

Islamic eCommerce: Double Blessing from Commerce and WAQF

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Abstract:

Islamic eCommerce research covers in the wide range about customers perspective, payment processing, sharia compliance, and aspect and challenges. In this paper, we proposed an application of the two beauty Islamic economy concepts from Surah Al-Baqarah words 275-276 in developing Islamic eCommerce. In words 275, Allah said “Allah has permitted trade and has forbidden interest” and words 276 Allah said “Allah destroys interest and gives increase for alms”. The platform is own by Allah as an endowment (waqf) of the founders and as the highest level of alms. The state of the art of this research are the Islamic ecommerce not only about a marketplace, but the virtual place where Muslim Hijrah (emigrate) of their commerce to the marketplace who blessing from Allah. The unification of endowment (waqf) and commerce will double blessing to Islamic ecommerce platform. It is include the highest level of alms and the most good of livelihoods – purchase mabrur.

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I. INTRODUCTION

E-commerce involving goods and service transaction through electronic networks and internet between seller and buyer, including a broad range of commercial activity (Rillo & dela Cruz, 2016). Bai' al ghaib ala ash shifat” (بيع الغائب على الصفة) is a contemporary muamalah (transaction) terminology that used to explain the activity of seller dan buyer in order to sell and buy goods or services in the platform of ecommerce (Tarmizi, 2013). Many research are encompassing dissemination of ecommerce trust include customers perspective [(M. B. Ribadu & W. N. W. A. Rahman, 2016), (Abdulgani & Suhaimi, 2014), (M. A. Suhaimi et al., 2013)], payment processing (Amboala, Mokhtar, Muhammad, bin Noordin, & Othman, 2015), sharia compliance [(Ribadu & Rahman, 2017), (Zainul, Osman, & Mazlan, 2004), (Mokhtar, Amboala, Muhammad, & E-alam, 2013), (M. Muhammad, Muhd, Suhaimi, Razi, & Abdullah, 2013), (Ribadu

& Wan Ab. Rahman, 2017), (M. R. Muhammad, Muhammad, & Mohammed Khalil, 2013)], and aspect and challenges [(Amin, 2008), (Shah, Munshid, Khalid, & Hamid, 2004), (Alotaibi & Asutay, 2015)]. State of the art of this paper are applied Islamic commerce from two economic concept of surah Al-Baqarah words 275-276, first is trade in the words 275 “But Allah has permitted trade and has forbidden interest” and second is alms that mean endowment or waqf in the words 276 “Allah destroys interest and gives increase for alms”.

Even though there is no necessity to re-design the first concept of Islamic economics of Al-Baqarah 275 in modern perspective. Traditional market was shift to a market with technology where provided by electronic commerce or e-commerce company. As a marketplace, ecommerce platform is the most hated platform in the world, as mention in the hadith of Prophet Muhammad (peace be upon Him) “The most

beloved of places to Allah are the mosques, and the most hated places to Allah are the markets” (Muslim, 2005);(Sunnah.com, 2018b). Therefore, there are concern regarding to purify the wealth of Moslem where come from ecommerce transaction which is require to examine by Islamic scholar (Abdulgani & Suhaimi, 2014). Market is a place where Muslim must be mastered because it is place of applying words 275 and also as the first class of earning for Moslem. As a mention in the hadith that said about the highest level of earnings is every trading which is approve or mabrur. Rifa’ah bin Rafi’ narrated that the Prophet Muhammad (peace be upon Him) was asked “Which type of livelihoods is the greatest good?” He said “A man’s earning through working with his own hands, and every business transaction which is approved or (which is Halal and free of cheating or deception) or mabrur” (bin Hanbal, 2001);(ibn Hajr, 2003).

Second concept is alms when Prophet Muhammad (peace be upon Him) said in the hadith that was narrated by Abu Hurairah “When a man dies all his good deeds come to an end except three: Ongoing alms (Sadaqah Jariyah), beneficial knowledge and a righteous son who prays for him”(Sunnah.com, 2018c). What the ongoing alms means in hadith from Abu Hurairah is endowment or waqf when Prophet Muhammad (peace be upon Him) expressed clearly distinction regular alms and ongoing alms (endowment or waqf). The key distinction is a hadith from Prophet Muhammad (peace be upon Him) that narrated by Umar ibn Khattab when He got some land at Khaibar. Messengers of Allah said “hold the land with endowment or waqf and give alms or charity from its income” (Sunnah.com, 2018a). The disrupted strategy that applied endowment or waqf in order to build a market is when Prophet Muhammad (peace be upon Him) closed Jew market after hijrah from Mecca to Medina (Omer, 2011). He was built a market for Moslem with a tools of words of Al Quran Surah Al-Baqarah words 275-276. First is place of business transaction named by market for

commerce activity and second is marketplace as an endowment or waqf, it is continuously double blessing from both words or verses.

Therefore, the objective of this research is to study Islamic e-commerce is looking for double blessing from the concept of Al-Quran words and also to find disruptive strategy for developing Islamic e-commerce in adoption the concept. While the result of this research could help Islamic e-commerce start-up company to develop their capacity and functionality more than existing e-commerce that tends to unlawful of Islam.

II. LITERATURE REVIEW

The basic principles of Islamic transaction are that the purpose of financing should devoid of Riba, Maysir, Gharar, unjust, Haram and the financing adhere with Islamic law of contract (Shanmugam & Zahari, 2009). Capitalist system is treated money as a commodity besides being a medium of exchange and measure of value. Like other commodities, it has a price and the price means Riba or usury (Khan, 1995). Riba or usury scientifically assigns value added that must be paid by the borrower for a loan or for an extra time of loan (Askari, Iqbal, & Mirakhor, 2015).

Allah was said in the Qur’an, there are two different concepts that can drive the economy, it divided two halal concepts with the purchase and Shadaqah (alms) (Iqbal, 2017). Allah said in the Quran surah 2 words 275 “...Allah has permitted trade and has forbidden interest...” (Quran.com, 2016). Allah also said in the Quran surah 2 words 245 “Who is it that would loan Allah a goodly loan so He may multiply it for him many times over? And it is Allah who withholds and grants abundance, and to Him, you will be returned” (Quran.com, 2016).

The other concept is haram, it was as a big system in the world. It is known by interest or usury or Riba when it concept against with the others. Allah said in the Quran about Riba surah 30 words 39 “And whatever you give for interest to increase the wealth

of people will not increase with Allah. But what you give in zakah, desiring the countenance of Allah - those are the multipliers” (Quran.com, 2016). Riba was embedded in the way of life of people include Muslim, whereas Allah invites war against people who operate business with Riba. Allah said in the Qur'an Surah 2 words 279 "And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged” (Quran.com, 2016).

As mention above, the worst and most hated place is market where commerce and e-commerce be placed. The very basic differentiation both is event of transaction, where commerce event is face to face known by offline (without network) while e-commerce using computer network known by online (Kutz, 2016). We resume in the Quran and Hadith that there two big picture of commerce, first is commerce as a trade include Halal/permitted and blessed of commerce and second is commerce with Allah as a fertilized and doubled of commerce.

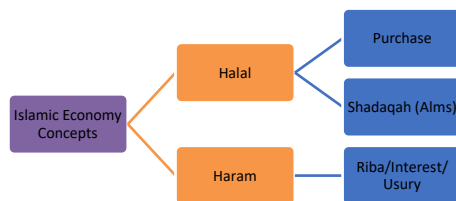


Figure 1. Islamic Economy Concepts Islamic Commerce Perspective

III. RESEARCH METHODOLOGY

We identify that Prophet Muhammad was executed 4C (Commerce, Collaboration, communication and connection) model to create new thing before Hijrah (emigrate) in order to create opportunity to open new market for Muslim. But only 1 C know by computing where Prophet Muhammad didn't do it. This research approach to analyze how last C or computing can run the two concepts of Al-Baqarah words 275-276.

To evaluate of aspect of innovational opportunities, we conducted several exploratory interviews with

Islamic scholar who experts in jurisprudence (fiqh/فقه) of commerce transaction (معاملات). The practitioners are adviser for different community such as Indonesian Muslim Entrepreneurs Community, Islamic Banker, ex-Banker (Entrepreneurs), Founder of TAWAF (Indonesian Waqf & Ta'awun Foundation), Founder of Start-up Technology, founder of Indonesia commerce transaction school (Sekolah Muamalah Indonesia). Each of them was questioned about one of the potential of disruptions on electronic commerce. These interviews consisted in open and semi-open questions and took place between November 2017 and March 2018 and each lasted in two-eight hours.

IV. RESULT AND DISCUSSION

The very basic understanding of e-commerce is even of transaction. E-commerce runs with the electronic network and the internet, involving a wide range of commercial transaction of seller and buyer in sale and purchase of goods and services (Rillo & dela Cruz, 2016). The term E-commerce also includes activities throughout the value chain of the transaction process, and includes activities such as delivery of goods to locations favored by consumers (Competition Commission Singapore, 2017).

Table 1. e-Commerce Business Models (Competition Commission Singapore, 2017)

		Consumer of Good and Service	
		Consumer	Business
Provider of good or service	Consumer	Consumer-to-Customer (C2C) e.g. eBay, Carousell	Consumer-to-Business (C2B) e.g. freelancing.my, upwork
	Business	Business-to-Consumer (B2C) e.g. aliexpress, Lazada	Business-to-Business (B2B) e.g. manufacturer to wholesaler (Alibaba)
	Government	Government-to-Consumer (G2C) e.g. ecitizen.gov.sg	Government-to-Business (G2B) e.g. philgeps.gov.ph

The first principles in developing of ecommerce platform in Islam is Waqf or endowment which is highly encouraged in Islam in developing Islamic civilization. The civilization of technology today dominated by capitalist to controlled all of start-up company who run in the field of electronic commerce.



Figure 2. Top Three Shopping Apps

The valuation of four unicorn from Indonesia leads by Go-Jek with was worth estimated USD 1 billion. It is include two from ecommerce sector which is Tokopedia and Bukalapak that is estimated IDR 28.3 Trillion. They have had pitch a fund from domestic and overseas investor. Moreover the very aggressive ecommerce in 2017 and prominently reach the position to two - Shopee - also owned by overseas company. Even top three shopping apps in southeast Asian markets dominated by capitalist (see Fig 2) (Dailysocial.id, 2017).

Indeed, the formation owned by waqf may avoid Islamic ecommerce controlling by company or people who do not understand of Islamic law. The computer program only owned by Allah and every founder who develop the platform get a reward that keeps flowing as long as it run well. It is also hold a *maal* or asset - even intangible - and keeping up its consumption for the purpose of repeatedly harvesting its usufruct. It is also sunnah of Rasulullah (peace be upon Him) as we mention above about waqf or endowment of Medina market from Him. The hadith narrated Kathir bin 'Abdullah bin 'Amr bin 'Awf Al-Muzani, when Rasulullah (peace be upon Him) said "Whoever revives a Sunnah of mine, which people then act upon, will have a reward equivalent to that of those who act upon it, without that detracting from their reward in the slightest" (Sunnah.com, 2018d).

Therefore, it can disrupt by mercy and blessing from Allah. The Waqf platform will try to enliven Sunnah and hoping mercy from Allah as mention in the surah Al-Ahzab words 21 "There has certainly been for you in the Messenger of Allah an excellent pattern for anyone whose hope is in Allah and the

Last Day and [who] remembers Allah often" (Quran.com, 2016).

It is also important to hope a blessing from Allah because the blessed wealth is a wealth that brings goodness and grow up. Allah said in the Quran surah Al-A'raf words 96 about fear and faith are related with blessing "And if only the people of the cities had believed and feared Allah, We would have opened upon them blessings from the heaven and the earth; but they denied [the messengers], so We seized them for what they were earning" (Quran.com, 2016).

Platform Islamic ecommerce have two power from the faith of Al-Baqarah 275-276. Muslim not only needs in developing platform of ecommerce to adhere Islamic law but providing the platform who blessing and merciful to disrupt the overcrowded ecommerce industries. Allah is also promising the *Falah* (glory) to us as the authority of civilization of technology.

V. CONCLUSIONS

Value of Hijrah was closing the incumbent market with the beauty of Islamic law include two strategies which is the faith in the promise of Allah to Muslim traders and market belongs to Allah as a Waqf or endowment from the founder. The Islamic commerce can combine both as a disrupted strategies in order to provide to Muslim traders a platform Hijrah in transaction where Allah will set the beauty of incumbent displacement.

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