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Reconceptualizing Salam Contracts: A Flexible Sharia-Compliant Framework for Modern Islamic Banking

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ABSTRACT.

This study proposes a conceptual framework for an enhanced Salam contract model aimed at improving flexibility, operational efficiency, and practical relevance within contemporary Islamic banking. Although Salam is a Shariah-compliant forward sale contract with strong jurisprudential foundations, its institutional application remains limited due to contractual rigidity, sectoral restrictions, and operational challenges. Drawing on a systematic review of literature published between 2016 and 2026, this paper identifies key constraints in existing Salam practices, including narrow usage confined primarily to agricultural commodities, limited practitioner familiarity, and risk management concerns. In response, the study develops a conceptual model that extends Salam applicability to a broader range of goods and services meeting clearly defined specifications and introduces a structured price-adjustment mechanism that allows buyers to request discounts when delivered goods fail to meet agreed standards. This innovation is expected to reduce dispute risk, enhance legal certainty, and strengthen fairness principles in Shariah-compliant transactions. From a practical perspective, the proposed model has the potential to improve liquidity management, support product innovation—including digital and parallel Salam structures—and enhance institutional competitiveness.

Keywords: conceptual framework, contract innovation, salam contract, shariah compliance

INTRODUCTION

The development of the Islamic banking industry presents both challenges and opportunities for innovating Sharia-compliant financing products (Rahmah et al., 2025). As the industry continues to expand globally, Islamic financial institutions are increasingly required to design instruments that are not only compliant with Islamic legal principles but also capable of responding to evolving market demands, technological advancements, and competitive financial environments (Afifah & Andrini, 2025). This dual requirement—Shariah adherence and market responsiveness—creates a strategic imperative for contract innovation within Islamic finance (Adawiyah & Ismail, 2025).

One contract with significant theoretical and practical potential to support short-term financing and liquidity is the Salam contract (Muneeza & Mustapha, 2020; Mutiara et al., 2025). Historically, Salam has functioned as a forward sale agreement in which payment is made in advance for goods delivered at a later date (Al-Fijawi, 2016; Utami et al., 2026). This structure provides immediate liquidity to sellers while ensuring supply certainty for buyers, making it particularly useful for financing

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production and trade activities (Christy & Nisa, 2024; Muneeza & Mustapha, 2020). Traditionally, Salam has been widely applied in agricultural sectors and natural commodities, where advance payment is needed to support production cycles (Al-Fijawi, 2016; Mutiara et al., 2025). However, its application has remained relatively limited in modern Islamic banking practice, partly due to rigid stipulations regarding product specification, quality standards, and delivery conditions (Al-Fijawi, 2016; Utami et al., 2026). Such rigidity often restricts the flexibility of Islamic banks in adapting Salam contracts to contemporary commercial needs.

In modern financial markets characterized by rapid innovation, diversified transactions, and increasingly complex client demands, reliance on narrowly defined contractual structures may reduce competitiveness and limit product development (Al-Fijawi, 2016; Prayogi & Ramadhan, 2024). Islamic banks must therefore continuously refine classical contracts to ensure they remain relevant without compromising Shariah principles (Al-Fijawi, 2016; Mutiara et al., 2025). Existing literature indicates that although Salam is recognized as a legitimate and potentially powerful financing instrument, its practical utilization is still underdeveloped compared with other Islamic contracts. This gap suggests that structural and operational limitations—rather than doctrinal restrictions—may be the primary factors constraining its broader adoption.

One major limitation lies in the traditional perception that Salam contracts are primarily suited to agricultural commodities or goods dependent on natural conditions (Al-Fijawi, 2016; Utami et al., 2026). Such a narrow interpretation reduces the contract's adaptability in modern economies, where trade increasingly involves manufactured goods, standardized industrial inputs, and even measurable service deliverables (Mutiara et al., 2025; Prayogi & Ramadhan, 2024). Another limitation concerns contractual rigidity, particularly in situations where delivered goods deviate from agreed specifications (Al-Fijawi, 2016). Classical interpretations often do not accommodate flexible remedies such as proportional price adjustments, which may discourage market participants from using Salam due to perceived risks. With the increasing demand for more complex transactions and diversified products, there is therefore a clear need to conceptualize a new, more adaptive Salam model that remains fully Sharia-compliant while addressing contemporary operational realities. The proposed model seeks to broaden the scope of Salam beyond agricultural commodities to include a wider range of goods and services, provided they meet clearly defined criteria such as measurable quantity, weight, quality standards, and definite delivery times. By emphasizing objective specifications, the model preserves the fundamental Shariah requirement of contractual certainty while enhancing applicability across sectors.

Additionally, the proposed framework introduces more flexible contractual conditions, particularly through a structured price adjustment mechanism that allows buyers to request discounts if delivered goods do not meet agreed specifications. This mechanism represents a significant conceptual refinement because it aligns contractual practice with the broader Shariah objectives of fairness, transparency,

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and protection of rights. Rather than weakening contractual certainty, such flexibility can strengthen trust and reduce disputes, thereby improving the overall efficiency and attractiveness of Salam transactions. The significance of developing an improved Salam model extends beyond theoretical interest. From an institutional perspective, a more adaptable Salam contract can enhance liquidity management, facilitate working capital financing, and support sectoral diversification for Islamic banks. From a market perspective, it can provide clients with alternative financing solutions tailored to specific commercial needs. From a systemic perspective, contract innovation contributes to the resilience and competitiveness of Islamic finance within the global financial system.

This paper therefore aims to introduce a comprehensive conceptual framework for a new Salam model, analyze its theoretical foundations, and explore its practical implications for Islamic banking operations. In doing so, it contributes to the academic literature on Shariah-compliant product innovation by bridging classical jurisprudential principles with modern financial realities. The study also draws upon recent international research (2016–2026) to support the argument that adaptive contractual structures are necessary for sustaining growth and relevance in Islamic finance. Ultimately, this research positions the proposed model as both a conceptual advancement and a practical foundation for future empirical investigation. By offering a structured and flexible approach to Salam, the study seeks to demonstrate that classical Islamic contracts can be revitalized through thoughtful reinterpretation and innovation, ensuring their continued applicability in contemporary financial systems while preserving their ethical and legal integrity.

The Salam contract in Islamic finance is a forward sale agreement in which the buyer pays the full price in advance for goods to be delivered at a specified future date with clearly defined specifications—such as quantity, weight, quality, and delivery time—to eliminate gharar (uncertainty) (Hafid et al., 2025; Muneeza & Mustapha, 2020). Within Shariah jurisprudence, this level of specification is a fundamental requirement for contractual validity, ensuring transparency, fairness, and enforceability (Al-Fijawi, 2016; Waluyo & Rozza, 2020). Consequently, Salam is widely recognized as a legitimate financing instrument in Islamic commercial law and has historically been associated with supporting producers requiring upfront capital (Al-Fijawi, 2016; Anwari & Anshor, 2021).

Contemporary literature indicates that although Salam possesses strong theoretical foundations and clear socio-economic benefits, its practical utilization by Islamic financial institutions remains relatively limited (Muneeza & Mustapha, 2020; Utami et al., 2026). Empirical findings suggest that Salam financing can serve as an effective mechanism for forward price risk mitigation and liquidity enhancement, particularly for agricultural producers and small-scale enterprises (Mutiara et al., 2025; Prayogi & Ramadhan, 2024). However, operational complexities, monitoring costs, and contractual risks often hinder its broader institutional adoption (Al Balooshi, 2024; Utami et al., 2026).

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Recent studies have explored innovative adaptations of Salam, including the concept of parallel Salam, whereby Islamic banks enter into a second independent Salam contract with third parties (Adawiah et al., 2025; Alshgoor, 2024). This arrangement allows financial institutions to manage delivery obligations and liquidity needs more efficiently while maintaining compliance with Shariah principles (Adawiah et al., 2025; Al-Fijawi, 2016). Evidence shows that such structural innovations can enhance operational efficiency without compromising the original jurisprudential framework of Salam contracts (Adawiah et al., 2025; Alshgoor, 2024).

Despite these developments, several studies continue to identify persistent barriers to the widespread implementation of Salam financing (Mulyany et al., 2021; Waluyo & Rozza, 2020). Among the most frequently cited constraints are its traditional confinement to agricultural commodities, limited practitioner familiarity, and institutional preference for more standardized contracts (Isahak et al., 2023; Prayogi & Ramadhan, 2024). These factors have led many Islamic financial institutions to rely on alternative financing instruments even when Salam could theoretically provide advantages for short-term financing and productive sector development.

Overall, literature published between 2016 and 2026 consistently demonstrates that Salam contracts hold substantial theoretical relevance and practical potential as Shariah-compliant financing tools. Nevertheless, their application remains constrained by contractual rigidity, sectoral limitations, and operational challenges. This condition signals a clear research gap and underscores the need for conceptual innovation. In particular, expanding Salam's applicability to a wider range of goods and services and introducing structured price-adjustment mechanisms in cases of specification discrepancies may enhance flexibility, reduce disputes, and strengthen its competitiveness within contemporary Islamic banking practices.

RESEARCH METHOD

This study focuses on the development of contemporary Salam financing models due to the significant gap between classical jurisprudence (*fiqh*) principles and the operational demands of modern Islamic banking. The traditional *Salam* contract structure is often perceived as inflexible and faces substantial challenges in practical implementation; thus, it requires adaptive product innovations to ensure the Islamic financial industry remains relevant and competitive. By designing a new conceptual framework, this study aims to provide a theoretical foundation alongside practical solutions for banks navigating dynamic market realities. The urgency of addressing this phenomenon stems from the sluggish growth of *Salam*-based products compared to *Murabahah* contracts, despite *Salam*'s immense potential to support the real sector and food security. Therefore, an in-depth exploration of this innovative model is highly crucial to bridge classical Islamic legal theory with modern financial instruments. It is anticipated that this analysis will enrich the academic literature on Shariah-compliant product innovation and stimulate further empirical investigation in the future.

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The research design utilized in this conceptual article is a qualitative method integrating a Systematic Literature Review (SLR) approach. This specific study type was purposefully selected to comprehensively synthesize various theoretical frameworks, regulations, and previous research findings without conducting physical field interventions. The data employed in this study consist entirely of secondary data sourced from highly credible, peer-reviewed scientific journal articles. These secondary data sources are strictly confined to articles published in accredited national journals, international journals, and reputable international journals that directly align with the core focus of Islamic financial studies. The publication timeline for the selected literature is deliberately restricted to documents published between 2016 and 2026 to guarantee the informational novelty and topicality of the issues under discussion. The selection of these data sources was executed through a systematic screening technique based on pre-defined inclusion criteria, including the relevance of the *Salam* financing topic, product innovation within Islamic banking, and the adaptation of modern financial contracts. Through this rigorous data delimitation, the article successfully establishes a robust argument concerning the vital role of adaptive contract structures in fostering the growth of Islamic finance.

The data collection technique in this study was conducted through digital tracing across various prominent scientific databases, including Google Scholar, Scopus, and Sinta. The article search process utilized a combination of specific keywords relevant to the topic, such as "Salam contract", "Islamic banking innovation", "Shariah compliance", and "conceptual framework". Once the collection of articles was retrieved, the data analysis stage commenced with data reduction through the screening of abstracts and full-text documents to separate relevant literature from irrelevant ones. Subsequently, the data were organized based on major themes, including the theoretical foundations of classical jurisprudence (*fiqh*), operational challenges in banking, and the proposed innovation model. The analytical process was then continued utilizing a critical content analysis technique to compare classical thought with modern financial realities and to synthesize arguments from prior international research. In the final stage, all synthesis results were woven into a comprehensive, logical, and applicable new conceptual framework for contemporary Islamic banking operations. The conclusion-drawing phase was executed by ensuring that the proposed model validly and profoundly addressed all predetermined research objectives.

RESULT

The conceptual framework for the proposed new Salam model aims to address the limitations of traditional Salam contracts while maintaining strict Shariah compliance. By integrating operational flexibility with legal and ethical principles of Islamic finance, this framework is designed to enhance the relevance, applicability, and efficiency of Salam contracts in modern banking. The framework consists of four main elements: product coverage, specification criteria, price adjustment mechanisms, and conceptual operational flow.

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Broader Product Coverage

Traditional Salam contracts have been predominantly applied to agricultural commodities and other products dependent on natural cycles, which limits their usefulness in contemporary banking (Al-Fijawi, 2016; Utami et al., 2026). The proposed model broadens the scope of Salam to include any Shariah-compliant goods or services that can be clearly quantified and delivered in the future (Mutiara et al., 2025; Ramadhani et al., 2025). This includes manufactured products, industrial raw materials, and even certain service-oriented deliverables, provided the criteria for quantity, weight, and quality can be objectively determined.

Expanding the range of applicable products allows Islamic banks to diversify their financing portfolios and reach new market segments, which is particularly important in the context of economic globalization and technological innovation (Al Balooshi, 2024; Anwari & Anshor, 2021). This approach aligns with recent literature advocating for flexible Shariah-compliant instruments capable of supporting modern trade and finance while still adhering to fiqh principles (Muneeza & Mustapha, 2020; Prayogi & Ramadhan, 2024).

Moreover, broader product coverage enhances the bank's ability to respond to client-specific needs and reduces overreliance on a single commodity or sector (Muneeza & Mustapha, 2020; Utami et al., 2026). For example, an industrial manufacturing client may require Salam-based financing for raw materials delivery, while a consumer cooperative may require bulk procurement contracts. By extending the applicability, banks can create more tailored solutions that support economic activity and financial inclusion.

Clear Specification Criteria

A critical limitation of traditional Salam contracts is the risk of gharar, which arises when goods are insufficiently defined (Al-Fijawi, 2016). To mitigate this, the proposed framework emphasizes detailed specification criteria. Salam contract must clearly outline: (1) Quantity: The precise amount or volume of goods to be delivered (Bagus et al., 2024; Mutiara et al., 2025); (2) Weight/Measure: Standardized units of measurement to prevent ambiguity (Abu Bakar, 2023); (3) Quality: Defined by objective criteria or grading standards to ensure compliance with buyer expectations (Al Balooshi, 2024; Utami et al., 2026); and (4) Delivery Time: Specific dates or time ranges for delivery to avoid disputes (Mulyany et al., 2021; Prayogi & Ramadhan, 2024).

These criteria are fundamental not only to comply with Shariah principles but also to provide a measurable basis for evaluating performance and quality upon delivery. By establishing explicit standards, the model reduces potential conflicts, increases legal certainty, and supports a more professional approach to contract management within the bank.

In addition, clear specifications facilitate the use of technological tools, such as digital contracts or blockchain verification, to enhance transparency and

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traceability. Recent studies emphasize the importance of operational clarity in Islamic finance to reduce transaction risks and align contractual outcomes with the principles of fairness and equity.

Price Adjustment Mechanism

One of the most innovative elements of the proposed Salam model is the flexible price adjustment mechanism (Abu Bakar, 2023; Febrianto et al., 2024). Conventional Salam contracts are rigid, prohibiting buyers from requesting price reductions if delivered goods do not meet agreed standards (Amina & Rajae, 2016; Mutiara et al., 2025). This rigidity can lead to operational inefficiencies and market reluctance to use Salam contracts (Abu Bakar, 2023; Wahyuni et al., 2024).

The new salam model introduces a structured adjustment mechanism: (1) Evaluation of Delivered Goods: Upon delivery, goods are assessed against the agreed specifications (Bagus et al., 2024; Mutiara et al., 2025); (2) Discrepancy Handling: If the quality, quantity, or other key attributes deviate from the contract, the buyer can request an adjustment or discount proportional to the deficiency (Abu Bakar, 2023), and (3) Seller Compliance: Adjustments are made without violating the foundational Shariah principles of Salam, ensuring fairness (adl) and transparency (Al-Fijawi, 2016; Prayogi & Ramadhan, 2024).

This approach aligns with the Shariah objectives of justice and protection of the parties' rights while improving the practicality and market acceptance of Salam contracts. It also provides banks with a formal mechanism to mitigate disputes, thereby reducing legal and operational risks. Literature on contemporary Islamic finance supports flexible contract mechanisms as a means to promote innovation and encourage wider adoption of Shariah-compliant instruments.

Conceptual Flow of the New Salam Model

The operational flow of the proposed model can be summarized as follows: (1) Contract Agreement: The Islamic bank and buyer agree on a Salam contract with clearly defined product specifications, quantity, quality standards, and delivery schedules (Bagus et al., 2024; Mutiara et al., 2025); (2) Advance Payment: The buyer makes full advance payment as per the agreed contract terms (Mulyany et al., 2021); (3) Goods Delivery: Goods are delivered at the pre-determined time (Al Balooshi, 2024; Utami et al., 2026); (4) Evaluation and Adjustment: The delivered goods are evaluated; discrepancies from agreed specifications trigger price adjustments according to the pre-established mechanism (Abu Bakar, 2023); and (5) Transaction Completion: The transaction is completed, ensuring fairness (*'adl*), certainty (*yaqin*), and compliance with Shariah principles (Al-Fijawi, 2016; Prayogi & Ramadhan, 2024).

This structured flow ensures that the transaction is transparent, reduces the likelihood of disputes, and facilitates the bank's operational and risk management processes. By integrating these elements, the proposed framework enhances flexibility, promotes innovation in Shariah-compliant products, and maintains the

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ethical and legal standards required by Islamic finance. To clarify the operational structure of the proposed model, Figure 1 illustrates the procedural flow from contract initiation to settlement, including the embedded quality-adjustment mechanism.

Figure 1. Conceptual Flow of the Enhanced Salam Contract Model

DISCUSSION

The proposed new Salam model has several significant implications for Islamic banking operations and the development of Shariah-compliant financial products. By addressing the rigidity of traditional Salam contracts and integrating operational flexibility, this model promotes innovation, risk management, and practical applicability in contemporary banking.

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Enhanced Operational Flexibility

The expansion of product coverage beyond agricultural commodities allows Islamic banks to tailor financing solutions to a wider range of client needs (Al Balooshi, 2024; Utami et al., 2026). For instance, industrial clients may require raw materials or intermediate goods delivered in the future, while consumer cooperatives or SMEs may seek bulk procurement financing (Isahak et al., 2023; Mutiara et al., 2025). By accommodating diverse goods and services with measurable specifications, the model enhances the bank's ability to respond dynamically to market demand, thereby strengthening customer relationships and market penetration (Muneeza & Mustapha, 2020; Ramadhani et al., 2025).

Moreover, operational flexibility contributes to strategic portfolio management (Mulyany et al., 2021; Waluyo & Rozza, 2020). Banks can diversify exposure across multiple sectors, mitigating concentration risk associated with reliance on a single commodity or market segment (Al Balooshi, 2024; Utami et al., 2026). Literature on Islamic finance innovation emphasizes that flexible contracts, such as parallel or digital Salam, improve financial inclusion while maintaining Shariah compliance (Adawiah et al., 2025; Alshgoor, 2024). The broader applicability of Salam contracts therefore allows banks to serve both conventional and non-traditional sectors, increasing relevance and operational agility (Muneeza & Mustapha, 2020; Mutiara et al., 2025).

Reduced Dispute and Uncertainty Risks

One of the core objectives of the proposed model is to minimize gharar (uncertainty) and potential disputes by establishing clear specification criteria and price adjustment mechanisms. By explicitly defining quantity, weight, quality, and delivery schedules, banks provide legal clarity and operational transparency (Bagus et al., 2024; Mutiara et al., 2025). This reduces transaction risk and enhances confidence for both parties, aligning with Shariah principles of fairness (*adl*) and certainty (*yaqin*) (Prayogi & Ramadhan, 2024).

The inclusion of a price adjustment or discount mechanism further strengthens legal and operational safeguards (Abu Bakar, 2023; Febrianto et al., 2024). If the delivered goods do not meet the agreed specifications, the buyer can request a proportional adjustment, preventing conflicts while maintaining ethical and contractual compliance (Bagus et al., 2024; Ramadhani et al., 2025). This approach addresses a limitation often cited in empirical studies of Salam practice, where rigid rules prevent buyers from seeking adjustments, leading to operational inefficiencies and reluctance to adopt the contract (Al-Fijawi, 2016; Utami et al., 2026). By reducing dispute risk, the model promotes sustainable client relationships and enhances the bank's reputation in the market, which is particularly critical in Islamic finance, where ethical standards and trust underpin customer decisions (Muneeza & Mustapha, 2020; Mutiara et al., 2025).

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Liquidity and Financial Efficiency

The new Salam model serves as an effective instrument for short-term liquidity management. Banks can use flexible Salam contracts to mobilize working capital and finance operational needs without violating Shariah principles. The advance payment mechanism inherent in Salam allows banks to access immediate funds, while the price adjustment mechanism mitigates potential losses due to quality discrepancies (Abu Bakar, 2023).

Operational efficiency is also enhanced because the bank can structure transactions to reflect actual market conditions, avoiding rigid contracts that may hinder responsiveness (Mulyany et al., 2021; Waluyo & Rozza, 2020). Studies indicate that flexible Islamic contracts, including modified Salam, improve capital utilization and liquidity management, supporting both profitability and compliance objectives (Muneeza & Mustapha, 2020; Mutiara et al., 2025). Furthermore, this model aligns with risk management strategies by providing clear evaluation metrics for delivered goods and pre-agreed corrective actions. This systematic approach reduces operational uncertainty and enables banks to anticipate and manage financial exposure more effectively.

Product Innovation and Competitiveness

Flexible Salam contracts enable banks to develop innovative products that meet evolving market demands (Adawiah et al., 2025; Muneeza & Mustapha, 2020). By allowing for broader product coverage, adjustable quality standards, and digital implementation, banks can introduce new Salam-based offerings (Fahlevi et al., 2026; Mutiara et al., 2025), such as: (1) Digital Salam platforms: Integrating e-contracts and blockchain verification to streamline processes and improve transparency (Asri & Putra, 2025; Azhaari & Zen, 2025); (2) Parallel Salam contracts: Enabling simultaneous contracts to optimize liquidity and reduce exposure to commodity-specific risks (Adawiah et al., 2025; Al-Fijawi, 2016); and (3) Sector-specific Salam products: Customizing contracts for manufacturing, retail, or service sectors, expanding market reach (Mulyany et al., 2021; Rosana, 2024).

These innovations improve competitive positioning, attracting a wider range of clients, particularly SMEs and emerging enterprises. Literature on Shariah financial innovation emphasizes that adaptability, compliance, and technological integration are key drivers of market competitiveness (Muneeza & Mustapha, 2020; Prayogi & Ramadhan, 2024). Thus, the new Salam model strengthens the bank's strategic differentiation in a highly dynamic financial environment.

Implementation and Regulatory Considerations

Despite its advantages, implementing the new Salam model requires careful planning and regulatory support. Key considerations include: (1) Regulatory guidance: Clear Shariah-compliant frameworks must be established by central banks or Shariah supervisory boards to ensure consistency and legal certainty (Khalilova, 2025); (2) Quality evaluation systems: Banks need robust mechanisms to objectively

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assess delivered goods, including standardized grading, measurement tools, and third-party verification if necessary (Bagus et al., 2024; Mutiara et al., 2025); (3) Staff training: Personnel must understand the flexible contract mechanisms and maintain adherence to fiqh principles during contract execution (Adawiah et al., 2025; Al-Fijawi, 2016); and (4) Monitoring and reporting: Continuous oversight and documentation ensure transparency, accountability, and Shariah compliance throughout the transaction lifecycle (Mulyany et al., 2021; Utami et al., 2026).

Regulators play a pivotal role in facilitating adoption of salam contracts by providing clarity on permissible adjustments and operational flexibility, preventing misuse while maintaining consumer protection (Khalilova, 2025). Implementation considerations also include the potential integration of technology for contract monitoring, quality control, and digital payment systems to enhance efficiency and reliability (Al Balooshi, 2024; Mutiara et al., 2025).

CONCLUSION

This paper introduces a conceptual framework for a new Salam model designed to enhance flexibility, efficiency, and the relevance of Salam contracts in modern Islamic banking. The proposed model extends product coverage beyond traditional agricultural commodities to include other Shariah-compliant goods and services with clearly defined criteria, such as quantity, weight, quality, and delivery timing. By doing so, it addresses one of the primary limitations of conventional Salam contracts, which often restrict their applicability to a narrow range of products and sectors.

A key innovation of this model is the flexible price adjustment mechanism, which allows buyers to request discounts if the delivered goods do not meet agreed-upon specifications. This contrasts with traditional rigid Salam contracts, where buyers have limited recourse, and contributes to reducing dispute risks, enhancing legal certainty, and reinforcing the principle of fairness (adl) in transactions. By integrating such mechanisms, the model maintains strict Shariah compliance while adapting to the dynamic needs of contemporary markets.

From a practical perspective, the new Salam model offers multiple operational advantages for Islamic banks. It enhances liquidity by enabling banks to mobilize advance payments for short-term financing needs and improves operational efficiency through standardized evaluation and adjustment procedures. Additionally, it fosters product innovation by providing a foundation for developing digital Salam, parallel Salam, or sector-specific contracts tailored to diverse market segments. These innovations increase competitiveness and strengthen the strategic positioning of Islamic banks in rapidly evolving financial markets.

Implementation of this model requires careful consideration of regulatory frameworks, robust quality evaluation systems, and adequate staff training to ensure operational effectiveness while upholding fiqh principles. Regulatory guidance and oversight are critical to ensure consistency, mitigate potential misuse, and facilitate market adoption. Strategically, this model contributes not only to operational and

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product innovation but also to broader goals of financial inclusion, economic development, and client satisfaction. It provides a structured approach for Islamic banks to expand their financing offerings to previously underserved sectors and adapt to changing market demands without compromising Shariah compliance.

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