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THE POTENTIAL OF ISTIJRAR CONTRACT IN ISLAMIC FINANCE THROUGH FINTECH

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ABSTRACT

Islamic finance, deeply rooted in Sharia principles, extends its purview to encompass diverse financial transactions. This paper, titled "The Potential of Istijrar Contract in Islamic Finance through Fintech," delves into the nuanced exploration of Bay' Istijar, recognizing its significance in historical and contemporary contexts. The research unfolds with a comprehensive examination of Istijrar's terminological underpinnings, traversing its literal and legal dimensions. The ensuing exploration spans the categorization of Istijrar sales and their variations according to the four major juristic schools, laying a foundational understanding for subsequent analysis. The research concurrently investigates the requisite terminologies intertwined with Istijrar, delving into Bay' Al-ta'ati, Bay' Al-istirsal, Bay' Al-ma'dum, and the intriguing question of whether Istijrar mirrors a checking account. As the narrative unfolds, it systematically dissects the contemporary applications of Istijrar, shedding light on its role within Murabaha contracts, service contracts (Bay' Al-manafi'), supply contracts (Tawreed), the prepaid service domain, financing, and its engagement with embedded options. A comparative analysis between Salam, BBA (Bai Bithaman Ajil), and Istijrar illuminates the distinct features of each, providing a holistic understanding of their respective positions within Islamic finance. Moreover, examining Istijrar's application in Turkey offers insights into its practical implementation within a specific geopolitical context. In conclusion, this research endeavors to demystify the intricate realm of Istijrar, offering a comprehensive synthesis of historical foundations, legal frameworks, and contemporary applications. The findings contribute to the academic discourse on Islamic finance and serve as a practical guide for stakeholders navigating the intersection of Istijrar and modern financial technologies. The paper culminates with recommendations informed by a meticulous analysis, providing valuable insights for scholars, practitioners, and policymakers in the evolving landscape of Islamic finance.

Keywords: *Bay' al-manafi*; *bay' al-ma'dum*; contemporary applications; istijrar

INTRODUCTION

Islamic Sharia provides a comprehensive framework governing various aspects of human life, including acts of worship and financial transactions. In the field of *muamalat*, Sharia establishes principles and legal requirements to regulate

relationships and transactions among individuals and institutions. Financial transactions, in particular, require contractual arrangements that facilitate economic activities while ensuring compliance with Sharia principles. As the Qur'an commands believers to fulfil their contractual obligations (Qur'an 5:1) and establishes the permissibility of trade while prohibiting *riba* (Qur'an 2:275), the development and application of commercial contracts must be examined in light of their underlying legal principles and requirements.

One of the contracts relevant to this discussion is *Bay' al-Istijrar*, which has been practised in various commercial contexts, both historically and in contemporary settings. Generally, *Istijrar* refers to a transactional arrangement in which a buyer obtains goods from a seller periodically or in quantities as required, with payment settled according to the agreed arrangement. Its practical relevance can be observed in recurring purchases, supply arrangements, and transactions in which payment is made after the goods have been received or consumed. Nevertheless, the legal characterisation and permissibility of *Istijrar* depend on the specific structure of the transaction, particularly the determination of the price, the identification and availability of the goods, and the fulfilment of the requirements governing a valid sale contract.

The application of *Istijrar* raises several important jurisprudential questions. These include the extent to which uncertainty concerning the price affects the validity of a sale, the relationship between *Istijrar* and the sale of non-existent goods (*Bay' al-Ma'dum*), and its similarities to other contractual arrangements, such as *Bay' al-Ta'ati* and *Bay' al-Istirsal*. The treatment of these issues also varies across the four major Sunni schools of Islamic jurisprudence. Examining their respective positions is therefore essential to understanding the legal parameters within which *Istijrar* may be applied to contemporary financial and commercial transactions.

In contemporary Islamic finance, the potential applications of *Istijrar* extend to recurring purchases, supply contracts, service arrangements, and certain financing structures. The contract may also be relevant to the operational arrangements of Islamic financial institutions, particularly where goods are acquired periodically and payments are settled under agreed contractual terms. However, the applicability of *Istijrar* in these contexts cannot be established merely on the basis of functional similarities. Each arrangement requires careful examination of its contractual structure, the rights and obligations of the parties, the determination of the sale price, and the requirements of ownership and possession under Sharia.

Against this background, this study examines the concept of *Bay' al-Istijrar*, its principal forms, and the jurisprudential positions of the four major Sunni schools. It also analyses related contractual concepts and explores the contemporary applications of *Istijrar* in Islamic finance, including its potential relevance to financial technology (*FinTech*). In addition, the study considers the implementation of *Istijrar*-based arrangements by selected Islamic financial institutions in Türkiye. Through this examination, the study seeks to clarify the

jurisprudential considerations relevant to the application of *Istijrar* in contemporary financial practices and to identify considerations for its further development in accordance with Sharia principles.

RESEARCH METHODOLOGY

This study adopts a qualitative, library-based research approach, employing doctrinal analysis and document analysis to examine the concept, jurisprudential principles, and contemporary applications of *Bay' al-Istijrar*. The analysis draws on classical Islamic jurisprudential literature, relevant academic publications, and documentary sources relating to contemporary Islamic financial practices. Document analysis provides a structured means of examining and interpreting documentary evidence within qualitative research (Bowen, 2009).

The collected materials are analysed thematically and comparatively. First, the relevant jurisprudential principles and interpretations of the four major Sunni schools are examined to identify areas of agreement and disagreement concerning the validity and conditions of *Istijrar*. Second, these principles are compared with contemporary contractual arrangements to assess their implications for Islamic financial practices, including potential applications involving financial technology (*FinTech*). The analysis focuses on contractual validity, price determination, ownership, possession, and the rights and obligations of the contracting parties.

The study also examines selected institutional documents concerning the implementation of *Istijrar*-based arrangements in Türkiye. These documents are analysed in relation to the jurisprudential principles identified in the literature. Consistent with established methodological guidance, the study seeks to integrate relevant sources into a coherent analytical discussion rather than merely summarising individual publications (Snyder, 2019). The findings are interpreted through qualitative jurisprudential analysis to identify the considerations necessary for applying *Istijrar* in contemporary Islamic finance.

SALES AND CONTRACTS

An examination of Bay' al-Istijrar requires a preliminary understanding of contracts and sales in Islamic jurisprudence. The Arabic term 'uqud (contracts) conveys the meaning of joining or binding and is associated with the Qur'anic command to fulfil contractual obligations (Qur'an 5:1). In legal usage, a contract may be understood as an agreement between two or more parties that produces legal effects through a recognised form of mutual consent. In sales, this is commonly expressed through offer (ijab) and acceptance (qabul) (Abdullah Ben Taher, 2013; Al-Ashqar, 2019).

Sale (buyu') occupies a central position in Islamic commercial law. The Qur'an states that Allah has permitted trade and prohibited riba (Qur'an 2:275). Although the juristic schools express the definition of sale in different terms, their

definitions address the exchange of property or monetary value through a legally recognised transaction. The Hanafi school describes sale as an exchange of property for property by mutual consent. The Maliki, Shafi'i and Hanbali schools provide their own formulations, distinguishing sale from other arrangements such as leasing, marriage, loans and transactions involving benefits. These differences reflect the jurists' respective approaches to defining the legal nature and effects of a sale (Ministry of Awqaf and Islamic Affairs Kuwait, 2010; Deban Al Deban, 2011).

The jurists also differ over the pillars (arkan) of a sale. The majority of Maliki, Shafi'i and Hanbali jurists treat the contracting parties, the subject matter and the contractual expression as constituent elements of the sale. The Hanafi school, by contrast, identifies the contractual expression as the pillar, while treating the contracting parties and subject matter as requirements for the transaction. This distinction provides relevant background for examining the forms of Istijrar in which goods may be taken without a separate verbal offer and acceptance on every occasion (Ministry of Awqaf and Islamic Affairs Kuwait, 2010; Al-Shebib, 2009).

THE TERMINOLOGY AND CONCEPT OF BAY' AL-ISTIJRAR

Definition and characteristics

The term Istijrar is associated linguistically with pulling or drawing something. In commercial usage, Bay' al-Istijrar refers to an arrangement in which a buyer obtains goods from a seller gradually or repeatedly according to need, with payment made in accordance with the arrangement between the parties. Rather than negotiating a separate transaction for every delivery, the parties may deal through an established commercial relationship under which goods are supplied from time to time (Al-Shebib, 2009; Islamic Markets, n.d.).

Istijrar is discussed in the juristic literature under several names and descriptions. It is associated with the later Hanafi and Shafi'i discussions of the buyer taking goods little by little; in Maliki literature, a related practice is referred to as the sale of the people of Madinah (bay' ahl al-Madinah). Other descriptions relate to payment at the market price or to the obligation to take goods in portions. These labels do not necessarily denote identical contractual structures, and their legal treatment depends on the form of the transaction being discussed (Ministry of Awqaf and Islamic Affairs Kuwait, 2010; Al-Shebib, 2009).

A characteristic commonly associated with Istijrar is the repeated or partial delivery of goods rather than the transfer of the entire quantity at once. Payment may be made in advance or deferred, although deferred settlement is common in the examples discussed in the literature. Consequently, the payment method alone does not determine the legal ruling; the transaction must also be examined in relation to the goods, the price and the point at which the sale is concluded (Al-Shebib, 2009; Al-Ashqar, 2019).

FORMS OF ISTIJRAR AND JURISTIC POSITIONS

Factors used to distinguish forms of Istijrar

The forms of Istijrar can be distinguished according to three principal considerations: the timing of payment, the determination of the price, and the identification and availability of the goods. First, payment may be made before the goods are taken or after the buyer has received or consumed them. Second, the price may be specified at the time of taking, determined according to an agreed market-price basis, or left unspecified without an agreed method of calculation. Third, the goods may be identified at the outset or described for later delivery; in some arrangements, the goods may already exist, while in others the agreement concerns goods that are not yet available (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

These distinctions are important because the juristic assessment of Istijrar is not uniform across all its forms. Questions arise particularly where the price or subject matter is uncertain, or where the parties' conduct does not clearly establish when the sale takes effect. The following discussion therefore presents the forms attributed to the four major Sunni schools as reported in the sources used by this study.

1. The Hanafi school

The material examined identifies five forms of Istijrar in Hanafi jurisprudence. In the first, a buyer takes commonly consumed goods, such as bread, salt, oil or lentils, little by little, without knowing the price at the time of taking, and settles the amount after consumption. The account presented in the source notes that the basic rule may raise a concern because the sale is not concluded in the usual manner at the time the goods are taken. Some Hanafi jurists, however, treated the practice with tolerance in view of customary practice and the need to avoid hardship; other explanations relate it to liability for goods taken with the owner's permission (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

In the second form, the buyer knows the price when taking each item and pays later. The sale is treated as permissible in the account presented because the price is known when each transaction occurs. In the third form, the buyer pays a sum in advance for an unspecified quantity or type of goods—for example, rice to be taken in portions—without adequately specifying the subject matter. The source characterises this form as defective because the goods are insufficiently identified. In the fourth form, the buyer pays money but does not expressly conclude a sale at that point, then takes goods at a known unit price; the sale is considered to occur when each portion is received. In the fifth form, the buyer takes goods without knowing their price, and the source treats this as impermissible because the price is unknown at the relevant point of transaction (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

2. The Maliki school

The discussion of the Maliki school associates Istijrar with bay‘ ahl al-Madinah. One form involves a buyer placing money with a seller and subsequently taking a known portion of goods for a known price or value. The account attributes permissibility to the identification of both the goods and the price. Another form involves depositing money for goods whose quantity or daily price is not settled clearly; this is described as impermissible where uncertainty about the price remains at the time of contracting. A further form involves advancing payment and determining the quantity or amount while allowing collection at a later time. The source also identifies as permissible a transaction in which the buyer takes the goods required at a known price (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

The source material describes three forms in its introductory statement but subsequently discusses four examples. This discrepancy is retained here as a point requiring verification against the original juristic source; the number of forms should not be presented as settled until that source has been checked.

3. The Shafi‘i school

The account of the Shafi‘i school distinguishes two cases. In the first, the buyer takes goods gradually without an express sale at the time of taking, with the intention of paying the customary price later. The source reports that a number of Shafi‘i jurists, including al-Nawawi, regarded this arrangement as invalid because it was not concluded through an accepted contractual form. In the second case, the buyer orders goods whose quantity and price are specified, agrees to receive them, and pays later. The distinction therefore turns on the contractual form and the degree to which the subject matter and price are established (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

4. The Hanbali school

The discussion of the Hanbali school relates Istijrar to sales in which the price is not expressly named at the outset but is determined by reference to the market price. The account reports that many jurists objected to such arrangements because of uncertainty (jahalah), while Ibn Taymiyyah, Ibn al-Qayyim and Imam Ahmad are presented as allowing certain forms where the method of determining the price prevents the relevant uncertainty. One example involves the buyer taking goods gradually and settling payment later at the market price. Another involves recording the goods taken and calculating their price according to the market price on the day of sale. The permissibility described in these examples is therefore tied to the method used to determine the price rather than to an unrestricted acceptance of uncertainty (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

General considerations arising from the juristic discussion

The material reviewed indicates that the legal treatment of Istijrar depends on the specific form of the transaction. Knowledge of the price, identification of the goods, the method by which the price is determined, and the point at which the sale is

concluded are recurring considerations. Where the parties rely on a market price rather than stating a price at every delivery, the source material emphasises the importance of an identifiable basis for determining that price. The discussion should not, however, be read as establishing one ruling for every transaction described as Istijrar; the form and contractual conditions remain material to the juristic assessment (Al-Shebib, 2009; Al-Ashqar, 2019).

RELATED CONTRACTUAL CONCEPTS

1. Bay‘ al-Ta‘ati

Bay‘ al-Ta‘ati refers to an exchange in which the parties conduct the transaction through the giving and receiving of goods and payment without an explicit verbal formula of offer and acceptance. Istijrar may resemble Ta‘ati in forms where the parties do not repeat a verbal contract whenever goods are taken. The two concepts are not identical, however. Istijrar commonly concerns repeated or successive transactions, whereas Ta‘ati may refer to a single exchange. Istijrar may also involve advance or deferred payment, depending on the arrangement (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

2. Bay‘ al-Istirsal

Bay‘ al-Istirsal refers to a buyer asking to be dealt with in the manner in which the seller ordinarily deals with other customers. The buyer may rely on the seller’s customary practice rather than negotiate every detail independently. The concept is related to Istijrar because a buyer in an Istijrar arrangement may be unaware of the price at the point of taking the goods, although the buyer may also know the price. Istirsal is therefore presented in the source material as a broader concept that may overlap with certain forms of Istijrar (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

3. Bay‘ al-Ma‘dum

Bay‘ al-Ma‘dum refers to the sale of goods that do not exist at the time of contracting. The relationship drawn in the source material arises in arrangements involving advance payment where the buyer agrees to take goods from the seller as required at a later stage. The comparison highlights the need to examine the status and specification of the goods at the time of the agreement. The similarity should not be taken to mean that all forms of Istijrar constitute sales of non-existent goods; the point depends on the particular arrangement (Al-Shebib, 2009; Ministry of Awqaf and Islamic Affairs Kuwait, 2010).

Istijrar and the current account

The source material also compares Istijrar with a bank current account (al-jari). A current account records successive debit and credit entries, each associated with a transaction date. By comparison, an Istijrar arrangement records goods taken and amounts payable within a continuing commercial relationship. The source draws a parallel between the successive recording of transactions in both arrangements, while distinguishing the banking context of a current account from the sale-based context of Istijrar (Al-Shebib, 2009; Al-Masri, 2010).

The comparison also raises the issue of interest and deferred payment. The source distinguishes a loan, for which an increase in repayment in return for additional time is not permissible, from a sale in which a deferred price may differ from a cash price when the price is established in accordance with the relevant contractual requirements. It notes a potential difficulty where the payment period or the basis for calculating an increase is left uncertain. It also indicates that records associated with an Istijrar arrangement should identify the amount, type and date of each transaction and may include details such as weight, quantity and price. These points are presented as considerations in the source material rather than as a comprehensive ruling on every current-account structure (Al-Shebib, 2009; Al-Ashqar, 2019).

CONTEMPORARY APPLICATIONS OF ISTIJRAR

Application in Murabahah transactions

The source material discusses the possible use of Istijrar in Islamic banking, particularly in transactions involving Murabahah. In a Murabahah arrangement based on a customer's purchase order, a bank agrees to acquire goods and subsequently sell them to the customer at an agreed price, which may be payable immediately or on a deferred basis. Istijrar may be used in the bank's purchasing relationship with suppliers where goods, machinery or equipment are obtained as required under an ongoing arrangement. When a customer requests a particular item, the bank acquires it from the supplier and then sells it to the customer through Murabahah (Al-Shebib, 2009; Al-Ashqar, 2019).

The source emphasises that the bank must own the required goods before selling them to the customer and that the sale between the bank and customer must be concluded through the relevant contractual process. These conditions are central to the account of how Istijrar may operate alongside Murabahah; the mere use of a continuing supply arrangement does not remove the need to fulfil the requirements applicable to the subsequent sale (Al-Shebib, 2009).

Service contracts

The source identifies electricity, water, telephone and internet services as examples of recurring services consumed over time and paid for periodically. The customer uses the service during a billing period and pays the provider according to the quantity consumed and the applicable rate. This arrangement is compared with Istijrar because the service is received continuously or repeatedly while payment is settled later. The amount payable is calculated from recorded consumption and the relevant price or tariff (Al-Shebib, 2009; Abdullah Ben Taher, 2013).

Supply contracts (Tawreed)

A supply contract (tawreed), as described in the source material, involves the periodic delivery of specified or described goods over an agreed period, with payment made in advance, after delivery, or in instalments. The source identifies three payment arrangements: advance payment followed by staged delivery;

payment after the goods have been received; and instalment payments made alongside successive deliveries. The first arrangement is presented as particularly related to Istijrar because goods are delivered in stages (Al-Shebib, 2009; Deban Al Deban, 2011).

The principal distinction made in the source is that supply contracts generally specify delivery dates or periods in advance, whereas delivery under Istijrar may occur according to the buyer's needs without a fixed delivery schedule. Both arrangements may involve the successive delivery of goods, but the agreed delivery schedule distinguishes the supply arrangement described from the Istijrar arrangement discussed here (Al-Shebib, 2009).

Prepaid services, gift cards and salary payments

The source material identifies prepaid services as another area in which Istijrar may be relevant. One example concerns gift cards or financial cards loaded with a specified balance, which may be used by recipients to obtain cash or purchase goods from designated stores. The source states that issuing such cards may be acceptable where the balance is safeguarded and any unspent amount is returned to its owner; it also refers to the possibility of charging a reasonable administrative fee.

A second example concerns the payment of monthly salaries through financial cards, including arrangements intended for employees who do not have bank accounts. Under the arrangement described, the card balance is credited periodically so that the employee can access the salary. The source also refers to a reasonable administrative fee for issuing or maintaining such cards. These examples are reported as proposed applications in the source material; their precise contractual classification as Istijrar would require reference to the underlying arrangements (Al-Shebib, 2009).

Financing through supply arrangements and credit facilities

The source discusses financing through supply contracts in which goods are delivered periodically and payment is made either in advance or later. Such arrangements may involve simple supply contracts, for example the supply of goods and materials to hospitals, hotels and restaurants, or organised supply contracts designed to coordinate the supply of goods to public- and private-sector customers. The source also describes the possibility of using an Istijrar-related arrangement to provide credit facilities, giving as an example the sale of call minutes by a service provider to a bank under an arrangement involving an initial payment and subsequent marketing of the minutes (Al-Shebib, 2009).

Istijrar and embedded options

The source material presents a proposed Istijrar structure involving an embedded option linked to changes in the price of an underlying commodity. In the example, a company requiring short-term working capital approaches a bank to finance the purchase of a raw material. The bank purchases the commodity at the prevailing

price, P_0, and resells it to the company for settlement at an agreed future date, such as three months later.

Under the structure described, the settlement price may be a predetermined Murabahah price, P*, or an average commodity price over the period between the initiation of the contract (t_0) and maturity (t_{90}). The choice of settlement price depends on the movement of the commodity price and the contractual right to fix the price before maturity. At the outset, the parties are described as agreeing on the predetermined price P* and upper and lower price bounds around P_0.

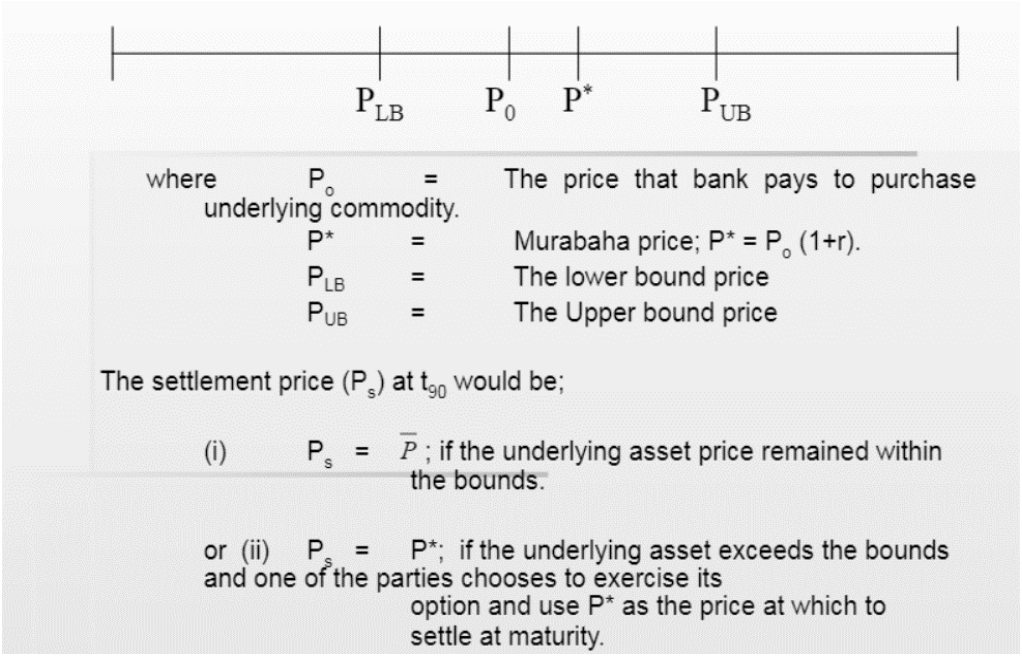


Figure 1: Price Boundaries and Settlement Price Mechanism in the Istijrar Contract

The stated rationale is to distribute the benefits of favourable price movements between the parties rather than allocate all such benefits to one side. The source argues that defining P* and the permitted price range is intended to address uncertainty concerning the possible settlement price. It further interprets the buyer's right to fix the purchase price at P* when the market price rises as resembling a call option, while the bank's corresponding position resembles a put option at the same exercise price (Bacha, 2015).

This discussion presents Istijrar from the perspective of financial engineering and embedded options. The source material does not, however, provide a complete contractual or Sharia assessment of every possible variation of this structure. The example should therefore be understood as the proposed model described by the source, rather than as a general conclusion that any embedded-option structure is permissible.

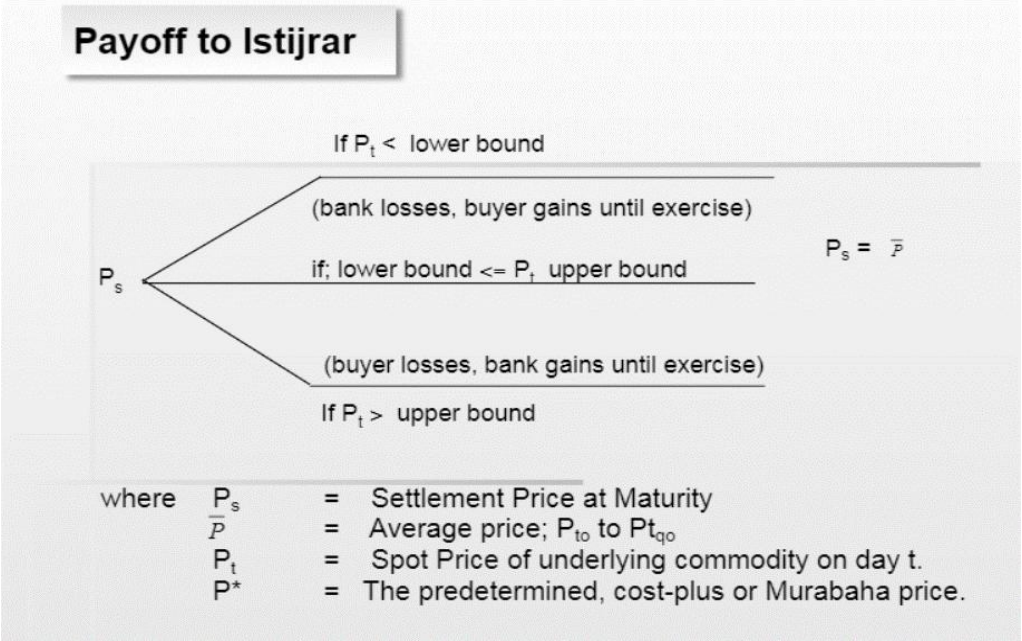


Figure 2: Payoff Structure of the Istijrar Contract under Different Price Scenarios

COMPARISON BETWEEN SALAM, BBA AND ISTIJRAR

The source compares Salam, Bai' Bithaman Ajil (BBA) and Istijrar in terms of their definitions, the delivery of goods, payment arrangements and examples of application. Salam is described as a sale in which payment is made in advance and delivery occurs later, with agricultural transactions given as an example. BBA is described as a sale involving deferred payment, with home financing provided as an example. Istijrar is described as the repeated or instalment-based taking of goods, with payment settled later and supply transactions given as an example.

Table: Comparison of Salam, BBA and Istijrar

Type	***Definition***	***Commodity***	***Payment***	***Examples Of Application***
Salam	Sale with advance payment for future delivery	Supply of purchased goods is deferred	The total price is paid in advance	Agricultural
BBA	A sale contract in which the payment is deferred and payable at a specific particular time in the future (not a kind of a sale rather	In advance	On deferred basis	BBA home financing

	than a mode of payment)			
Istijrar	What a purchaser takes from the seller in installments on a regular basis, with the price to be paid later	Often In installments	At the end	Tawreed sale

The comparison highlights differences in the timing of payment and delivery and in the way the transactions are organised. The categories should be read according to the descriptions supplied in the original manuscript.

APPLICATIONS OF ISTIJRAR IN TÜRKIYE

Kuveyt Türk

The institutional procedure described for Kuveyt Türk begins when a customer submits a financing request for the purchase of goods. The participation bank assigns a financing limit and enters into an Istijrar agreement with the customer. The customer then obtains goods from specified suppliers on behalf of the bank. When payment to the supplier becomes due, the customer informs the bank, which makes payment according to the terms of the agreement and subsequently sells the goods to the customer.

Under the described allocation of responsibilities, the bank is responsible for paying the supplier after the relevant transaction has been completed. The customer receives the goods as the bank's agent and is responsible for matters relating to apparent or hidden defects as stated in the source. The customer also undertakes to make the financing payments according to the agreed payment plan. The source further describes agency arrangements for purchasing and selling. In pay-later transactions, the customer acts as the bank's purchasing agent in matters such as selection, receipt, loading, transportation and delivery. In prepaid transactions, the supplier or seller may act as the bank's sales agent. The source states that, before the agency arrangement is established, the goods should not already have been delivered to the customer, payment should not already have been made to the seller, and the relevant purchase documents should not have been issued in the customer's name. These details are reported from the institutional description supplied in the original manuscript and should be checked against the specific official product documentation (Kuveyt Türk, n.d.).

Ziraat Katılım

The procedure described for Ziraat Katılım similarly begins with a customer submitting a financing request, after which the participation bank assigns a limit and enters into an Istijrar agreement. The customer purchases the specified goods from suppliers on behalf of the bank and informs the bank when payment to the

supplier becomes due. The bank then determines the price with the customer in accordance with the contractual terms and arranges payment to the supplier.

The source also describes a direct debit system (DDS) involving suppliers and dealers. Under this arrangement, the participation bank establishes a DDS agreement with suppliers operating through a dealership network. Dealers seeking to purchase goods under the scheme provide the required authorisation, and the bank assigns a financing limit to the customer and informs the supplier. At the customer's request, the bank purchases goods from the supplier at the agreed price and sells them to the customer on credit. The source also refers to the use of purchasing and selling agency arrangements.

The bank is described as responsible for paying the supplier, while the customer receives the goods as an agent and assumes responsibilities relating to defects as set out in the arrangement. The customer undertakes to pay according to the financing schedule, and the bank or supplier is responsible for delivering the specified goods at the agreed time and place. The agency description states that the goods should not already have been delivered to the customer, payment should not already have been made to the supplier, and the purchase documents should not already have been issued in the customer's name before the agency transaction is carried out. These details should be verified against the specific official product documentation (Ziraat Katılım, n.d.).

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study has examined Bay‘ al-Istijrar in terms of its terminology, forms and treatment in the four major Sunni schools, as well as its relationship with other contractual concepts and its contemporary applications. The discussion indicates that Istijrar may involve the repeated or partial acquisition of goods, with payment made in advance or deferred according to the arrangement. Its juristic treatment depends on the particular form of the transaction, especially the identification of the goods, the determination of the price and the point at which the sale is concluded.

The discussion of related concepts shows areas of similarity between Istijrar and Bay‘ al-Ta‘ati, Bay‘ al-Istirsal and Bay‘ al-Ma‘dum, while also identifying differences in their scope and contractual characteristics. The comparison with supply contracts similarly indicates that both may involve successive deliveries, although the source distinguishes Istijrar by the extent to which delivery is driven by the buyer's needs rather than by a predetermined schedule.

The contemporary applications discussed include Murabahah transactions, service arrangements, supply contracts, prepaid services and financing structures. The institutional examples from Türkiye describe procedures involving participation banks, customers, suppliers and agency arrangements. The source material also presents a proposed structure involving embedded options and

commodity-price movements. Across these examples, the contractual arrangement and the conditions governing the transaction remain central to the assessment of its application in Islamic finance.

Recommendations

First, further study should examine contemporary and recurring commercial arrangements that may be structured on the basis of Istijrar, with particular attention to the contractual terms and the relevant jurisprudential requirements.

Second, renewal-based and other continuing contracts—especially arrangements in which the contractual terms are not explicitly named or fully specified—should be examined in greater detail to clarify their legal characterisation and the conditions governing their validity.

Third, the contemporary applications discussed in this study should be examined against the actual contractual documents and operational procedures used by the relevant institutions. This is particularly important where the proposed arrangement involves agency, deferred payment, price determination or embedded options.

Finally, further jurisprudential analysis is recommended to clarify how the different forms of Istijrar may be applied in contemporary commercial and financial practices while observing the relevant Sharia requirements.

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