The Transaction of Dropshipping on the Views of Islamic Economics Law

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Abstract

This study tries to analyze the correct selling and purchasing transactions which comply with the laws of Islamic economic and compared with the dropshipping mechanism on online business. This study was found that the transaction by using dropshipping mechanism after reviewing from the aspect of pillars of selling and purchasing according to syariah economic law had not fulfilled the requirements, especially in terms of ma’qud alaih (object or goods transacted) so it can be concluded through two opinions, that is dropshipping which has prohibited was the practice of selling and purchasing under the usual dropship mechanism, and using a salam contract scheme, while the allowable dropshipping was a dropshipping mechanism which used an intermediary or samsarah scheme, and a representative or wakalah scheme.

Keywords: Dropshipping, Salam, Sale and Purchase, Samsarah, and Wakalah

Introduction

Selling and purchasing are etymologically rooted from the Arabic al-bai’i, at-tijarah, which means give something to replace the goods with goods which comparable value, based on the law. It means the exchange of...
lawful property with other property that can be taken by accompanying *ijab* and *qabul* on conducive condition.\(^1\)

"But Allah has permitted trade and has forbidden interest".\(^2\)

Lately, the sale is in contrast with the past, because a lot of people come to know that this business is a business that has one purpose and it is to obtain the profits as much as possible, so through little capital that may enable them to take a vast profits from their business. The business raised often to justify the various ways in order to achieve their goals as well as in the way of finding a place of production, getting the raw material, getting the resources, finding the marketing system and the way of management.\(^3\) With the development of information and communication technology that are very rapidly increasing around the world, thus, making business activities through the electronic media become one of the most recognized forms of business by public or online business known as the term of electronic commerce or e-commerce. This makes online business is growing rapidly in Indonesia because of the easy access to the internet to receive either used wifi or gadgets as well as small businesses, or over the small medium-enterprises, up to homemaker who started selling on the internet.\(^4\)

Initially, the use of the internet is not just limited to the utilization of the information accessible through the media, but also has the advantage of covering a more promising revenue stream that cannot be found in the traditional transaction and is not limited by time and space, because it can be done any time and wherever they are.\(^5\) This is similar with selling dropship system. Selling dropship became one of the alternatives chosen by the people to do the system of selling and purchasing by online.

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\(^2\) Q.S Al Baqarah (2), verse.275.


\(^4\) The Internet is "a global network of computer net-work, or very large computer networks in the form of small networks that exist around the world are connected to each other;" Muhammad, *Etika Bisnis Islam* (Yogyakarta: Unit Penerbit dan Percetakan AMP YKPN, 2004), p.220.

\(^5\) Ibid, p.221.
Dropshipping Transactions on the Perspective of Islamic Economic Law

The times happened in this period show a state of concern, but it is very interesting to criticize. The practice or activity of human life in this world in general and particularly in Indonesia show the trend about an activity that many of them leave the Islamic values or ethics in doing their business. The Prophet once said that trading business is a land that most bring about the blessings, but it should be examined againt that business practices which should be done by every people comply with the appropriateness of the Islamic teachings which have limitations.⁶

The subsequent discussion on the pillars of selling, are:

1) The existence of a seller (bai’)
2) The presence of the purchaser (mustari)
3) Ijab (speech from the seller I sell) and Qabul (speech from the purchaser I bought) is the shape sighat,⁷ in selling.
4) The existence of the sold or traded goods (ma’qadaih).⁸

Terms of Sale:

1) The existence of means between seller and purchaser over the will of its own, not because of the force of others.
2) Seller and purchaser are the person, who already reached puberty and maturity. Minimmally has been otherwise (can distinguish between the good and the bad), may age of 7 years.
3) A seller is a person who has the goods to be sold or, as one who is represented to sell goods.
4) The goods that are sold are mubah (permissible) to be taken of benefits, not like selling khamr (intoxicating beverages), musical instruments, carcasses, dogs, pigs and others that can not be taken of benefits.
5) The sold goods or in the transaction of goods can be submitted.

Because if the sold goods cannot be handed over to the purchaser

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⁷ “Sighat” is one that is propped up from a purchaser who gives money from the goods he wants to buy and a seller gives goods to the purchaser with the intention of the hearts of both parties to the occurrence of a contract, with the words deeds, gestures, and writing. Rachmat Syafei, *Fiqih Muamalah*, p.46.
⁸ Ibid, p.76.
then sell unauthorized purchasing.

6) The sold goods are something known by seller and purchaser, looking at it or tell the nature of the goods so as distinguish with the other.

7) The supplied goods must be obtained through lawful halal way.

8 Selling and Purchasing in E-Commerce

E-commerce is a mechanism for trading various business on the internet or online where sellers and purchasers will conduct transactions in cyberspace. In these business, the world with limited capital use, especially in e-commerce businesses that aim at selling other people’s products or focusing on marketing. It was divided into 3 online business model included: dropshipping, affiliate and reselling.

Affiliate marketing is an online business model that does not require capital in charge of recommending various products belonging to others to potential customers. Arguably the main task on the affiliate is finding the right market for the product that we are marketing.

Dropshipping is a way of doing business where goods retailers or retailers donot need to have their own stocks or goods. The retailer who runs businesses in this way is referred to as a dropshipper. Dropshipper only promotes goods from the supplier, if there are consumers who will purchase goods, stay order to dropshipper suppliers and the goods will be sent directly to the consumer with the sender’s name as a dropshipper.

Resseling is a selling and purchasing system contained in one individual or company to purchase goods to the other party for resale which uses ready stock system.

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The Practice of Dropshipping Mechanism

When purchaser want a certain type of goods, purchaser will contact someone who thinks it can provide the goods that purchaser want (this becomes the first stage). The person will then provide the items required by the purchaser.

In essence, with this mechanism, when the purchaser contacts the person (dropshipper), (dropshipper) will contact the provider of goods or services desired by the purchaser along with sending the data for delivery of goods (this becomes the second stage).

Provider of goods or services (supplier) will deliver the goods or services to the purchaser on behalf of the intermediary (this becomes the third stage).

However, there are times when the purchaser does not realize that the contacted party is an intermediary since the name of the shipper is the name of the intermediaries.\(^\text{14}\)

In sales scheme which is using dropshipping system, there is a flow of money described in this following brief explanations:

1. First money from purchaser to seller (intermediary)
   The money sent from the purchaser to the dropshipper is at the price of the goods that have been set by the dropshipper and the postage. In the price of the item is included with the advantage for the dropshipper.

2. Second money from dropshipper to provider of goods or services suppliers
   The money sent from the dropshipper to the suppliers is equal to the price of the goods stipulated by the suppliers and the cost of shipping the goods to the purchasers address.

The dropshipping business model has two conditions:
1) Shop or supplier as a supplier of goods of production and as goods sender.
2) Dropshipper as a face-to-face seller to a purchaser at the price of the dropshipper itself or the price of the supplier and dropshipper deal.

Dropshipping is a commercial technique in which the seller does not store the stock of goods to be sold but the seller will take orders from a customer and forward the goods that have been ordered to the distributor or supplier. After that, the supplier will forward the item with the name of the seller so as if the goods sent came from a personal store that has a complete stock of goods. Thus, the advantage of being a dropshipping agent. It can be concluded that the main task in the dropshipping system is to find a purchaser by way of offering or promoting a product that comes from a supplier to the purchaser with a tool in the form of catalogues and photographs of products that have been owned and then forwarded to the manufacturer, this makes dropshipping vast in demand because in terms of dropshipping offenders make a profit with no need for capital to start a business, while for producers can be a tool that can lighten it in the marketing of goods, because in general, the seller does not care who the real purchaser, for the most important products sold in the market.

Dropshipping Mechanism via Online Business on the View of Islamic Economic Law

In the practice of selling and purchasing it is a compulsory to keep halal law and its haram, a business object should remain considered, including in business based online. Islam prohibited the outcome of commerce or business derived from unlawful (haram) services. As stated in the prophetic tradition, our prophet Muhammad peace be upon him said:

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 Allaah, when He has prohibited something, surely He also forbids the proceeds of the sale” (Narrated by Ad-Daruquthni and Ibnu Hibban).

Subsequently, when the dropshipping is viewed on the pillars of contract (akad) in selling and purchasing should comply with these

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16 Catur Hadi Purnomo, Jualan Online Tanpa Repot dengan Dropshipping, p.2-3.
requirements:

a. Seller: Where a person must own an item or get permission to sell it.

b. Purchaser: The person who can act, in this regard should not from the insane person, or the child who has not reaches his maturity (baligh).

c. The sold stocks: the sold goods must be goods that can be traded, clean, and can be given to the purchaser.

d. The language of the agreement: It is the submission (Ijab) and acceptance (qabul) with the word.\(^{19}\)

The View of Dropshipping on the Terms of Contract Sale and Purchase

1) Terms in’iqad (occurrence akad)

   a. Terms relating to aqid (the person making the contract)

   In practice, dropshipping does not know the age of dropshipper. Everyone who can do it will be no matter whether he is mumawyyiz or still be the kid (who cannot differ the right and the mistake), on the practice of dropshipping anyone can run it either from students, housewives, employees, teachers, and other general public who do not have to have the expertise or specialeducational background and does not limit time.\(^{20}\)

   b. The term which is related to the contract itself

   In this condition that qabul must be in accordance with the simple permission of a purchaser and must receive the goods in accordance with ijab.\(^{21}\)

   c. The term which is related to the place of the contract

   Terms of sale and purchase should also be done in one assembly, in this condition the dropshipping transaction has been fulfilled due to dropshipping transactions conducted in one assembly of online media and the same desire to transact.

   d. The term which is related to the object aqad (ma’qud ‘alaih)

   Objects of soldgoods in dropshipping transactions are included in mutaqawwim mall(goods that can be taken benefit), and goods

\(^{19}\) Yulia Kurniati dan Heni Hendrawati, Jual Beli Online Dalam Perpektif Hukum Islam, Journal of Tranformasi Informasi and Pengembanga Iptek, p.67.


\(^{21}\) Ahmad Wardi Muslich, Fiqh Muamalah, p.189.
can be handed over.  

2) The legal terms of the trading contract

Basically, all forms of legal selling and purchasing legally if the sale and purchase are pillars and the conditions have been met. However, Islam forbids selling and purchasing the goods which are having the unclear (jahalah) containing elements, coercion (al-ikrah), time-limitations (at-tauqit), deception (gharar), harmfulness, and destructive conditions.

3) The terms of continuity of sale and purchase (terms nafadz)

The right of ownership is an item in which it is entitled to exploit the item while it is not impeding the syari'i in the dropshipping transaction. A dropshipper has not the right to receive a good that has not been received, only to the extent of ordering.

The right of authority is the right of power that exists within religion to carry out a transaction and the absence of the property of another person to an object to be sold. Because in the dropshipping of traded goods are still in the power of a third party or company that makes the goods which are sold have not became the property of the seller or the dropshipper, as mentioned in the hadith of the prophet Muhammad Peace be Upon Him (PBUH):

“From Hakim bin Hizam, "He said to the Messenger of Allah, ‘O Messenger of Allah, there are people who come to me, The person wants to hold sale and purchase transactions with me, items that I do not have. May I buy certain items that he wants in the market after transacting with the person? Then, the Prophet said, Do not you sell goods you do not yet have” (Narrated by Abu Daud)."
I asked, O Messenger of Allah I have bought some selling then which of them is lawful for me and which is haram? He replied If you buy something, then do not sell it until you receive it” (Narrated by Ahmad).

This is like a dropship scheme that often happens in an online business where a purchaser buys a certain item to the dropshipper and then dropshipper orders to the supplier in wholesaler or in unit which later the supplier will send the item to the purchaser on behalf of the dropshipper, in this scheme the dropshipper sells the goods to purchasers, even though the goods sold still belong to the supplier, because the goods have not changed hands to dropshipper, this is a problem that is selling goods that have not owned.

4) Terms binding (condition luzum)

In this condition there is no attachment so that purchaser is difficult to do khiyar in dropshipping transaction if there is any transaction which is not in accordance with agreed agreement.

Dropshipping Mechanism on the Perspective of its Contract (akad)

a. Salam

Sale and purchase salam is a sale and purchase where the traded goods are not available at the time of transaction, as matter of fact they are made with the ordering system and the purchaser make the upfront payment, while the goods will be delivered in the future. This case when it is being viewed by the Compilations of Islamic Economic Law (KHES) related to the general provisions of Article 20 paragraph 35 Salam is a financing service related to the sale and purchase of the payment carried out simultaneously with the ordering of goods.

To conduct a transaction with a dropshipping mechanism with a payment “salam” agreement must be made in cash should not be postponed or debt due if the delayed payment will be a sale and purchase of debt with debt that is definitely unlawful.

أحمد بن رشد القرطي الادن دلسي، بداية المجتهد وماية المقصود، ج 1، دار الكتاب العلمية للنشر والتوزيع، ٢٠٠٤، ص ٢١٥.

In the dropshipping mechanism, the seller promotes the product through the website and social networking here. The dropshipping agent must explain the condition of the goods according to the criteria clearly, such as the type, size, weight, quantity, etc, as well as the previously mentioned in the course mentioning this criterion aims to confirm the goods and services by the parties, the seller will check on the suppliers along with the postage rate, then the consumer is required to pay the product in accordance with the price that the seller give to the consumer plus postage with cash in advance, here is the occurrence of a salam agreement between the seller as a dropshipper with the purchaser who ordered the goods with cash payment while the goods will be suspended, after the seller receives payment from the consumer, the seller forward the information to the ups and downs of the supplier according to the predetermined price and plus shipping cost to the purchaser.

Dropshipping using salam contract as well as according to Muhammad Arifin Badri stated that dropshipping sale is actually just a name but the practice is selling and purchasing salam. Where the sale and purchase of salam is a reservation with cash payment which payment practices are made in cash or advance payment, where the seller offers a description of a product clearly and completely although the seller does not have the goods which are then required to make cash payments this can be hinted selling and purchasing salam, although a seller does not have goods on his blog or personal web.²⁷

This is what makes the reason that a salam agreement can be made between merchants, not only between sellers and purchasers where a seller is able to bring in purcashed goods with the criteria and specifications of goods that have been agreed, and the conditions that must be done in thecash payment without any gradual payment.

However, in the practice of dropshipping with the salam contract that has been described above, there are differences of opinion that is from madzhab syafi’i and majority of scholars. Where according to Syafi’i school that the allowful salam with cash on the condition that the goods are on the market, whereas according to the majority of the scholars of the Hanafi, Maliki and Hambali contract “salam” cash law is not allowed.

This is due to the distance and time between the salam and the delivery of the goods must be within the estimated time of different prices, with the aim of the wisdom of the covenant in which the purchaser will get a cheaper price, because the purchaser has handed cash in advance and the goods will be received in later day, if a covenant is done but there is no change in the price of goods then the *maqshad* disappears from the contract.\(^{28}\) Because the goods sold in general are only 3 days and the longest one week in dropshipping transactions, and here the object that is traded does not change this price that causes it to not dropshipping with a salam agreement because regardless of the *maqshad* akad.

b. *Samsarah*

*Samsarah* is a term for people who work for other people for wages, both for the purpose of selling and also for the purposes of purchasing. *Samsarah* can also be interpreted as a broker or an intermediary if the contract is juxtaposed with a frequent dropship scheme.\(^{29}\) Dropshipper will become a broker or intermediary, basically they must get a certainty of permission to marketing because in this contract dropshipper does not sell and purchase goods but only marketing, if any interested purchasers will be distributed to the owner of the goods, and wages will be obtained according to the performance of the intermediary is better because the dropshipper only helps to market not sell goods that have not owned.

a. Conditions should be met in the contract of *samsarah*

a) From the aspect of the sold goods must be clear and do not include the forbidden goods, it depends on the owner of the related goods, a dropshipper has to look for the owner of the right goods.

b) From the aspect of the quality of a good should be honest, do not commit to the fraud, in general to get customers sometimes an intermediary, it is often being exaggerated.

c) The initial agreement on wages for brokers is a condition that must be met if the sale and purchase have been done, this is an income for dropshipper.\(^{30}\)


\(^{29}\) Taqyuddin an-Nabhani, *Membangun Sistem Ekonomi Alternatif*, p.78.

c. **Wakalah**

*Wakalah* means surrender, delegation, or it may be interpreted as surrendering the mandate of the owner to the person he or she believes. Meanwhile, according to Shiddieqy, wakalah is a contract of the surrender of power which on that contract a person appoints someone else as his successor in acting.\(^{31}\) In the *wakalah* contract, it can be assumed that humans are truly social creatures that need each other, in other words, a human being will not be able to take care of his own affairs must be needed assistance from others. This can be attributed to the observation of the dropshipping mechanism in the *wakalah* contract which is the attachment of the suppliers who need to be promoted in an item, with the other side of the seller who needs an item to be transacted to the purchaser.\(^{32}\)

Prior to that, the author will associate with pillars and *wakalah* terms that must be met for continuity by using the dropshipping mechanism.

In the mechanism of dropshipping with *wakalah* contract the process begins with the request of suppliers as *al-muwakkil* against the dropshipper as *al-wakil* to conduct sales or marketing of an item to purchasers who are interested in a sought item, or vice versa where a dropshipper as *al wakil* looking for a suppliers who are fit and willing to be used as *al-muwakkil* will be goods that will be traded, it looks like with dropshipping model of guarantee where the dropshipping model guarantees a dropshiper who wants to cooperate or helds on an agreement must be with the guarantee in the form of a deposit or open a joint account there is no fraud or mutual maintenance of each other between the supplier and the dropshipper, because in this practice if there is a registration fee or a requirement to become a dropshipper by paying money, with some facilities such as the dropship purchase model, this is prohibited because in the contract of *wakalah* is not a contract of selling and purchasing but a representation, therefore in *wakalah*contract has hikmah has a mutual help so it is not need sum of money for the registration.

It can be concluded that the dropshipping mechanism with the *wakalah* contract is the occurrence of bond between the representative

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\(^{32}\) https://www.youtube.com/watch?v=6X_xdvox-mg Inspiring miq shiddiq al jawi/hukum dropshipper, accessed on 21 April 2018, on 20.45.
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and muwakkil between the supplier and the dropshipper, and whenever a purchaser is interested in a product marketed by the dropshipper, then the goods first shipment from the supplier to the dropshipper, with delayed payment or cash is not anything because it has become wakil and al muwakkil the most important is the receipt of a certain item, if it has been accepted then do contract selling and purchasing to purchaser by cash with already received the goods.

Islam hints of wakalah contract because humans are essentially creatures that need each other. Not every person has the ability or opportunity to complete all his own affairs. On one occasion, a person needs to delegate a job to others to represent himself.

Closing

The transaction of dropshipping on the views of Islamic economic law has not enough to fulfill to requirements of the validity of trading, particularly in terms of ma’qud alaih (object or goods transacted) so it could be concluded there are two opinions as follow:

1. The prohibited dropshipping transaction

a. The practice of selling and purchasing with the dropshipping mechanism

In the practice of selling and purchasing using the dropshipping system in the online world, in general an individual marketing an item to consumers who had photos or pictures accompanied by the specification of the situation of a certain item in his personal marketplace. As for the stock of goods and goods delivered to the customer was not the responsibility of the dropshipper, the obligation was only to forward orders to suppliers along with the data address of the consumer. In this scheme, the pillar (rukun) in selling and purchase had been fulfilled but in the unlawful conditions of sale and purchase has not been fulfilled, when a customer had paid in cash to the perpetrators of the dropshipper who later the perpetrators of the dropshipper would also make payment in cash for ordering and shipping costs to suppliers, this what made the practice of dropship did not meet the terms ma’qud alaih (objects or goods transacted) so this is was the practice of usury in the sale and purchase, due to the exchange of money between consumers to dropshipper and dropshipper to the supplier with the price of different payment into profit dropshipper.
b. Practice of selling and purchasing using the dropship mechanism using the *salam* contract scheme.

In this case it can be concluded that the opinion of most of the scholars of the Hanafi, Maliki and Hambali, *salam* trades of legal cash were not allowed. This was because the distance and time between the contract *salam* and delivery of goods must be within the estimated time the price can be different or change, with the aim of the wisdom of the contract *salam*, hence the purchaser would get the price that was not expensive, because the purchaser had handed a cash in advance and the goods would be received in the future, while the seller got funds to be capital in managing the business, with the obligation to deliver goods ordered in accordance with the agreed, if a covenant was done but there was no change in the price of goods then the wisdom of the contract was lost. This was because the goods sold in general were only 3 days and the longest one week in dropshipping transactions, and here the object was traded unchanged this price that caused it was not to be dropshipping with the contract *salam* because regardless of the *maqshad akad*.

So the mechanism of dropship by using a *salam* contract could be interpreted by selling goods that were not owned.

2. The allowed dropshipping mechanism.

a. Practice of a dropshipping which is using an intermediate scheme or *samsarah*

Dropshipper would become an intermediary who basically must get certainty of permission to market an item because in this contract, dropshipper did not sell and purchase goods but only market, if any interested purchasers would be distributed to the owner of goods, and wages would be earned according to the performance of these intermediaries. This was better because the dropshipper only helped to market not to sell the goods that had not be owned.

b. Practice a dropship mechanism using a representative or *wakalah* scheme

It can be concluded that the dropshipping mechanism with *wakalah* contract was a relationship between the *wakkil* and *muwakkil* between supplier and dropshipper, and when it came to a purchaser who was interested in a product that was marketed by a dropshipper, then the
dropshipper only made an appointment that had not made a purchase agreement to selling. This was to send goods first from the supplier to the dropshipper, with delayed payments, this was because it had become wakil and al muwakkil the most important was the acceptance of such goods, if the goods had been received then the contract of purchasing agreement with the customer by cash of money and dropshipper who acted as the representative was allowed to send directly to consumers.

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