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# Implementation Of The Hiwalah Contract Through Military Personnel Cooperatives As A Solution To Online Loan Debt Traps: An Islamic Economic Perspective

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**Abstract**

*This study examines the implementation of the hiwalah contract in military personnel cooperatives as a solution to online loan debt traps from the perspective of Islamic Economics. Online loans provide easier access to financing, but they also create risks such as high interest, penalties, unethical debt collection, and economic pressure on military personnel. This study uses a normative legal method with statutory and conceptual approaches. The study analyzes data through descriptive qualitative review of regulations, DSN-MUI fatwas, and relevant literature. The findings show that the hiwalah contract can serve as a sharia-compliant debt transfer mechanism when it meets the principles of consent, transparency, clarity of debt object, and freedom from riba. Military personnel cooperatives play preventive and curative roles through financial literacy, emergency funds, debt restructuring, and transfer of payment obligations. This model aligns with maqasid al-shariah because it protects wealth, life, intellect, religion, and lineage.*

**Keywords: hiwalah, military personnel cooperative, online loans, Islamic Economics, maqasid al-shariah.**

## INTRODUCTION

Financial technology development has encouraged the emergence of online lending services that provide easier access to financing for the public. Through digital applications, a person can apply for a loan quickly with relatively simple requirements. This convenience has made online loans widely used, especially to meet urgent needs.(Centre, 2022)



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However, online loans also create various problems. Many borrowers become trapped in debt because of high interest, administrative fees, late-payment penalties, and unethical debt collection practices. In illegal online lending, collection often occurs through intimidation, threats, verbal harassment, and the dissemination of personal data. This condition harms borrowers economically, psychologically, and socially.

This phenomenon can also affect military personnel. Family needs, consumptive lifestyles, low financial literacy, and urgent necessities may encourage military personnel to use online loans. When payment obligations cannot be fulfilled, debt pressure may disturb concentration, discipline, integrity, and professionalism in carrying out duties.

From the perspective of Islamic Economics, online loans that contain excessive interest, burdensome penalties, and exploitation contradict the principle of justice in muamalah. Therefore, debt settlement requires a fair, transparent, and sharia-compliant solution. One instrument that can be used is the hiwalah contract, which transfers debt obligations to another party that is willing to bear and settle them.(Wicaksono & Santoso, 2021)

Military personnel cooperatives can serve as institutions that help members escape online loan debt traps through the implementation of the hiwalah contract. In addition, cooperatives can perform preventive functions through financial literacy, emergency funds, and safer internal financing. Based on this background, this study discusses the implementation of the hiwalah contract in military personnel cooperatives as a solution to online loan debt traps from the perspective of Islamic Economics.(Nugraheni, 2017)

**Research Methodology**

This study uses a normative legal method with a juridical normative approach. The study focuses on norms, concepts, and legal provisions related to the hiwalah contract, military personnel cooperatives, and online loans from the perspective of Islamic Economics.(Hukum et al., 2023)

The study applies statutory and conceptual approaches. The statutory approach examines Law Number 21 of 2008 on Islamic Banking, Law Number 25 of 1992 on Cooperatives, the Compilation of Islamic Economic Law, DSN-MUI Fatwa Number 12/DSN-MUI/IV/2000 on Hiwalah, and Financial Services Authority regulations on information technology-based lending and borrowing services. The conceptual approach analyzes the concept of hiwalah and its relevance as a mechanism for resolving online loan debt traps through military personnel cooperatives.


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The research data consist of primary, secondary, and tertiary legal materials. Primary legal materials include the Qur'an, hadith, statutory regulations, the Compilation of Islamic Economic Law, and DSN-MUI fatwas. Secondary legal materials include books, scientific journals, research reports, and literature on Islamic Economics, cooperatives, fintech, online loans, and maqasid al-shariah. Tertiary legal materials include legal dictionaries, encyclopedias, and other supporting sources.

Data collection uses library research. The study analyzes data qualitatively through a descriptive analytical method. The analysis interprets legal norms and concepts related to the hiwalah contract, then connects them with the role of military personnel cooperatives as instruments for online loan debt settlement based on Islamic Economic principles and maqasid al-shariah.(Syari, 2000)

## DISCUSSION

### A. Online Loans from the Perspective of Islamic Economic Law

Islamic Economic Law permits debt transactions as long as they aim to provide mutual assistance and do not contain elements prohibited by sharia. The main principles of muamalah include consent of the parties, justice, transparency, honesty, certainty of the contract object, and the prohibition of harm. Every transaction that contains riba, gharar, maysir, tadlis, exploitation, or injustice contradicts sharia principles.(Wicaksono & Santoso, 2021)

Conventional online loans often create problems when additional payments are stipulated from the beginning in the form of interest. From the perspective of Islamic Economic Law, any stipulated addition to the principal debt constitutes riba. In addition, multiplied penalties, hidden fees, and intimidating debt collection can fall into the category of injustice. These problems contradict the basic objective of muamalah, which seeks to create benefit and prevent harm.

Illegal online loans also create problems in terms of consumer protection. Financial Services Authority Regulation Number 22 of 2023 regulates the protection of consumers and the public in the financial services sector, including principles for the conduct of financial service business actors, provision of information, preparation of agreements, complaint services, supervision, and sanctions. This regulation is important for assessing debt collection practices that threaten borrowers, disseminate personal data, or pressure borrowers unethically.(Komisioner & Jasa, 2024)

Therefore, the settlement of online loans from the perspective of Islamic Economic Law cannot focus only on debt repayment. The settlement must consider justice, protection of wealth, protection of human dignity, and prevention of riba and injustice.


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**B. The Concept of Hiwalah in Islamic Economic Law**

In Islamic Economic Law, one contract that can be used to resolve debt problems is hiwalah. Linguistically, hiwalah means transfer or assignment. Technically, hiwalah is a contract that transfers responsibility for debt payment from the debtor to another party that is willing to bear the obligation.

Most fiqh scholars define hiwalah as the transfer of the right to claim a debt. The hiwalah contract can become a solution for military personnel trapped in online loans because it helps transfer the debt burden to a safer institution. However, its implementation must meet the principles of mutual consent, clarity of the debt amount, written agreement, and freedom from disguised riba. Cooperatives must also ensure that the debt transfer truly aims to help members and does not replace online loans with a new burden that remains oppressive.(Nugraheni, 2017)

**C. Analysis of Online Loans from the Perspective of Islamic Economic Law**

Islam allows debt transactions as a form of mutual assistance, or ta'awun, in meeting life needs. However, this permissibility must be implemented based on the principles of justice, transparency, and freedom from elements prohibited by sharia, such as riba, gharar, and injustice.(Akad & Syariah, 2025)

In conventional online lending practices, additional payment is often stipulated from the beginning of the transaction in the form of interest. From the perspective of Islamic law, any addition stipulated on the principal debt falls into the category of prohibited riba. Allah SWT states in Surah Al-Baqarah verse 275:

"Allah has permitted trade and prohibited riba."

Besides riba, illegal online lending practices also often contain injustice through intimidating collection, dissemination of personal data, and disproportionate sanctions against borrowers. Such conditions contradict the principle of protecting individual rights upheld in Islam.

Based on the principles of Islamic Economic Law, the settlement of debt problems must not create greater harm. Therefore, a mechanism is needed to help borrowers escape debt traps without creating exploitation or injustice.

**D. The Phenomenon of Online Loans and Its Impact on Military Personnel**

Financial technology has produced various innovations in the financial services sector, one of which is online lending or peer-to-peer lending. Online loans provide the public with easier access to financing because the application process can be completed


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quickly, easily, and without collateral. However, behind this convenience are various risks that may harm users, especially when loans are used without sound financial planning.

The phenomenon of online loans also occurs among military personnel. As part of society living in the digital era, military personnel have the same access to various technology-based financial services. Family economic needs, children's education costs, urgent needs, low financial literacy, and uncontrolled consumption patterns can encourage some military personnel to use online lending services.

Problems arise when repayment capacity does not match the obligations that must be fulfilled. High interest, administrative fees, and late-payment penalties can trap military personnel in a prolonged cycle of debt. Borrowers may take new loans to pay off previous ones, creating a debt rollover pattern that worsens their economic condition.

For military personnel, online loan debt traps affect not only personal and family finances but also the performance of official duties. Prolonged economic pressure may cause stress, reduce work concentration, disturb psychological stability, and affect discipline and professionalism in carrying out state duties. In certain conditions, economic problems may trigger disciplinary violations or legal violations that harm the military institution.

Therefore, an economic protection mechanism is needed to provide safe, affordable, and sustainable access to financing for military personnel so they do not depend on high-risk online loans.(Nasional & Syariah, 2008)

**E. The Position of Military Personnel Cooperatives as Member Welfare Institutions**

Cooperatives have a legal basis in Law Number 25 of 1992 on Cooperatives. A cooperative is a business entity consisting of individual members or cooperative legal entities and operating based on cooperative principles. Cooperative principles emphasize voluntary membership, democratic management, member economic participation, cooperative education, and cooperation among cooperatives.

Military personnel cooperatives hold a strategic position because they operate within a relatively homogeneous membership environment. Their members have work characteristics, income patterns, and economic needs that can be mapped more easily. This institutional closeness enables cooperatives to perform both economic and social functions. Cooperatives can provide safer financing, supervise members' financial behavior, and educate members about the risks of online loans.

From the perspective of Islamic Economic Law, military personnel cooperatives align with the principles of ta'awun, ukhuwah, justice, and maslahah. Cooperatives do not


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only pursue profit. They also aim to improve member welfare. Therefore, military personnel cooperatives can serve as alternative institutions to prevent members from becoming dependent on online loans.(Meilita & Subardi, 2021)

The role of cooperatives can be preventive and curative. The preventive function includes emergency funds, sharia financing, financial literacy, and assistance in family financial management. The curative function includes restructuring, legal assistance, and debt transfer through the hiwalah contract for members who are already trapped in online loans.

### F. Implementation Model of the Hiwalah Contract in Military Personnel Cooperatives

The implementation of the hiwalah contract in military personnel cooperatives needs to follow clear stages. The first stage is the identification of member debt. The cooperative must examine the loan status, principal debt amount, interest, penalties, administrative fees, and legality of the online lender. This examination is important so that the cooperative does not legitimize invalid claims or claims from illegal providers.

The second stage is verification of the member's repayment capacity. The cooperative needs to assess income, family dependents, other obligations, and the member's basic needs. This assessment aims to design a realistic payment scheme. The cooperative must not set installments that disrupt the basic needs of members and their families.

The third stage is determining the settlement scheme. If the loan comes from a legal provider and the claim amount can be verified, the cooperative can transfer the debt through the hiwalah contract. In this scheme, the cooperative pays the member's obligation to the creditor. After that, the member repays the cooperative based on a further contract agreed upon by the parties. The further contract can take the form of qardh if the cooperative provides bailout funds without profit. If the cooperative charges ujrah, the basis must refer to the principle of hawalah bil ujrah and must not resemble interest.(Hukum et al., 2023)

The fourth stage is settlement of illegal loans. In cases of illegal online loans, the cooperative needs to act carefully. The cooperative should not directly pay claims that lack a clear legal basis. The cooperative can assist members in reporting illegal loans to OJK, Satgas PASTI, or authorized law enforcement bodies. The cooperative can also help restore members' financial condition through limited bailout funds, psychological assistance, and strengthened legal literacy.[4]



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The fifth stage is supervision after restructuring. The cooperative needs to monitor member payments, limit member access to new loans, and provide regular financial education. This supervision is important so that members do not return to the debt cycle. Through this model, hiwalah becomes not only a debt transfer contract but also a mechanism for members' economic recovery.

**G. Maqasid al-Shariah Analysis of the Role of Military Personnel Cooperatives**

The application of the hiwalah contract through military personnel cooperatives has strong relevance to maqasid al-shariah. The objectives of sharia do not only determine the validity of a contract. They also assess the impact of transactions on human welfare. In the context of online loan debt traps, maqasid al-shariah can be used to assess whether cooperatives can protect members from economic loss, psychological pressure, and transaction practices that contradict sharia.

First, hifzh al-mal, or protection of wealth. Cooperatives help members stop the accumulation of interest, penalties, and burdensome fees. Through measured debt transfer, members' wealth can be protected from unreasonable reduction.[7]

Second, hifzh al-nafs, or protection of life. Online loan debt traps often create stress, fear, and mental pressure. The presence of cooperatives can reduce this pressure through more humane and directed debt settlement.

Third, hifzh al-aql, or protection of intellect. Military personnel need high concentration in carrying out their duties. Heavy debt burdens can disturb focus and decision-making. Settlement schemes through cooperatives can help restore members' stability of thought.

Fourth, hifzh al-din, or protection of religion. The hiwalah contract helps members escape transactions that contain riba, gharar, and injustice. Thus, cooperatives do not only provide economic assistance. They also support members' compliance with sharia principles.

Fifth, hifzh al-nasl, or protection of lineage. The economic stability of military personnel directly affects their families. When debt burdens can be controlled, education, health, and family welfare needs become easier to fulfill.

**H. Effectiveness and Limitations of Implementation**

Military personnel cooperatives can become a solution to online loan debt traps if they receive support through adequate capital, orderly administration, human resources who understand sharia contracts, and military institutional policies. The application of the


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hiwalah contract needs to be accompanied by sharia service units, financial literacy, member guidance, and regular evaluation to prevent repeated borrowing. Therefore, military personnel cooperatives can help members escape online loan debt traps in a fair, measured, and Islamic Economic manner.(Akad & Syariah, 2025)

## CONCLUSION

Based on the discussion, online loans provide easier access to financing for the public, including military personnel. However, these services also create risks such as high interest, penalties, additional fees, and unethical debt collection. These conditions can trap military personnel in a debt cycle and disturb concentration, discipline, psychological stability, and professional performance in official duties.

From the perspective of Islamic Economics, online loans that contain riba, gharar, injustice, and exploitation contradict the principles of justice, transparency, and public benefit. Therefore, debt settlement needs to be directed toward mechanisms that are fair, safe, and sharia-compliant.

The hiwalah contract can become a solution because it enables the transfer of military personnel debt obligations to military personnel cooperatives. After the debt is paid, the military personnel repay the cooperative through an agreed contract that is transparent and free from disguised interest.

Military personnel cooperatives have a strategic role as member welfare institutions. Cooperatives can perform preventive functions through financial literacy, emergency funds, and internal financing. They can also perform curative functions through debt restructuring and the application of the hiwalah contract.

Viewed from maqasid al-shariah, the implementation of the hiwalah contract through military personnel cooperatives supports the protection of wealth, life, intellect, religion, and lineage. Therefore, military personnel cooperatives can become a fair, measured, and Islamic Economic solution for overcoming online loan debt traps.

## RECOMMENDATIONS

First, military institutions need to strengthen financial guidance for military personnel through financial literacy programs, socialization of the dangers of illegal online loans, and supervision of members' consumptive behavior. This guidance is important so that military personnel can manage income, arrange spending priorities, and avoid dependence on online loans.


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Second, military personnel cooperatives need to strengthen capital and improve financing service systems so they can become fast, safe, and affordable alternatives for members. Cooperatives also need to provide emergency funds for military personnel who face urgent needs, so members do not seek financing through high-risk online loans.

Third, military personnel cooperatives need to develop sharia-based service units. These units can apply contracts that comply with Islamic Economic Law, including hiwalah, qardh, murabahah, and other relevant contracts. The application of these contracts must include sharia supervision so that they do not deviate from the principles of justice, transparency, and public benefit.

Fourth, the implementation of the hiwalah contract needs clear procedures. Cooperatives must verify the debt amount, legality of the lender, repayment capacity of the member, and agreement of the parties. In cases of illegal online loans, cooperatives should not directly pay claims that lack a clear legal basis. Cooperatives need to help members report to OJK, Satgas PASTI, or authorized law enforcement bodies.

Fifth, military personnel need to increase awareness in managing family finances. They need to avoid consumptive behavior, limit nonproductive debt, prepare monthly budgets, and use cooperatives as safer financing sources. This awareness becomes the main factor so that debt settlement is not only temporary but also prevents the recurrence of the same problem.

Sixth, the government and the Financial Services Authority need to strengthen supervision of illegal online loans, improve consumer protection, and expand public education on the risks of digital financial services. This effort is important so that the public, including military personnel, does not become victims of harmful online lending practices.

Seventh, future researchers should conduct empirical research on the effectiveness of military personnel cooperatives in preventing and resolving online loan debt traps. Future studies can examine the direct implementation of the hiwalah contract, the level of cooperative success in assisting members, and the legal and institutional obstacles that arise in its application.

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