Al-Kharaj: Journal of Islamic Economics and Business
Volume 8 (3), 2026
P-ISSN: 2686-262X; E-ISSN: 2685-9300

The Dilemma of Qardhul Hasan: A Literature Synthesis and Empirical Study of the Gap Between Theory and Practice in Islamic Financial Institutions

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Keywords:
Qardhul Hasan; Qardh Contract; Islamic Financial Institutions; Implementation; Social Function.

Abstract

This study is motivated by a gap between the ideal concept and practical implementation of the Qardhul Hasan contract across Islamic financial institutions in Indonesia. Normatively, Qardhul Hasan is a tabarru' contract intended to provide benevolent, interest-free loans as a manifestation of the social function of Islamic financial institutions. However, its implementation varies according to institutional characteristics, operational orientation, and internal policies. This study aims to analyze the implementation of Qardhul Hasan in Islamic Commercial Banks (BUS), Islamic Business Units (UUS), Islamic Rural Banks (BPRS), and BMT/KSPPS through a synthesis of literature and empirical studies. The study employs a descriptive qualitative method integrating literature review, semi-structured interviews, observation, and documentation. The findings indicate that BUS and UUS implement their social functions through benevolent funds distributed as grants and social programs, whereas BPRS and BMT/KSPPS implement benevolent funds through Qardhul Hasan financing using revolving funds. The study demonstrates that Qardhul Hasan constitutes an implementation of the qard contract; thus, the differences identified concern not the underlying sharia principles but the implementation models adapted to each institution's characteristics. These findings establish a typology of Qardhul Hasan implementation and provide implications for developing models that balance social functions and institutional sustainability.

INTRODUCTION

Sharia Financial Institutions (LKS) in Indonesia continue to develop, both through Sharia Commercial Banks (BUS), Sharia Business Units (UUS), Sharia People's Financing Banks (BPRS), and Sharia Savings and Loan and Financing Cooperatives (KSPPS)/Baitul Maal wa Tamwil (BMT). These developments show the increasing importance of the role of MFIs in the national financial system, as well as in expanding access to financing and economic empowerment of the community, especially low-income groups (Financial Services Authority, 2025; Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2015).

In addition to carrying out the intermediation function, LKS also has a social function that is in line with the principles of maqāṣid al-syarī'ah. This function is supported by Law Number 21 of 2008 concerning Sharia Banking and Regulation of the Minister of Cooperatives and SMEs Number 16 of 2015 concerning KSPPS/BMT. One form of implementing this social function is Qardhul Hasan, which is a charitable loan that is given without interest, rewards, or additional requirements other than principal returns. As a tabarru' contract, Qardhul Hasan is oriented to the principle of ta'awun and social function, not to the achievement of economic benefits for the institution (DSN-MUI, 2001; Himah et al., 2023).

However, the implementation of Qardhul Hasan faces a dilemma between the social character of the contract and the demands of the institution's operational sustainability. The diversity of sources of charitable funds, such as infaq, alms, waqf, fines (ta'zir), and other social sources, also affect the pattern of collection and utilization of funds in each LKS (IAI, 2022; Hafizd et al., 2024). On the other hand, differences in the institutional characteristics of BUS, UUS, BPRS, and BMT/KSPPS have the potential to produce variations in funding sources, recipient targets, submission mechanisms, returns, and governance of welfare funds. This condition raises the question of how Qardhul Hasan is implemented in practice and whether the variation still reflects the character of Qardhul Hasan as a social loan (tabarru') or develops into a form of soft loan that adjusts to the characteristics of each institution.

Studies on the implementation of Qardhul Hasan have actually been carried out in various previous studies, but most of them still focus on one type of LKS. In BMT/KSPPS, Mustofa and Khoir (2019) examined the implementation of Qardhul Hasan from the perspective of Islamic law, while Hamzah and Suprihatin (2016) discussed its role in empowering micro businesses. In BPRS, Hutagalung M.A.K. (2016) examined the implementation of Qardhul Hasan financing, while Hermawan (2008) examined the source and use of qardh funds in Sharia Commercial Banks. These findings show that research on Qardhul Hasan still tends to be carried out partially based on the type of institution, so it has not provided a comparative picture of the characteristics of its implementation in various types of LKS.

Based on these conditions, there are two research gaps that are the basis of this research. First, the research gap is substantive, that is, there have not been many studies that compare the implementation of Qardhul Hasan across institutions in BUS, UUS, BPRS, and BMT/KSPPS to see the similarities and differences in the characteristics of its implementation. Second, methodological research gaps, namely previous research tends to use a literature approach or empirical studies separately, so that there are not many who integrate literature synthesis with empirical findings to analyze the gap between the concept of fiqh, regulation, and the implementation practice of Qardhul Hasan.

Based on the research gap, the novelty of this research lies in two aspects. First, this study compares the implementation of Qardhul Hasan in four types of LKS, namely BUS, UUS, BPRS, and BMT/KSPPS, by looking at the source of funds, target recipients, distribution mechanism, return, and management of charitable funds. Second, this study integrates the synthesis of literature with empirical studies through interviews with academics and practitioners to gain a more comprehensive understanding of the compatibility between the concept of Qardhul Hasan in fiqh muamalah, regulatory provisions, and practice in the field. The integration is then used to compile the typology of the implementation of Qardhul Hasan based on the characteristics of each LKS.

This study aims to: (1) analyze the implementation of Qardhul Hasan in BUS, UUS, BPRS, and BMT/KSPPS; (2) analyze its suitability with the fiqh of muamalah, DSN-MUI Fatwa, and applicable regulations; and (3) compiling a typology of the implementation of Qardhul Hasan based on the synthesis of literature and empirical findings. The results of the research are expected to contribute to the development of the study of tabarru' contracts, especially in understanding the relationship between social functions and institutional characteristics of LKS, as well as providing input for LKS and regulators in developing the Qardhul Hasan implementation model that remains in accordance with sharia principles while supporting the sustainability of the management of charitable funds.

METHOD

This study uses a descriptive qualitative approach by integrating literature synthesis and empirical studies to analyze the implementation of Qardhul Hasan in Sharia Commercial Banks (BUS), Sharia Business Units (UUS), Sharia People's Economic Banks (BPRS), and BMT/KSPPS in Indonesia. Primary data were obtained through semi-structured interviews and direct observation with purposively selected informants based on their involvement, experience, or knowledge regarding the implementation of Qardhul Hasan. The informants consisted of academics, the Sharia Supervisory Board (DPS), practitioners of Sharia Financial Institutions (LKS), customers who received Qardhul Hasan, and prospective customers whose financing applications were not approved. Secondary data were obtained through literature studies and documentation in the form of books, scientific articles, DSN-MUI fatwas, regulations, financial statements, and documents related to the implementation of Qardhul Hasan.

Data collection was carried out through literature studies, semi-structured interviews, direct observation, and documentation. The interviews were directed at aspects of the source of funds, distribution mechanisms, recipient targets, financing requirements, return mechanisms, management of charitable funds, and obstacles to the implementation of Qardhul Hasan. Observations were carried out to obtain a direct picture of the conditions and implementation process of Qardhul Hasan in the LKS which is the object of the research. Literature and documentation data are used to reinforce and verify empirical findings. Data analysis is carried out interactively through the stages of data reduction, data presentation, and conclusion drawing and verification (Miles et al., 2020). The analysis was carried out by comparing findings between types of LKS and integrating interview data, observations, literature, and documentation to identify patterns, differences, and gaps between normative concepts and implementation practices of Qardhul Hasan. The validity of the data is maintained through source triangulation and triangulation methods by comparing information from various categories of informants as well as the results of interviews, observations, literature studies, and documentation.

RESULTS AND DISCUSSION

The Concept and Position of Qardhul Hasan in Sharia Financial Institutions

The results of the study show that *qardhul hasan* is a *benevolent loan contract* based on the principle of *tabarru'* which aims to help those in need without profit orientation (Falikhatun et al., 2016; Purwadi, 2014; Sukma et al., 2019; Wahab, 2020). All research sources agree to place *qardhul hasan* as an instrument of social function of LKS that reflects the value of *ta'awun* and social responsibility. Its management still requires the principle of prudence so that the welfare fund is sustainable (Huda & Haykal, 2010; Janwari, 2015; Purwadi, 2014).

Apart from being social financing, *qardhul hasan* plays a role in increasing financial inclusion and economic empowerment of people who do not have access to commercial financing (Rohman et al., 2023; Rizal, 2022). Thus, there is no fundamental difference regarding the concept and its position; The difference is more visible in the implementation pattern and its management mechanism in each LKS.

The Difference Between Qardh and Qardhul Hasan

The results of the study show that the terms qardh and qardhul hasan are still often used interchangeably, even though they are not completely the same (Purwadi, 2014; Sukma et al., 2019; Wahab, 2020). Qardhul hasan is a social implementation of the qardh contract, not a new contract, with the principle of principal return without the required additions. The difference lies in the orientation of distribution, funding sources, recipient targets, and the social function of the institution. Thus, qardh is an underlying contract, while qardhul hasan is a form of social implementation.

Table 1. Differences in the Characteristics of the Qardh and Qardhul Hasan Contracts Based on the Results of Research Synthesis

Aspects	Akad Qardh	Qardhul Hasan
Ranking	The basic contract of borrowing in the fiqh of muamalah	Shape Implementation São Paulo Qardh which is oriented to the social function of LKS
The Essence of the Contract	Loans without additional with obligation to return the principal.	The qardh contract applied as a welfare loan (tabarru')
Purpose	Meet Needs Financing Borrowers	Helping people in need while carrying out the social functions of LKS
Orientation	No-interest loans	Oriented towards benefit, empowerment, and social services
Funding sources	Funds Institutions according to sharia provisions	Welfare funds and social funds are in accordance with regulations.
Target recipients	Parties The Fulfilling the terms of the contract	Underprivileged communities and MSME actors who need help.
Returns	Tree The loan is refunded in the amount received	The principal of the loan is returned, with flexibility for recipients who are really unable to afford it according to the LKS policy.
Function in LKS	Financing contract	Instruments for the implementation of social functions of LKS

Source: Data processed by the author (2026).

Based on Table 1, the difference between qardh and qardhul hasan lies in the characteristics of their implementation, not the substance of the contract (Purwadi, 2014; Sukma et al., 2019). Qardhul hasan is still based on the qardh contract, but is directed to carry out the social functions of LKS through social funds and the distribution of welfare loans to support the benefit and empowerment of the community (Interview results; Purwadi, 2014; Rozalinda, 2019).

In BPRS and BMT/KSPPS, returns can be more flexible for recipients who experience permanent disabilities. However, principal return is still recommended for those who can afford it so that the revolving fund can continue to roll (revolving fund) and be used by other recipients. This shows that the sustainability of social funds is an important principle in the implementation of qardhul hasan (Rachmawaty et al., 2021; Rizal, 2022).

Implementation of Qardhul Hasan in Various Types of Sharia Financial Institutions

The results of the study show that the implementation of Qardhul Hasan in Sharia Financial Institutions (LKS) differs according to the institutional form, operational orientation, source of funds, and policies of each institution (Rachmawaty et al., 2021). The findings were obtained through interviews with academics, DPS, and LKS practitioners, analysis of financial statements, regulations, DSN-MUI fatwas, and previous research. In general, all LKS place Qardhul Hasan as an instrument of social function, but the form of distribution, beneficiaries, mechanisms, and fund management is different.

Implementation of Qardhul Hasan on BUS and UUS

In BUS and UUS, social functions are carried out through the collection of welfare funds sourced from zakat, infaq, alms, fine funds (ta'zir), and other social sources (Purwadi, 2014; Results of interviews with BUS/UUS practitioners). However, these funds are generally distributed through grants and social programs such as education, health, worship facilities, humanitarian, and MSME empowerment, not as Qardhul Hasan financing to the community (Results of interviews with BUS/UUS practitioners). Some BUSES and UUS continue to use the Qardhul Hasan contract for internal needs, but do not make it a financing product that is accessible to the general public.

This pattern was chosen because BUS and UUS need to maintain social functions as well as business sustainability, bank health, and public trust (Results of interviews with BUS/UUS practitioners). Charitable funds are managed separately from commercial funds to maintain sharia accountability and compliance, with the supervision of DPS and OJK in accordance with applicable provisions (Kadarningsih et al., 2017; Nurhayati et al., 2026). Thus, the social functions of BUS and UUS continue to run, but Qardhul Hasan in the form of loans to the community has not become a common practice.

Implementation of Qardhul Hasan in BPRS and BMT/KSPPS

In contrast to BUS and UUS, BPRS and BMT/KSPPS have implemented Qardhul Hasan as social financing to the community. The recipients include underprivileged people, micro business actors/MSMEs, small traders, and people who need business capital or urgent needs to avoid high-interest loans (Results of interviews with BPRS and BMT/KSPPS practitioners, 2026). The distribution depends on the availability of charitable funds and can be carried out on an ongoing basis. In one month, BMT/KSPPS has distributed around IDR 16,100,000, while BPRS reached around IDR 20,000,000 (Results of interviews with BPRS and BMT/KSPPS practitioners, 2026).

Qardhul Hasan's funds are sourced from zakat, infaq, and alms (ZIS) which are managed separately from commercial funds and do not generate margins or profit sharing for institutions

(Results of interviews with BPRS and BMT/KSPPS practitioners, 2026; Kadarningsih et al., 2017; Nurhayati et al., 2026). Submission generally requires an ID card, family card, and business documents for productive financing. BPRS emphasizes interviews to assess the urgency of needs, while BMT/KSPPS conducts more in-depth verification through SKTM and surveys of the economic condition of prospective recipients.

The use of funds is flexible, including for business capital, education, and medical expenses. In BMT/KSPPS, for certain needs such as education and health, funds can be paid directly to schools or hospitals to ensure the accuracy of use (Results of interviews with customers and practitioners of BMT/KSPPS, 2026). Although socially oriented, the application still goes through selection based on economic conditions, purpose of use, and eligibility of the recipient.

The financing limit is adjusted to the policy of each institution. In BMT/KSPPS, the maximum financing limit is set at IDR 2,000,000, while in BPRS the maximum financing limit is set at IDR 2,500,000. However, in certain urgent conditions, such as the need for hospital costs, the directors can provide special policies so that financing can be provided up to IDR 4,000,000. The provision of relief is carried out based on consideration of the condition and urgency of customer needs (Results of interviews with BPRS practitioners and BMT/KSPPS, 2026). In terms of costs, BMT/KSPPS does not charge administrative fees to the recipients of financing. Meanwhile, BPRS charges a real fee of around IDR 80,000-IDR 100,000 which is used for administrative needs, including the purchase of two stamps, document printing fees, and opening an account that requires a deposited balance. These costs are not profits or returns for BPRS, but costs arising from the financing administration process. Thus, the imposition of the real cost does not change the character of *Qardhul Hasan* as financing without yield as stipulated in the Fatwa DSN-MUI No. 19/DSN-MUI/IV/2001 (Fatwa DSN-MUI No. 19/DSN-MUI/IV/2001; Results of interviews with BPRS practitioners, 2026).

Warranty is not a major requirement. BMT/KSPPS does not require collateral, while BPRS can optionally request collateral according to customer conditions (Results of interviews with BPRS and BMT/KSPPS practitioners, 2026). Refunds are more directed as a responsibility to maintain the sustainability of the revolving fund. Recipients are given education to return the principal of the loan if they are able so that the funds can be redistributed to other communities.

In the event of problematic financing, the institution prioritizes a persuasive approach, communication, and verification of the condition of the recipient. If the recipient is proven to be permanently incapable due to bankruptcy, disaster, or death, the liability can be waived according to the institution's policy (Results of interviews with BPRS and BMT/KSPPS practitioners, 2026). Qardhul Hasan's funds are also still listed separately from commercial funds. The remaining funds are retained for the next distribution, while BMT/KSPPS can transfer them to social assistance if there is no financing application.

Overall, the implementation of Qardhul Hasan at BPRS and BMT/KSPPS has functioned as social financing as well as a means of community economic empowerment. Management through the *revolving fund mechanism* allows charitable funds to continue to be used by the next recipient without profit orientation (Results of interviews with BPRS and BMT/KSPPS practitioners, 2026).

Collection and Pattern of Distribution of Qardhul Hasan Funds

The results of the study show that the implementation of Qardhul Hasan in various Sharia

Financial Institutions uses non-commercial charitable funds, which come from ZIS and other sources of social funds in accordance with sharia principles. The fund is managed separately from commercial funds and is used specifically for social activities (Fatwa DSN-MUI No. 19/DSN-MUI/IV/2001; Results of interviews with LKS Practitioners, 2026).

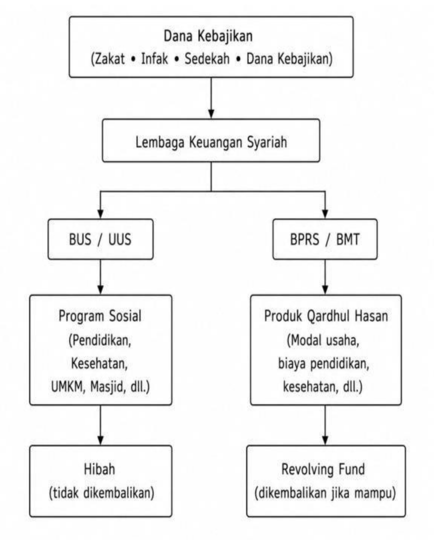
Although the source of funds is relatively the same, the distribution pattern is different according to the characteristics of the institution. BUS and UUS distribute more welfare funds in the form of grants for education, health, worship facilities, MSME empowerment, disasters, and other social activities. This pattern allows banks to carry out social functions while supporting long-term relationships with the community through Islamic banking services (Results of interviews with BUS/UUS practitioners, 2026).

Meanwhile, BPRS and BMT/KSPPS distribute welfare funds not only in the form of social assistance, but also through Qardhul Hasan financing to underprivileged communities, MSME actors, small traders, and people with urgent needs. The returned funds can be redistributed to other recipients through the revolving fund mechanism, so that the charitable fund functions as an instrument for sustainable economic empowerment (Rizal, 2022; Hamzah & Suprihatin, 2016).

The management of the remaining funds is also different. BPRS keeps funds that have not been disbursed until there is a request for financing, while BMT/KSPPS can distribute them in the form of social assistance if there are no recipients of Qardhul Hasan. In the reporting aspect, charitable funds are recorded separately from commercial activities as a form of accountability and to maintain the separation of social and business functions of institutions (Kadarningsih et al., 2017; Nurhayati et al., 2026).

Overall, the difference in the implementation of Qardhul Hasan does not lie in the source of funds, but in the distribution strategy. BUS and UUS tend to use charitable funds in the form of grants, while BPRS and BMT/KSPPS also develop them through Qardhul Hasan revolving fund-based financing.

Figure 1. Pattern of Collection and Distribution of Qardhul Hasan Funds in Sharia Financial Institutions



Source: Data processed by the author (2026).

Factors Affecting the Limited Implementation of Qardhul Hasan Financing in Sharia

Financial Institutions

The results of the synthesis show that the limitations of the implementation of Qardhul Hasan are not caused by the absence of sharia or regulatory foundations, but are influenced by institutional characteristics, operational orientation, risk management, welfare fund governance, internal capacity, and public perception (Purwadi, 2014; Sukma et al., 2019; Interview results, 2026).

BUS and UUS are more business-oriented so that charitable funds are generally channeled through grants and social programs. Meanwhile, BPRS and BMT/KSPPS are more oriented towards economic empowerment so that they actively distribute Qardhul Hasan as social financing through the revolving fund mechanism (Results of interviews with LKS practitioners, 2026).

Implementation is also influenced by the risk of default and moral hazard, so that the institution implements verification through interviews, surveys, and assessments of the economic condition of the recipients. In addition, the capacity of human resources in education, monitoring, and mentoring also determines success. The perception of some people that social funds do not need to be returned is also a challenge, so education is needed to maintain the sustainability of funds for the next recipient (Results of practitioner and customer interviews, 2026).

Regulation is not the main limiting factor because Qardhul Hasan already has a legal basis through Fatwa DSN-MUI No. 19/DSN-MUI/IV/2001 and Law No. 21 of 2008. Thus, the variation in implementation is more influenced by internal policies, institutional characteristics, the capacity of charitable funds, risk management, and the readiness of institutions and the community. (Results of research synthesis, 2026).

Synthesis of Qardhul Hasan's Implementation Characteristics in Various Types of LKS

Based on the results of the research synthesis, the implementation of Qardhul Hasan in various types of Islamic Financial Institutions (LKS) has different characteristics according to the institutional orientation, welfare fund management, and internal policies of each institution (Results of the research synthesis, 2026). These differences can be seen in the form of implementation, recipient targets, distribution mechanisms, and management of charitable funds, although all LKS are still based on the same sharia principles (Purwadi, 2014; Sukma et al., 2019).

Table 2. Characteristics of Qardhul Hasan's implementation in each LKS

Aspects	BUS	UUS	BPRS	BMT/KSPPS
Characteristics and implementation	Business and social functions; not in the form of a financing product, but through social programs	Business and social functions; not yet in the form of financing products, but through social programs	Economic empowerment through Qardhul Hasan financing	Economic empowerment and social through Qardhul Hasan financing

Funding sources	Charitable funds: ZIS and other social funds	Charitable funds: ZIS and other social funds	Charitable funds: ZIS and other social funds	Charitable funds: ZIS and other social funds
Distribution form and objectives	Social grants/programs for the community, education, health, MSMEs, and humanity	Social grants/programs for society, education, health, MSMEs, and humanity	Qardhul Hasan financing for the underprivileged, MSMEs, and urgent needs	Qardhul Hasan financing for underprivileged people who have businesses/income
Selection and Guarantees.	According to the program provisions; Unsecured	According to the program provisions; Unsecured	Interviews and verification; Optional Warranty	Administration, SKTM, surveys, and committees; Unsecured
Nominal financing	Tentative according to the program	Tentative appropriate Program	Max. IDR 2.5 million (can reach IDR 4,000,000 under certain conditions)	Max. IDR2 million
Administration Fees	No administration fees	No administration fees	Charging a real fee of around IDR 80,000-100,000 for stamp duty, printing documents, and opening an account with a	No administration fees

			settled balance, which is not a profit or return on financing.	
Returns and profits	Not returned because it is shaped grants; not taking advantage	Not returned because it is in the form of a grant; not taking advantage	Returned as per ability; Don't take the margins.	Returned after being able; can be released if completely incapable; not taking margin
Management of remaining funds	Redistributed through social programs	Redistributed through social programs	Held as a revolving fund	Redistributed or become a social worker
Reporting and social function models	Recorded separately; Social Function Through Social Grants/Programs	Recorded separately; Function Social Through Grants/Social Programs	Recorded separately; Function through Qardhul Hasan based revolving fund	Recorded separately; social functions through Qardhul Hasan based on revolving funds

Source: Data processed by the author (2026).

Based on Table 2, all Sharia Financial Institutions have similarities in collecting charitable funds to carry out social functions. However, the implementation is different according to the characteristics of the institution, namely BUS and UUS through grant programs, while BPRS and BMT/KSPPS through Qardhul Hasan financing based on *revolving funds*. These differences are more influenced by institutional orientation and internal policies than differences in sharia concepts (Results of research synthesis, 2026; Purwadi, 2014; Sukma et al., 2019).

DISCUSSION

The Position and Implementation of Qardhul Hasan in Sharia Financial Institutions

Qardhul hasan is an Islamic social financial instrument based on the qardh contract and includes the tabarru' contract, which is a loan without additional or required benefits (Wahab, 2020; Mardani, 2012; Gunawan, 2024; Sukma et al., 2019). In contrast to commercial financing, qardhul hasan is oriented towards social functions, equitable distribution of welfare, economic empowerment, and community solidarity (Purwadi, 2014; Rozalinda, 2019).

This principle is in line with the words of Allah SWT in Surah Al-Hadid verse 11 which encourages Muslims to give welfare loans to others.

مَنْ ذَا الَّذِيْ يُقْرِضُ اللّٰهَ قَرْضًا حَسَنًا فَيُضٰعِفَهٗ لَهٗ وَلَهٗٓ اَجْرٌ كَرِيْمٌ

"Whoever is willing to lend to Allah as a good loan (qardhan hasanan), then Allah will multiply his reward and for him a glorious reward." (QS. Al-Hadid (57]: 11)

This verse emphasizes social value and benefits in providing welfare loans. This is strengthened by DSN-MUI Fatwa No. 19/DSN-MUI/IV/2001 which stipulates that qardh is a loan that must be repaid in principal amount without the required addition. A number of studies have also shown that qardhul hasan plays a role in expanding access to financing, increasing financial inclusion, and empowering communities, especially weak economic groups (Rohman et al., 2023; Rizal, 2022; Hamzah & Suprihatin, 2016).

The results of the study show that academics and LKS practitioners understand qardhul hasan as a social instrument that is not profit-oriented and sourced from charitable funds. However, the implementation differs between LKS. BUS and UUS distribute more charitable funds through grants and social programs, while BPRS and BMT/KSPPS use them as qardhul hasan financing that can be accessed by the public according to the criteria (Interview results). These differences are not caused by differences in sharia concepts, but by the institutional characteristics, operational orientation, and policies of each LKS.

Differences in Qardhul Hasan's Implementation Model in BUS, UUS, BPRS, and BMT/KSPPS

The results of the study show that the Qardhul Hasan implementation model is different in each LKS according to institutional characteristics, operational orientation, and strategies in balancing social and business functions (Rachmawaty et al., 2021; Falikhatun et al., 2016).

In BUS and UUS, social functions are more realized through welfare funds in the form of grants and social programs, such as education, health, mosque construction, and MSME empowerment, rather than Qardhul Hasan's financing to the community. This model is considered in accordance with the characteristics of banks as intermediary institutions that need to maintain business sustainability while carrying out social functions (Purwadi, 2014; Results of interviews with BUS/UUS practitioners). Social programs also have the potential to build sustainable relationships with recipients through the use of banking services (Results of interviews with BUS/UUS practitioners).

On the contrary, BPRS and BMT/KSPPS have implemented Qardhul Hasan as social financing for people who need business capital and urgent needs. Charitable funds are distributed through the revolving fund mechanism, so that the principal return can be reused for the next recipient and support the community's economic empowerment (Rizal, 2022; Rohman et al., 2023).

Although both distribute Qardhul Hasan financing, BPRS is more oriented towards providing usury-free financing alternatives to prevent people from relying on loan sharks or mobile banks. Meanwhile, BMT/KSPPS runs Qardhul Hasan as part of the function of baitul maal in managing zakat, infaq, alms, and other social funds with a service orientation and community empowerment (Hamzah & Suprihatin, 2016; Interview results).

Thus, the implementation model of Qardhul Hasan cannot be standardized. BUS and UUS tend to optimize social functions through grants, while BPRS and BMT/KSPPS apply it as revolving financing that directly supports the economic empowerment of the community.

Qardhul Hasan: Social Loan or Soft Loan?

The results of the study show that there is a difference in perception of qardhul hasan. Some people see it as aid that does not need to be repaid, while others understand it as a loan that must be repaid. In jurisprudence, qardhul hasan is a qard contract that is tabarru' or help-helping, so it is oriented towards social assistance without profit for lenders (Wahab, 2020; Gunawan, 2024; Rozalinda, 2019).

In the practice of BPRS and BMT/KSPPS, qardhul hasan is given without interest, margin, or profit. However, recipients are still educated to return the principal if they are able so that the revolving fund can continue to rotate (revolving fund) and be used by other recipients (Results of interviews with BPRS and BMT/KSPPS practitioners; Rohman et al., 2023). If the recipient is completely incapacitated due to certain conditions such as death or verified bankruptcy, the liability can be waived according to the institution's policy.

Thus, the term soft loan describes the implementation model, namely interest-free or profit loans with relatively light requirements, while social loans reflect the essence of the qardhul hasan contract as a tabarru' contract (Purwadi, 2014; Sukma et al., 2019). The two are not contradictory, because refunds in practice aim to maintain the sustainability of *revolving funds*, not to make profits. Thus, the difference in terms is a form of adjustment of implementation to the needs of the sustainability of the social function of LKS.

Refund of Qardhul Hasan as an Effort to Maintain the Sustainability of Social Functions

One of the dilemmas of Qardhul Hasan's implementation is the assumption that social funds do not need to be returned. In fact, Qardhul Hasan is a qard contract that is tabarru' and not profit-oriented, but still requires the return of the principal if the recipient is able to afford it (Wahab, 2020; Mardani, 2012; Rozalinda, 2019). Thus, the social nature of Qardhul Hasan does not eliminate its essence as a debt-receivables contract (dayn), but rather negates the element of profit for the lender (Gunawan, 2024).

This principle is in line with the words of Allah SWT. in QS. Al-Baqarah verse 282:

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْٓا اِذَا تَدَايَنْتُمْ بِدَيْنٍ اِلٰٓى اَجَلٍ مُّسَمًّى فَاكْتُبُوْهُۗ

"O you who believe! If you make debts for a specified time, you shall write them down." (QS. Al-Baqarah [2]: 282)

This verse shows that Islam recognizes debt-receivables transactions as valid contracts while emphasizing the importance of responsibility, clarity of contracts, and fulfillment of obligations by the parties. In addition, the Prophet PBUH also said:

مَطْلُ الْغَنِيِّ ظُلْمٌ

"Delaying debt payments by those who can afford it is a tyranny." (HR. Bukhari No.2400; (1564)

The hadith emphasizes that those who are able are obliged to fulfill their debts. In the practice of BPRS and BMT/KSPPS, this principle is applied through education to recipients that the return of Qardhul Hasan funds is a mandate, not a source of institutional profits, but to maintain social funds so that they can be reused (revolving fund) (Results of interviews with BPRS and BMT/KSPPS practitioners; Rohman et al., 2023). Payment reminders are persuasively carried out through education, not repressive collection.

If the recipient is completely incapacitated due to bankruptcy, disaster, or death, the liability can be waived after going through verification in accordance with the institution's policy. Under certain conditions, BPRS can use zakat funds to cover these obligations (Results of interviews with BPRS and BMT/KSPPS practitioners).

Thus, the refund does not contradict Qardhul Hasan's social character. On the contrary, returns are a mechanism to maintain the sustainability of the charity fund so that the benefits can continue to roll out to other communities. This emphasizes that the value of ta'awun and the obligation of return complement each other in realizing sustainable benefits (Rizal, 2022; Rohman et al., 2023).

Implications and Future of the Implementation of Qardhul Hasan in Indonesia

Research shows that the implementation of qardhul hasan in LKS in Indonesia is different according to the characteristics and orientation of each institution. BUS and UUS tend to distribute charitable funds through grants and social programs, while BPRS and BMT/KSPPS use them as revolving fund-based qardhul hasan financing so that the funds can be reused by the next recipient (Rachmawaty et al., 2021; Falikhatun et al., 2016; Rizal, 2022).

The challenge of its development is not in the availability of funds, but in the management and implementation model. The selection and verification process of recipients is necessary to minimize risks and maintain the sustainability of the charitable fund (Results of interviews with LKS practitioners, 2026). With good governance, qardhul hasan has the potential to become a distinctive value and competitive advantage of LKS through a combination of social assistance and revolving fund financing.

The development of qardhul hasan requires synergy between regulators, LKS, Islamic philanthropic institutions, and the community. One alternative is the Qard Hasan Platform (QHP) which integrates various parties in the collection and distribution of charitable funds. This model has the potential to expand the economic empowerment of the community while strengthening the identity and competitiveness of the Islamic finance industry in Indonesia (Rachmawaty et al., 2021).

CONCLUSION

The results of the study show that the implementation of Qardhul Hasan in BUS, UUS, BPRS, and BMT/KSPPS has a diverse pattern according to institutional characteristics, operational orientation, policies, and management of charitable funds. Conceptually, Qardhul Hasan is a qardh contract that is tabarru' to carry out social functions through loans without reward, with principal returns to maintain the sustainability of funds. BUS and UUS distribute more welfare funds through grants and social programs, while BPRS and BMT/KSPPS apply it as social loans for the community, including micro business actors and MSMEs.

In BPRS and BMT/KSPPS, the revolving fund mechanism allows the returned funds to be redistributed to the next recipient so that it functions as a means of economic empowerment. Thus, the difference in implementation does not show a difference in sharia principles, but an adjustment to the characteristics and capacity of each institution. The implementation of Qardhul

Hasan therefore needs to be developed flexibly while maintaining the social function, benefits, and sustainability of the charitable fund.

Future development needs to be directed at improving the distribution model. BUS and UUS need to optimize the use of charitable funds through innovations such as revolving funds and synergy with Islamic philanthropic institutions. Meanwhile, BPRS and BMT/KSPPS need to strengthen governance, recipient selection, mentoring, monitoring, and education regarding refunds. Qardhul Hasan also needs to be positioned as a complement to commercial financing and social advantages of LKS, not as a competitor. With accountable, educative, and collaborative management, Qardhul Hasan has the potential to expand access to social financing and support sustainable economic empowerment.

Further research is recommended to examine the effectiveness and sustainability of revolving funds, especially the rate of returns, the sustainability of the circulation of charitable funds, and their impact on the economic condition of recipients. Comparative studies with more LKS and quantitative data support are also needed to identify the most effective implementation models in balancing social functions and institutional sustainability.

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