اِلَّا الَّذِيْنَ اٰمَنُوْا وَعَمِلُوا الصّٰلِحٰتِ وَقَلِيْلٌ مَّا هُمْۗ وَظَنَّ دَاوٗدُ اَنَّمَا فَتَنّٰهُ فَاسْتَغْفَرَ رَبَّهٗ وَخَرَّ رَاكِعًا وَّاَنَابَ

"...Indeed, many of those who associate together actually harm each other, except those who believe and do righteous deeds, and those are very few." (RI, 2012)

عن أبي هريرة رفعه تعالى : إِنَّ اللهَ تَعَالَى يَقُولُ : أَنَا ثَالِثُ الشَرِيكَينِ مَالَم يَخُن أَحَدُهُمَا صَاحِبَهُ فَإِذَاخَانَ أَحَدُهُمَا صَاحِبَهُ خَرَجتُ مِن بَينِهِمَا

"Allah SWT. Says: 'I am the third party of two people who are in a union as long as one party does not betray the other party. If one party has betrayed, I leave them." (HR. Abu Daud, which was authenticated by al-Hakim, from Abu Hurairah).

These verses and hadith convey the meaning that in cooperative activities, something often happens that can be detrimental to one of the parties, so Islamic banks need to apply the principle of caution. And Allah will always monitor, guard, and maintain the agreements made to prevent disputes between the two parties.

Regarding the provisions of the musyarakah mutanaqishah contract in the DSN fatwa No. 73/DSN-MUI/XI/2008 concerning musyarakah mutanaqishah part three, musyarakah mutanaqishah consists of the syurkah and bai' contracts, which are a form of cooperation in which the ownership of assets (goods) or capital of one party is reduced due to gradual purchases by the other party (DSN Fatwa No. 73/DSN-MUI/XI/2008 concerning Musyarakah Mutanaqishah, 2008).

Therefore, based on the fatwa, the KPR Sejahtera-FLPP financing, which applies the musyarakah mutanaqishah contract, is in line with the fatwa. In this financing, the parties involved are the customer and the Sharia Bank, where the customer binds himself to Bank Jabar Syariah to be able to collaborate in terms of home ownership. Then, both parties spend their capital to purchase an asset using a syirkah contract, where Bank Jabar Syariah will promise (wa'ad) to sell all of its hishshah to the customer, so that Bank Jabar Syariah's assets will be reduced due to the gradual purchase made by the customer (bai').

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DSN MUI Fatwa No. 73 in the fourth part paragraph (2) and paragraph (3), explains that if musyarakah assets become the object of ijarah, then the sharia (customer) can rent the assets at the agreed ujrah value. And the profits obtained from the ujrah are divided according to the ratio agreed in the contract, while losses must be based on the proportion of ownership. The profit ratio can follow changes in the proportion of ownership according to the agreement of the sharia.

This provision states that the profit sharing obtained by the customer and Bank Jabar Syari'ah comes from the ujrah fees paid by the customer if the asset/house is occupied by the customer. So it can be concluded that the fees given by customers to Bank Jabar Syari'ah are profit sharing costs and costs for transferring capital ownership of Bank Jabar Syari'ah in stages.

DSN MUI Fatwa No. 73 of 2008 explains in the fourth paragraph (5) that the acquisition costs of musyarakah assets are a shared burden while the costs of transferring ownership are borne by the buyer. Based on the musyarakah mutanaqishah contract in KPR Sejahtera-FLPP financing, the assets/houses that are the object of cooperation should be jointly owned by the customer and Bank Jabar Syari'ah, so that the name on the ownership certificate is in the name of the customer and Bank Jabar Syari'ah. However, Bank Jabar Syariah essentially lists the customer's name on the ownership certificate from the beginning of the financing agreement. This principle clearly contradicts the provisions of DSN-MUI fatwa No. 73 of 2008 concerning musyrakah mutanaqishah.

Ownership of asset/house certificates in the name of the customer at the beginning of the contract is a challenge for Islamic banks to provide trust to customers, so that Bank Jabar Syariah makes the ownership certificate as collateral in this financing. Based on the provisions of the musyrakah mutanaqishah contract regulated in fatwa No. 08/DSN-MUI/IV/2000 concerning musyarakah financing in the contract object section (capital) paragraph (3) states that, in principle, musyarakah financing does not have any collateral, but in this case LKS requests collateral to avoid irregularities.

Ownership of an asset/home is marked by the issuance of a certificate of ownership in the form of a SHM, which is declared as a legal document proving that a person has the rights to a building or land. Proof of ownership of the SHM containing the customer's name serves as collateral by Bank Jabar Syariah until an agreed-upon deadline. Once the customer has fully repaid the loan, Bank Jabar Syariah will hand over the Ownership Certificate (SHM) for this financing. Based on the results of the interviews conducted, the author concluded that the provision of an asset/house certificate in the name of the customer at the beginning of the contract aims to make it easier for customers to finance the musyarakah mutanaqishah contract and so that customers do not incur additional costs for the transfer of name on the asset/house certificate which can be a burden on the customer.

The positive legal provisions in Article 1338 of the Indonesian Civil Code state that (Subekti & Tjitrosudibio, 2014): "All agreements made legally apply as laws for those who make them."

It should be emphasized that Article 1338 of of the Indonesian Civil Code is still general in nature, where all agreements formed by the parties who make an agreement, the contents of which do not violate the law and are agreed upon by the parties concerned in the agreement, then all provisions in the agreement are binding and must be obeyed by the parties concerned. So that the agreement letter becomes valid and

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applies as law for the parties who agree to it. And if one party commits a violation of the agreement, the other party can claim compensation based on the provisions contained in the agreement.

Other information regarding the permissibility of including the customer's name at the beginning of the contract is contained in the DSN MUI Decree No. 01/DSN-MUI/X/2013 Concerning Guidelines for the Implementation of Musharakah Mutanaqishah in Financing Products in the 'Principles and Provisions' section, letter (i) states that, in the case of musharakah mutanaqishah business activities using the rental principle (ijarah), the musharakah mutanaqishah financing object may be registered in the name of the customer directly with the approval of the Sharia Bank/LKS (DSN-MUI Fatwa Number 01/DSN-MUI/X/2013 Concerning Guidelines for the Implementation of Musharakah Mutanaqishah, 2013). In accordance with the provisions contained in the Musyarakah Mutanaqishah Financing Agreement at Bank Jabar Syariah Garut, in Article 14 'Rights and Obligations of the Parties' paragraph (5) which reads: "With the approval of the BANK, since the validity of this Agreement, proof of ownership of the land and house building is transferred to the name of the CUSTOMER without reducing the BANK's right to at any time change ownership of the house to the name of the BANK or another party appointed by the BANK based on the Ownership Transfer Agreement which has been signed by and between the BANK and the CUSTOMER."

If reviewed from Article 1338 of the of the Indonesian Civil Code regarding the Provisions in Article 14 paragraph 5 (five) of the musyarakah mutanaqishah financing contract which contains the ownership of assets/houses in the name of the customer since the contract comes into effect, then the KPR Sejahtera-FLPP Financing at Bank Jabar Syariah will be legally valid. In addition, the DSN MUI fatwa No. 1 of 2013 concerning Guidelines for the Implementation of Musyarakah Mutanaqishah in Financing Products, states the permissibility of giving the customer's name at the beginning of the contract.

Article 14 paragraph 5 also explains that this does not diminish the rights of Islamic banks, meaning that the Ownership Certificate (SHM) remains with Bank Jabar Syariah, which serves as the customer's guarantee for full payment. If a default or defect in the financing results in the customer being unable to repay the loan, the Ownership Certificate (SHM) will be transferred to Bank Jabar Syariah.

Based on the relationship between the DSN MUI fatwa No. 1 of 2013 concerning the principles and provisions, namely using the musyarakah mutanaiqshah contract. The KPR Sejahtera-FLPP financing product has the following minimum requirements:

1. Sharia law provisions as stipulated in the DSN-MUI fatwa No. 08/DSN-MUI/IV/2000 concerning musyarakah financing. Regarding the provisions that apply to KPR Sejahtera-FLPP, it has implemented a form of cooperation in providing capital where profits and losses are shared proportionally.
2. The characteristics are clearly stated in the contract. The KPR Sejahtera-FLPP product mechanism is always carried out by providing business capital from the parties, which is allocated as hishshah without any reduction during the contract (the business capital until the end of the contract has the same value). Bank Jabar Syariah then promises to sell it to the customer commercially, resulting in the transfer of hishshah from Bank Jabar Syariah to the customer.
3. The entire portion of bank capital is transferred to customers.

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4. Musharakah mutanaqishah income is in the form of profit sharing. In this case, the KPR Sejahtera-FLPP product applies the ijarah system to share profits between the customer and Bank Jabar Syariah based on the ujrah results obtained.
5. Musharakah mutanaqishah activities use the rental principle (ijarah). In KPR Sejahtera-FLPP financing, the customer benefits from the house, so the ujrah received comes from the ijarah proceeds utilized by the customer.
6. In the case of musyarakah mutanaqishah business activities using the ijarah principle, the musyarakah mutanaqishah financing object may be directly transferred to the customer's name with the approval of the LKS. Therefore, Bank Jabar Syariah applies this principle in its KPR Sejahtera-FLPP financing product, with the aim of preventing customers from incurring double costs in the transfer of ownership.

Customers may transfer the LKS hishshah according to the time period or with a shorter time frame with the LKS's approval. In this case, the Prosperous KPR Financing-FLPP applies the transfer at the beginning of the contract to provide legal certainty regarding home ownership rights.

3. Harmonization of DSN-MUI Fatwa No. 73/2008 and DSN-MUI Fatwa No. 01/2013

The implementation of musyarakah mutanaqishah financing at Bank Jabar Syariah Garut demonstrates a normative tension between DSN-MUI Fatwa No. 73/DSN-MUI/XI/2008 and DSN-MUI Fatwa No. 01/DSN-MUI/X/2013. Fatwa No. 73/2008 conceptually positions musyarakah mutanaqishah assets as jointly owned assets between the Islamic financial institution and the customer until the transfer process is fully completed. Consequently, ownership rights should remain proportionally attached to both parties during the financing period.

However, DSN-MUI Fatwa No. 01/2013 provides operational flexibility by allowing the ownership certificate to be registered directly under the customer's name with the approval of the Islamic financial institution. This provision was introduced to accommodate practical financing efficiency, legal certainty, and administrative simplification in Islamic banking practices.

From the perspective of Islamic economic law, these two fatwas should not be interpreted as contradictory norms, but rather as complementary regulatory instruments operating at different levels. Fatwa No. 73/2008 establishes the substantive principles of musyarakah mutanaqishah ownership, while Fatwa No. 01/2013 functions as a technical implementation guideline responding to contemporary banking needs.

Empirical findings indicate that Bank Jabar Syariah Garut applies the certificate registration mechanism under the customer's name primarily to reduce administrative transfer costs and provide legal certainty for customers. Nevertheless, the bank still maintains legal control over the asset through collateral mechanisms and financing agreements. Therefore, substantively, the joint ownership principle remains preserved despite the administrative registration being placed under the customer's name.

This finding demonstrates that sharia compliance in Islamic banking should not merely be understood formally through textual fatwa interpretation, but also contextually through maqashid sharia considerations, particularly legal certainty (hifz al-mal), justice, and public benefit (maslahah).

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CONCLUSION AND RECOMMENDATIONS

This study concludes that the implementation of musyarakah mutanaqishah financing in subsidized mortgage products at Bank Jabar Syariah Garut generally complies with sharia principles and DSN-MUI regulations. Nevertheless, a normative tension exists between DSN-MUI Fatwa No. 73/2008 and DSN-MUI Fatwa No. 01/2013 regarding ownership certificate registration under customers' names at the beginning of the contract period.

The study finds that the two fatwas can be harmonized through a contextual interpretation distinguishing substantive ownership from administrative ownership. Although the ownership certificate is administratively registered under the customer's name, the bank still retains proportional ownership rights through financing agreements and collateral mechanisms. This practice reflects an adaptive model of sharia compliance that integrates legal certainty, operational efficiency, and maqashid sharia principles within contemporary Islamic banking practices.

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