

## **The Internalization of *Maqāṣid al-Sharī'ah* Values in Islamic Home Financing through the *Ijarah Muntahiyah Bittamlik* (IMBT) Scheme**

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### **ABSTRACT**

The rapid development of Islamic finance raises critical questions regarding whether financial products truly reflect the substantive objectives of *maqāṣid al-sharī'ah* beyond mere contractual compliance. In particular, the implementation of *Ijarah Muntahiyah Bittamlik* (IMBT) in Islamic home financing presents both opportunities and challenges in aligning operational mechanisms with ethical and socio-economic objectives. This study aims to analyze the internalization of *maqāṣid al-sharī'ah* values within the IMBT scheme and to evaluate its role in promoting financial inclusion, economic justice, and sustainable household welfare. This research employs a qualitative approach using a Systematic Literature Review (SLR) method, synthesizing relevant scholarly works on IMBT, *maqasid*, and value-based Islamic finance. The analysis focuses on the operational structure of IMBT, its compliance with Sharia principles, and its broader socio-economic implications. The findings indicate that IMBT has the potential to function not only as a Sharia-compliant financing instrument but also as a value-based mechanism that promotes equitable wealth distribution and financial stability. However, the study also reveals that the implementation of *maqasid* values remains limited due to challenges in governance, regulatory harmonization, and practical application. These limitations suggest that many Islamic financial products still operate within a legalistic framework rather than fully embodying ethical objectives. This study implies that strengthening governance, enhancing transparency, and integrating value-based intermediation principles are essential to ensure that IMBT contributes effectively to achieving the higher objectives of Shariah and advancing a more just and sustainable financial system.

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## INTRODUCTION

The rapid expansion of Islamic banking necessitates a critical evaluation of whether financial products genuinely reflect the ultimate objectives of Shariah beyond mere contractual compliance. While existing literature has extensively examined consumer preferences and the general applicability of these objectives within the broader Islamic banking sector, there remains a notable empirical gap regarding the specific operational internalization of these values within the *Ijarah Muntahiyah Bittamlik* scheme (Amin, 2019, 2021).

Existing studies on Islamic home financing have largely focused on consumer behavior, institutional performance, and the level of Shariah compliance within Islamic banking products (Amin, 2019, 2021). These studies provide important insights into the acceptance and operational development of Islamic financial instruments; however, most of them remain descriptive and emphasize compliance indicators rather than the ethical objectives embedded in Islamic finance. While several scholars have highlighted the significance of Maqāṣid al-Sharī'ah as a normative framework for guiding Islamic financial practices, empirical analyses examining how these objectives are operationalized within specific financing contracts are still limited (Shahwan et al., 2023; Wei & Thaker, 2017).

In addition, some studies have raised concerns that Islamic financial products may replicate conventional debt-based structures while maintaining formal Shariah compliance (Amin, 2022; Amin et al., 2021). This criticism is particularly relevant in the context of hybrid contracts such as *Ijarah Muntahiyah Bittamlik*, which combine leasing and ownership transfer mechanisms. Although scholars have discussed the legal and contractual aspects of such arrangements, relatively few studies have examined whether the operational structure of IMBT genuinely reflects maqāṣid principles, particularly in relation to wealth preservation (*hiḥf al-māl*), fairness, and socio-economic stability (Kadi, 2023; Masruh, 2025).

Therefore, a significant research gap remains regarding how *maqāṣid al-sharī'ah* values are internalized within the practical implementation of IMBT-based home financing. Addressing this gap is important for evaluating whether Islamic financial institutions move beyond formal contractual compliance toward value-based financial intermediation that promotes socio-economic justice and sustainable household welfare (Busni et al., 2022; Said et al., 2024; Sheikh & Hussain, 2024). By examining the internalization of maqāṣid values in IMBT practices, this study seeks to provide a deeper understanding of the ethical substance underlying Islamic home financing mechanisms.

In response to this gap, this study aims to analyze the internalization of maqāṣid al-sharī'ah values within Islamic home financing practices implemented through the IMBT scheme. Specifically, this research focuses on how the operational mechanisms of IMBT integrate the objectives of protecting wealth (*hiḥf al-māl*), promoting fairness, and ensuring socio-economic stability in long-term housing finance. By shifting the analytical perspective from formal legal compliance toward value-based implementation, this study seeks to provide a deeper understanding of whether Islamic financial products truly function as instruments of ethical economic intermediation.

Accordingly, this study tests the argument that the integration of maqāṣid al-sharī'ah principles into the operational structure of IMBT can enhance fairness and socio-economic balance in Islamic home financing. The study hypothesizes that the internalization of maqāṣid values within IMBT contributes to more equitable risk-sharing arrangements and supports the preservation of household financial stability. By examining the relationship between contractual design and maqāṣid-based objectives, this research seeks to clarify whether IMBT serves merely as a legally compliant financial mechanism or as a genuine instrument for realizing the ethical goals of Islamic economic principles.

## RESEARCH METHODS

This study employs a qualitative approach using the *Systematic Literature Review (SLR)* method to analyze the internalization of *maqāṣid al-sharī'ah* values within the *Ijarah Muntahiyah Bittamlik (IMBT)* financing scheme. This approach is selected as the research focuses on conceptual analysis and in-depth examination of relevant scholarly literature to understand the relationship between the operational structure of IMBT, maqasid values, and their socio-economic implications.

The data sources in this study consist of secondary data, including academic journal articles, books, research reports, and regulatory documents related to IMBT, *maqāṣid al-sharī'ah*, and Islamic finance. Data collection is conducted through documentation techniques by searching academic databases such as Google Scholar, Scopus, and other credible sources. The inclusion criteria for selecting literature include topic relevance, source credibility, and recency of publication to ensure the academic quality of the data.

The literature analysis in this study adopts the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach to ensure that the study selection process is conducted systematically and transparently. The process begins with the identification of relevant literature from academic databases, followed by a screening stage to remove duplicate and irrelevant articles.

Subsequently, the remaining studies are assessed at the eligibility stage based on predefined inclusion criteria. Finally, only the most relevant and qualified studies are included in the final analysis. This structured process enhances the reliability and validity of the literature review by ensuring that only high-quality and relevant sources are used.

Through this approach, the study is expected to contribute conceptually to the development of value-based Islamic finance, particularly in promoting the implementation of IMBT that is not only legally compliant but also reflects the substantive objectives of *maqāṣid al-sharī'ah*.

## FINDINGS AND DISCUSSION

### The Operational Structure of IMBT in Islamic Home Financing

To provide a more systematic understanding of the operational structure of *Ijarah Muntahiyah Bittamlik (IMBT)* in Islamic housing financing, a *Systematic Literature Review (SLR)* was conducted. The following table summarizes relevant previous studies, including their research focus, methods, and key findings, which serve as the foundation for analyzing the implementation of IMBT comprehensively.

Tabele 1. Summary of Previous Studies on IMBT Operational Structure in Islamic Housing Finance.

No	Author & Year	Research Focus	Method / Approach	Key Findings	Implications
1	Dzubyan (2019)	IMBT concept in Islamic and positive law	Normative	IMBT combines ijarah and sale at the end of the contract	Separation of contracts is required for Sharia compliance
2	Busni et al. (2022)	Hybrid contracts in IMBT	Qualitative	IMBT involves a wakalah contract before ijarah	Contract complexity requires strict supervision
3	Santoso & Anik (2017)	Ijarah financing in Islamic banks	Practical analysis	Ownership is transferred to the bank before leasing	Asset legality is crucial in contracts
4	Ghani et al. (2016)	Beneficial ownership in IMBT	Sharia analysis	Assets must be ready-to-use to avoid uncertainty (gharar)	Limits on financing objects

5	Rohim & Hakim (2023)	Transformation of ijarah contracts	Conceptual	Flexible ownership transfer via sale or grant	Adapts to customer needs
6	Zaky & Farida (2019)	Concept of wa'd in IMBT	Fiqh analysis	Wa'd is not legally binding	Risk of unfulfilled ownership transfer
7	Rahman & Luhur (2021)	Implementation of wa'd in IMBT	Fiqh analysis	Transfer must be executed through a new contract	Ensures Sharia validity
8	Arini & Anggoro (2021)	Legal validity of IMBT financing	Juridical	IMBT improves banking efficiency	Reduces operational burden
9	Fayyad (2023)	AAOIFI standards	Comparative	Separation of contracts is essential	Need for global standardization
10	Morshed (2024)	Islamic leasing accounting standards	Comparative	Misalignment between global and local standards	Risk to financial transparency
11	Hikmah (2019)	Ownership status of contract objects	Legal study	Dual contracts create legal issues	Need for regulatory clarity
12	Syahrir et al. (2023)	Risk management in IMBT	Risk analysis	Risks remain with the bank during leasing period	Importance of risk mitigation
13	Sakti & Adityarani (2020)	Innovation in ijarah contracts	Conceptual	IMBT functions as a Sharia-compliant financial lease	Supports Islamic economic development
14	Kurrohman (2025)	Validity of IMBT agreements	Juridical	Contract documentation must be complete	Ensures legal certainty

The operational structure of IMBT (*Ijarah Muntahiya Bittamlik*) in Islamic housing finance integrates a series of lease contracts (*ijarah*) that culminate in the transfer of ownership (*bai'*), as stipulated in DSN-MUI Fatwa No. 27/DSN-MUI/III/2002 (Dzubyan, 2019). In practice, this mechanism involves the use of a *wakalah* contract, whereby the bank appoints the customer to purchase the asset on behalf of the bank before the lease agreement begins (Busni et al., 2022). This confirmation of purchase to the developer is, in principle, considered to transfer asset ownership to the Islamic financial institution, which then serves as the legal basis for initiating the lease contract with an option for ownership transfer (Santoso & Anik, 2017).

After the lease period ends, ownership is transferred to the customer through either a sale or a grant mechanism agreed upon at the outset of the contract (Dzubyan, 2019; Ghani et al., 2016). The implementation of this mechanism is specifically limited to ready-to-occupy properties in order to avoid uncertainty (*gharar*) in lease-to-own operations (Ghani et al., 2016). Furthermore, the flexibility of the IMBT structure allows banks to determine ownership transfer options either through asset sale before the lease period ends—based on the remaining installment value—or through a grant after all lease obligations have been fulfilled (Rohim & Hakim, 2023).

However, challenges remain in the effectiveness of implementation in practice, as some Islamic banking institutions have not fully complied with the four ownership transfer methods outlined in the fatwa, resulting in inconsistencies with DSN-MUI regulatory functions. This Sharia compliance risk is further complicated by potential violations of principles during the transition between contracts, thereby requiring strict supervision of the essential elements (*rukun*) of *ijarah*, including *sighat* (offer

and acceptance), contracting parties, and the leased object before ownership transfer takes place (Zaky & Farida, 2019).

The use of *wa'd* (promise) in this structure is crucial to bind the commitment of the parties, as without a binding promise, there is a risk that the obligation to transfer ownership may not be legally fulfilled (Zaky & Farida, 2019). Therefore, any promise of ownership transfer agreed upon at the beginning of the *ijarah* contract is categorized as a non-binding *wa'd*, which means that the legal transfer of ownership must be executed through a separate contract after the lease period has fully ended (Zaky & Farida, 2019).

In this context, the bank, as the asset owner, is required to act competently in executing the lease contract, considering that the leased asset cannot undergo a change in ownership status prior to the existence of a valid new contract at the end of the lease period (Rahman & Luhur, 2021). In practice, the choice between ownership transfer mechanisms—whether through a grant or a sale—largely depends on the customer's financial capacity to settle the remaining asset value (Ruchhima & Lahuri, 2019). This integration positions the final lease payment as a component that substantially covers both the acquisition cost of the asset and the profit margin targeted by the bank, thereby providing Sharia legitimacy for the ownership transfer (Rahman & Luhur, 2021).

It is important to note that within the Indonesian banking ecosystem, this implementation is also guided by Bank Indonesia Circular Letter No. 10/14/DPBS, which emphasizes that banks must formally document the agreed ownership transfer option as part of regulatory compliance (Santoso & Anik, 2017). Furthermore, innovation in this scheme reflects the dynamics of contemporary *muamalah*, where Islamic banking institutions introduce new approaches to ensure alignment between lease contracts and broader Islamic capital market principles (Sakti & Adityarani, 2020). This contractual transition reinforces that, in essence, *ijarah* only grants ownership of benefits (*usufruct*), meaning that the leased asset must be returned to the owner before a new ownership transfer contract is executed (Salim, 2024).

Compliance with these procedures requires both the bank and the customer to ensure that all essential elements (*rukun*) and conditions of *ijarah* are consistently fulfilled before entering the ownership transfer phase (Hartanto & Sup, 2022). In this regard, ownership transfer contracts—whether through sale or grant—can, in principle, only be validly executed after the lease period under the *ijarah* contract has fully concluded (Agus, 2018; Sakti & Adityarani, 2020). Therefore, it is necessary to clearly distinguish between pure *ijarah*, which functions as an operating lease without ownership transfer, and the IMBT scheme, which combines leasing with a promise of asset transfer (Tehuayo, 2018).

Within the technical regulatory framework, banks may only provide a promise of ownership transfer once the leased asset has, in principle, been fully owned by the bank (Dzubyan, 2019; Santoso & Anik, 2017). Substantively, this mechanism highlights a fundamental difference between conventional leasing—which involves a redemption payment—and IMBT practices, which allow asset transfer through a grant after the lease period ends (Sartika & Adinugraha, 2016). In addition, the validity of this financing agreement in Islamic banking practice must be ensured through complete supporting documentation, including the main contract draft and the *ijarah* declaration as a binding attachment (Kurrohman, 2025).

Compliance with the standards of the *Accounting and Auditing Organization for Islamic Financial Institutions* (AAOIFI) No. 9 serves as a crucial reference for banks in detailing each stage of the contract to ensure operational alignment with global Sharia principles (Fayyad, 2023). In practice, Islamic banks often prioritize IMBT contracts over pure *ijarah* contracts due to their flexibility in accommodating customers who require assets but face capital constraints (Arini & Anggoro, 2021; Hendra et al., 2023). This transformation distinguishes IMBT as a *financial lease* that integrates sale and lease components,

thereby enabling customers to obtain full ownership rights of the asset through the fulfillment of lease obligations until the end of the contract period (Sakti & Adityarani, 2020).

The utilization of this scheme aligns with the strategic role of Islamic banking as a financial intermediary that channels funds through profit-based financing, while also providing customers with access to productive assets without being burdened by conventional interest mechanisms (2108203067\_2\_bab1.pdf, 2024). On the other hand, operational efficiency for banks is also enhanced, as they no longer bear the maintenance burden of leased assets, allowing for more optimal asset bookkeeping simplification (Arini & Anggoro, 2021). Furthermore, the integration of IMBT within Islamic banking financing portfolios reflects the evolution of *Natural Certainty Contracts*, which focus on outcome certainty through lease schemes that transform into either usufruct or ownership transfer (Arini & Anggoro, 2021).

However, legal complexity arises due to the dualism between DSN-MUI regulations, which consider the promise of ownership transfer as non-binding, and the Compilation of Sharia Economic Law, which instead grants binding force to such promises (Busni et al., 2022). This gap in interpretation calls for more comprehensive regulatory harmonization to ensure that Islamic banks have legal certainty in executing ownership transfer promises, particularly when aligned with AAOIFI standards that emphasize the importance of contract separation to avoid uncertainty (*gharar*) in financial transactions (Fayyad, 2023).

Moreover, the misalignment between international accounting standards and local regulations often creates challenges in leasing asset reporting, potentially affecting overall financial transparency and Sharia compliance (Morshed, 2024). In addition, this contractual structure is often analogized to a *finance lease*, where the bank acts as the *lessor* and the customer as the *lessee*, which substantively reflects a sale agreement rather than a purely leasing arrangement (Mawardi, 2019). Operationally, the separation of contracts becomes crucial because IMBT is categorized as a *Natural Certainty Contract*, providing predictable cash flows and profits for Islamic banks through a lease-to-own scheme (Trimulato, 2017).

Given this complexity, Islamic banking institutions must ensure that every stage of the transaction remains within a legal framework that distinguishes profit-generating activities through non-profit-sharing contracts while maintaining strict prudential principles (Rachman, 2022; Sartika & Adinugraha, 2016). These risk mitigation efforts are essential, considering the potential legal issues related to asset ownership status that often arise from the combination of lease and sale contracts (Hikmah, 2019).

This condition requires banks to simplify financing procedures in order to minimize operational and compliance risks, which are often the main obstacles for customers in the asset transfer process (Atika et al., 2021). Furthermore, the integration of these contracts demands careful separation to avoid indications of *al-hiyal* (legal stratagems) or *bay' al-'inah* practices, which may arise from overly close linkage between *qardh* and *ijarah* contracts within a single transaction. In addition, effective risk management must consider that this contract does not allow the bank to fully transfer the substantial benefits and risks of the asset to the customer during the lease period, meaning that the asset must remain recorded on the bank's balance sheet (Syahrir et al., 2023).

Based on the analysis, it can be understood that the operational structure of IMBT in Islamic housing financing represents a combination of a leasing contract (*ijarah*) and a transfer of ownership mechanism at the end of the contract period. This scheme provides flexibility for customers to acquire assets without requiring full upfront payment, while ownership remains with the bank during the lease period. This indicates that IMBT functions not only as a financing instrument but also as a mechanism that integrates legal certainty with the economic needs of society.

Furthermore, the implementation of IMBT reflects innovation in Islamic financial practices that aim to align classical jurisprudential principles with modern market demands. The use of supporting contracts such as *wakalah* and *wa'd* plays a crucial role in ensuring transaction efficiency and commitment between parties. However, the complexity of this structure also introduces challenges, particularly in maintaining compliance with Sharia principles, such as the separation of contracts and the clarity of ownership status. Therefore, careful contract design becomes a critical aspect in its implementation.

Nevertheless, several challenges remain in the practical application of IMBT, especially regarding regulatory harmonization and Sharia compliance. Differences in interpretation between local and international standards, as well as inconsistencies in practice, may lead to legal and operational risks. Therefore, strengthening governance, simplifying procedures, and enhancing supervision are essential to ensure that IMBT can be implemented effectively while remaining aligned with Sharia principles.

### Internalization of *Maqāṣid al-Sharī'ah* Values in IMBT-Based Financing

While searching for references, we found several that we have included in the table below:

Table 2. Summary of Systematic Literature Review on Maqasid al-Shariah and Value-Based Intermediation in Islamic Finance

No	Author & Year	Topic / Focus	Method	Key Findings	Implications
1	Ayub (2018)	Maqasid in Islamic finance	Conceptual	Maqasid serves as a performance evaluation framework	Encourages value-based measurement
2	Sheikh & Hussain (2024)	Reorientation of Islamic banking	Qualitative	Shift needed from compliance to value-based approach	Focus on societal welfare
3	Mahyudin & Rosman (2020)	VBI and maqasid	Literature review	Products should be maqasid-based, not profit-driven	More ethical product design
4	Fitria et al. (2022)	Mapping maqasid	Bibliometric	Maqasid often misused for legitimization	Need for substantive implementation
5	Monawer et al. (2021)	Maqasid framework	Conceptual	Integration of maqasid with financial systems	Supports sustainable finance
6	Khan (2021)	Value-Based Intermediation	Conceptual study	VBI creates economic and social impact	Promotes sustainable banking
7	Nastiti (2023)	Maqasid performance	Empirical	Governance influences maqasid performance	Need stronger governance
8	Hassan et al. (2024)	ESG & Islamic finance	Review	Need for maqasid transparency indicators	Encourages disclosure
9	Ayub et al. (2023)	Sharia governance	Review	Governance must emphasize accountability	Reform in Sharia supervision
10	Karbhari et al. (2023)	Sharia board & governance	Qualitative	Strategic role of Sharia board	Strengthening supervisory function

This research examines how the integration of *maqāṣid al-Sharī'ah* principles facilitates a shift from mere contractual compliance toward a Value-Based Intermediation model within \*Ijārah Muntahiyah bi al-Tamlik\* structures (Ayub, 2018). By prioritizing the preservation of wealth and social welfare as the fundamental moral compass, this integration addresses the prevailing gap between strict

contractual adherence and the holistic pursuit of community well-being (Sheikh & Hussain, 2024). This paradigm shift requires financial institutions to utilize the *maqāṣid* framework as a baseline for designing new products, moving beyond the limitation of simply maximizing shareholder wealth (Mahyudin & Rosman, 2020).

Furthermore, this approach necessitates a critical re-evaluation of current practices to ensure that *maqāṣid* are not misused to merely legitimize existing structures, but rather to actively mitigate societal harms and promote equitable wealth circulation (Fitria et al., 2022; Güney, 2024). Consequently, harmonizing these moral elements serves as a catalyst for designing comprehensive financial instruments that align institutional performance with the broader objectives of sustainable development (Monawer et al., n.d.).

This transformation is particularly vital in IMBT-based financing, where applying the *maqāṣid* approach as a foundational design metric ensures that liquidity management instruments also contribute to economic justice and equitable wealth distribution (Anisa, 2025). By operationalizing the levels of *maṣlaḥah*—categorizing financial needs into *ḍarūriyyāt*, *ḥājīyyāt*, and *taḥsīniyyāt*—institutions can verify that IMBT mechanisms function as legitimate instruments for achieving tangible socio-economic benefit rather than mere legalistic formality (Al-Nahari et al., 2022), (Monawer et al., 2021). This transition aligns with the Value-Based Intermediation strategy, which posits that financial offerings must produce sustainable outcomes for the economy, society, and the environment (Khan, 2021). Such an alignment underscores the necessity of moving beyond technical shariah compliance toward the substantive realization of \*maqāṣid\* as a moral compass for a more ethical and sustainable financial architecture (Karimullah, 2023).

This systemic evolution demands that Islamic banks effectively synthesize their jurisprudence requirements with proactive sustainable development practices (Mergaliyev et al., 2019). This necessitates a collaborative commitment from both management and Shari'ah supervisory boards to prioritize the public interest over mere profit maximization, ensuring that transactions reflect the richness and dynamism of the Qur'anic teachings (Maulida & Ali, 2023), (Aassouli et al., 2018). To achieve this, institutions should adopt comprehensive disclosure rubrics that explicitly measure the alignment of IMBT operations with established *maqāṣid* benchmarks, thereby ensuring accountability beyond internal Shari'ah advisory reviews (Hassan et al., 2024; Tumewang et al., 2023). Integrating these performance indicators effectively demands a robust corporate governance framework that enforces adherence to Shari'ah-compliant business ethics through transparent and accountable oversight mechanisms (Nastiti, 2023). Such a paradigm requires the institutionalization of value-oriented ecosystems where regulators enforce a comprehensive schedule of accountability to track sustainable development goals alongside financial performance (Ayub et al., 2023).

This shift necessitates redefining Shari'ah governance to encompass intermediate meso-level infrastructures, such as financial reporting and advisory services, which facilitate the operationalization of *qard*, *zakāh*, and *awqāf* within broader institutional mandates (Khan, 2019). Furthermore, this integration requires systemic efforts to move beyond traditional compliance, ensuring that Islamic financial institutions operate as vehicles for social justice and economic fairness rather than mirroring the metrics of conventional capitalism (Haron et al., 2020; Karbhari et al., 2023).

Specifically, the adoption of Value-Based Intermediation provides a distinct competitive edge by positioning Islamic financial institutions as leading agents of positive change, fostering an environment where wealth generation and distribution are governed by justice and fairness (Arshad et al., 2018). Integrating these ethical imperatives into IMBT frameworks allows institutions to harmonize their operational objectives with broader social welfare goals, effectively bridging the normative gap between contractual form and economic substance (Dusuki & Bouheraoua, 2011). Moreover, this

strategic alignment mandates the implementation of rigorous internal oversight mechanisms that facilitate the supervisory functions of executive management and Shari'ah Supervisory Boards in validating these ethical objectives (Sheikh et al., 2023).

These oversight mechanisms must also encompass a culture of accountability to all stakeholders, ensuring that banks actively *live the values of ihsan* by prioritizing responsible stewardship and ethical conduct in their daily operations (Yunus & Rizal, 2025). This commitment to *al-adl* necessitates that Islamic financial institutions adopt governance frameworks that explicitly balance the interests of shareholders with the broader socioeconomic needs of the community, ensuring that wealth creation does not create imbalances (Boudawara et al., 2022).

In this context, the shift toward Value-Based Intermediation advocates for a move away from the 'micro-fiqh' legalistic approach, which often prioritizes contractual validity at the expense of macro-economic stability (Haneef, 2020). Instead, this evolution necessitates that Shari'ah governance serves as a mechanism for value-oriented reform, addressing real economic issues by moving beyond the narrow confines of formal compliance (Hasan, 2016). By centering on the ethical philosophy of Islam, institutions can transform IMBT mechanisms into instruments that actively address gaps in environmental responsibility and corporate ethos (Jatmiko et al., 2022). This strategic redirection fosters a financial environment where economic activities are intrinsically linked to social justice and the equitable distribution of wealth (Tok & Yesuf, 2022).

This holistic approach encourages the integration of agent-based ethics, where institutions strive for *\*ihsan\** by offering products that exceed minimal legal requirements to directly alleviate financial fragility and exclusion (Jatmiko et al., 2023). Consequently, the Sharia Board must transition from a role of merely verifying technical contract validity to actively supervising the socio-ethical impact of these investments, ensuring they prevent moral hazard and mitigate exploitative capital practices, (Haddou & Boughrara, 2025). This supervisory evolution requires that boards evaluate financial transactions through a lens of stakeholder governance, ensuring that instruments facilitate development rather than merely streamlining capital accumulation (Avdukić & Asutay, 2024).

This reorientation mandates that Islamic financial institutions adopt a robust governance framework characterized by disciplined accountability, ensuring that corporate social responsibility is systematically integrated into the bank's operational schedule (Ayub et al., 2023). This structural transformation aligns institutional strategies with the axiom of *tazkiyah*, fostering organizational growth that avoids systemic imbalances while simultaneously promoting long-term societal well-being (Boudawara et al., 2023).

This transformation is further bolstered by the synthesis of Value-Based Intermediation and ESG screening, which enables financial entities to effectively measure their ecological footprints and contribution to sustainable development goals (Ansari et al., 2020; Butt et al., 2023). By embedding these ethical frameworks within corporate governance, Islamic financial institutions can ensure that their operational strategies remain congruent with both Islamic principles and international transparency standards (Sadek et al., 2025).

Consequently, the effective operationalization of these frameworks relies on establishing a dual-layered supervisory approach that evaluates both the technical validity of financial instruments and their broader socio-ethical contributions (Kobiyh & Amri, 2023; Nasution et al., 2026). This dual-layered oversight facilitates a more equitable distribution of wealth and opportunities, transforming Islamic financial institutions into catalysts for sustainable socioeconomic development. This systemic integration enables institutions to move beyond simple risk mitigation toward achieving the higher objectives of Shari'ah, which prioritize the well-being of the broader society (Şencal & Asutay, 2020). By aligning these mechanisms with established corporate governance standards, such as those

prescribed by the AAOIFI and IFSB, institutions can mitigate the risks of moral hazard while ensuring rigorous internal compliance and transparent reporting (Rehan et al., 2025).

Based on the analysis conducted, it can be understood that the development of Islamic finance is no longer sufficient if it only focuses on contractual compliance, but must transform toward a more substantive approach through the integration of maqasid al-shariah values. This approach emphasizes that the primary objective of financial activities is not merely to fulfill legal requirements, but also to generate tangible social welfare. Therefore, the success of Islamic financial institutions should not be measured solely by profitability, but also by their contribution to societal well-being.

In this context, the concept of Value-Based Intermediation (VBI) emerges as an approach that bridges normative principles and practical implementation. VBI encourages financial institutions to integrate social, economic, and environmental dimensions into their operations. This reflects a paradigm shift from a purely legalistic approach to a more holistic, value-based framework, where financial instruments function not only as transactional tools but also as mechanisms for promoting equitable and sustainable wealth distribution.

However, the implementation of maqasid values still faces significant challenges, particularly in terms of governance and practical application. Without strong oversight systems and clear performance indicators, maqasid risks becoming merely a normative justification without real impact. Therefore, a stronger institutional commitment is required to internalize these values across all operational processes, ensuring a balance between economic interests and long-term societal welfare.

### Ethical Implications of IMBT for Socio-Economic Justice

To provide a comprehensive overview of the development of studies related to *Ijarah Muntahiyah Bittamlik (IMBT)* in promoting socio-economic justice and financial inclusion, a *Systematic Literature Review (SLR)* was conducted. The following table summarizes relevant previous studies, including their research focus, methods, and key findings, which serve as the foundation for this research analysis.

**Table 3.** Systematic Literature Review on *Ijarah Muntahiyah Bittamlik (IMBT)*, Financial Inclusion, and Socio-Economic Justice

No	Author & Year	Focus / Topic	Method	Key Findings	Implications
1	Muhammad et al. (2025)	IMBT & financial inclusion	Empirical	IMBT supports inclusion for marginalized groups	Reduces financial exclusion
2	Shaukat et al. (2024)	Socio-economic justice	Conceptual	Islamic finance promotes justice and fairness	Strengthens ethical finance
3	Al-Aidaros et al. (2013)	Islamic ethical framework	Conceptual	Prohibition of riba supports equitable system	Encourages risk-sharing
4	Baloch & Chimanya (2023)	Ethical finance practices	Review	Finance must align with social responsibility	Prioritize societal welfare
5	Ratnasari et al. (2025)	Riba & inequality	Analytical	Interest-based systems increase inequality	IMBT as an alternative solution
6	Ekawaty (2025)	Welfare & inclusion	Conceptual	Islamic finance supports social inclusion	Promotes equitable distribution
7	Osman (2023)	Sustainable Islamic finance	Review	Risk-sharing improves sustainability	Enhances long-term stability
8	Al-Khatib & Altarturi (2025)	Fintech & Islamic microfinance	Conceptual	Integration with zakat & waqf increases access	Supports MSMEs
9	Al-Mubarak (2016)	Asset-based finance	Conceptual	Asset-backing reduces financial instability	Improves economic resilience

10	Hassan (2024)	Financial inclusion challenges	Review	Lack of awareness & regulatory barriers	Need for policy improvement
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This analysis employs a Systematic Literature Review to evaluate how *Ijarah Muntahiyah Bittamlik* functions as a mechanism for financial inclusion while upholding the Islamic principles of justice and equitable wealth distribution (Muhammad et al., 2025; Shaukat et al., 2024). By synthesizing existing peer-reviewed literature, this research underscores how IMBT, through its prohibition of *riba* and focus on risk-sharing, serves as a foundational driver for poverty alleviation and sustainable development (Al-Aidaros et al., 2013). Furthermore, the integration of such instruments into the modern financial architecture necessitates a rigorous alignment with the foundational objectives of Shariah, ensuring that contractual frameworks prioritize societal stewardship over mere capital accumulation (Baloch & Chimenya, 2023).

By addressing the systemic imbalances inherent in interest-based models, IMBT offers a pragmatic pathway toward mitigating economic inequality and promoting long-term social sustainability (Ratnasari et al., 2025). This transition requires strengthening institutional governance and ensuring that the productive allocation of funds remains anchored in the ethical mandates of Islamic economics (Ekawaty, 2025; Khandakar et al., 2025). Consequently, policymakers must cultivate a regulatory environment that incentivizes transparent contractual structures, thereby reinforcing the fiduciary responsibilities of financial institutions toward their beneficiaries.

Moreover, the practical application of IMBT aligns with broader Islamic finance objectives by fostering risk-sharing and impartial wealth distribution, which are critical for supporting economically marginalized populations (Muhammad et al., 2025; Osman, 2023). In this context, IMBT serves as an essential alternative to debt-based instruments, shifting the focus from rent-seeking behaviors toward mechanisms that prioritize the actual productivity of capital (Dusuki & Bouheraoua, 2011). Beyond these structural advantages, the integration of IMBT within a broader welfare framework enables a more holistic approach to social inclusion, mirroring the developmental impacts observed in other Islamic financial instruments like *zakat* and *waqf* (Ekawaty, 2025).

By leveraging such synergistic models, Islamic microfinance institutions can transition away from restrictive collateral-based lending practices that currently exclude vulnerable segments of the population (Al-Khatib & Altarturi, 2025). Such a strategic shift facilitates the development of sustainable financial ecosystems that prioritize the welfare of the *ummah* while addressing the underlying impediments—such as high risks and cultural constraints—that frequently hinder access to credit for low-income entrepreneurs (Al-Isawi, 2024; Rahmah, 2023).

Furthermore, the capacity of IMBT to function as an asset-backed contract reduces the systemic volatility associated with debt-based financial systems, which often exacerbate income inequality and resource misallocation (Al-Mubarak, 2016). When combined with redistributive mechanisms like *zakah* and *waqf*, IMBT can be further optimized to ensure that the liquidity generated through asset-based financing directly supports the sustainability of small-to-medium enterprises and the broader economic empowerment of the community (Sulastyawati, 2020). This integration effectively links the monetary and real economies, fostering stability and productivity while ensuring that financial operations remain deeply embedded in the social objectives of *Maqasid al-Shari'ah* (Mergaliyev et al., 2019).

Ultimately, by operationalizing these principles, financial institutions can transition toward an ecosystem that promotes genuine economic welfare rather than mere financial throughput (Hai et al., 2022). This transition requires robust empirical verification to ensure that risk-sharing mandates are not merely theoretical but are actively reducing the systemic involuntary financial exclusion of vulnerable

populations ([Razak & Asutay, 2021](#)). Such collaborative synergies between asset-backed financing and philanthropic redistribution empower micro-enterprises by transforming beneficiaries into sustainable contributors within the broader Islamic economic framework ([Kahfi & Nurfajriani, 2025](#); [Mukhid, 2024](#)).

Furthermore, the practical implementation of these inclusive models must navigate contemporary challenges such as regulatory fragmentation and the persistent lack of awareness regarding Shariah-compliant financial fundamentals, which currently impede the widespread scalability of integrated social finance ([Hassan, 2024](#)). Addressing these obstacles requires the adoption of transparent, technology-enabled frameworks, such as blockchain, to simplify complex transactions and enhance the clarity of Shariah compliance ([Sairally, 2022](#)).

Additionally, fostering partnerships between microfinance institutions and social fund agencies can bridge institutional gaps, ensuring that the outreach to ultra-poor segments is both ethically grounded and operationally effective ([Tabarik & Alfarezel, 2025](#)). By leveraging such integrated ecosystems, institutions can better manage the transition from consumption-based assistance to long-term asset development, effectively addressing the systemic over-indebtedness that characterizes conventional micro-credit models ([Ashraf, 2023](#)), ([Nasution & Ahmed, 2015](#)), thereby mitigating the inherent risks of exploitation while advancing the collective welfare objectives of \*Maqasid Shariah\* ([Anisa, 2025](#)).

This paradigm shift necessitates a re-articulation of financial practices that transcend mere legalistic compliance, moving toward a proactive framework that addresses societal harm and promotes the equitable circulation of wealth ([Fitria et al., 2022](#)). Such an evolution demands that financial institutions adopt robust screening infrastructures to ensure that investments not only satisfy technical Shariah standards but also contribute to broader environmental, social, and governance outcomes ([Khan, 2019](#)).

This multidimensional approach aligns with the core principles of the Islamic financial system, which utilizes profit- and risk-sharing contracts to offer a viable alternative to conventional debt-based structures that often hinder financial inclusion ([Mohieldin et al., 2011](#)). By integrating these frameworks with social finance instruments, institutions can better align their operations with the spirit of equity and distributive justice rather than purely profit-maximization ([Dzulkepli & Barom, 2021](#)). To realize this vision, regulators must prioritize the establishment of comprehensive rubrics that measure the performance of IMBT against *Maqasid al-Shari'ah* indicators, ensuring that operations and governance remain accountable to the objective of human well-being ([Hassan et al., 2024](#)). Furthermore, regulatory authorities should facilitate the development of standardized sharia-compliant performance metrics, fostering closer coordination between oversight bodies to enhance the integration of these social objectives within the broader financial landscape ([Pertiwi & Herianingrum, 2024](#)).

Furthermore, the utilization of financial technologies such as blockchain and electronic accounting can catalyze this institutional support, enabling more transparent and efficient resource allocation ([Kuanova, 2023](#)). These governance mechanisms, by fostering greater accountability and transparency, strengthen the public trust necessary to protect vulnerable participants within the financial ecosystem ([Markom, 2018](#)). Building upon these governance foundations, regulators must cultivate a value-oriented ecosystem that prioritizes sustainable development goals and corporate social responsibility to ensure that institutional practices effectively reflect the broader spirit of Islamic justice ([Ayub et al., 2023](#)). This process necessitates stronger collaboration between regulatory institutions and educational bodies to ensure that Islamic finance maintains an inclusive, equitable, and ethically grounded trajectory ([A'yun, 2025](#)).

Based on the literature reviewed, it can be observed that *Ijarah Muntahiyah Bittamlik (IMBT)* plays a significant role in promoting financial inclusion by providing an alternative to conventional debt-based financing. Its asset-backed and risk-sharing characteristics enable broader access to financial services, particularly for marginalized communities that are often excluded from traditional financial systems. This indicates that IMBT is not only a contractual instrument but also a mechanism that supports equitable participation in economic activities.

Furthermore, the integration of ethical principles within IMBT reflects the broader objective of Islamic finance in achieving socio-economic justice. By emphasizing the prohibition of *riba* and promoting fairness in wealth distribution, IMBT contributes to reducing systemic inequalities. The model encourages a shift from profit-driven practices toward value-oriented financial systems, where economic activities are closely linked to social responsibility and long-term sustainability.

However, the effectiveness of IMBT in achieving these objectives depends heavily on governance, regulatory support, and practical implementation. Challenges such as limited awareness, regulatory fragmentation, and operational constraints may hinder its full potential. Therefore, strengthening institutional frameworks and enhancing transparency are essential to ensure that IMBT functions not merely as a theoretical concept but as a practical solution for advancing financial inclusion and socio-economic welfare.

### **Integration of Operational Structure, *Maqāṣid* Values, and Social Implications of IMBT**

The analysis of the three discussions indicates that *Ijarah Muntahiyah Bittamlik (IMBT)* should not be understood merely as a financing contract, but rather as a system that integrates technical, normative, and social dimensions within Islamic finance. From an operational perspective, IMBT represents a combination of a leasing contract (*ijarah*) and an ownership transfer mechanism, providing flexibility for customers to acquire assets. However, this structural complexity also introduces challenges in maintaining Sharia compliance, particularly regarding contract separation, clarity of ownership, and consistency in practical implementation.

On the other hand, the discussion on the internalization of *maqāṣid al-sharī'ah* highlights that IMBT holds significant potential to evolve into a value-based financial instrument (*value-based intermediation*). The integration of values such as justice (*al-'adl*), public interest (*maṣlahah*), and social responsibility reflects a paradigm shift from a purely legalistic approach toward a more substantive one. Consequently, the success of IMBT should not be measured solely by contractual compliance, but also by its ability to generate tangible socio-economic benefits and contribute to financial stability.

Furthermore, the ethical and social implications of IMBT reinforce its role as a mechanism for promoting financial inclusion and equitable wealth distribution. Its asset-based nature and risk-sharing principles position IMBT as a fairer alternative to debt-based systems. Nevertheless, its effectiveness largely depends on the quality of governance, regulatory support, and institutional readiness in implementing Sharia principles comprehensively. Without strengthening these aspects, there is a risk that IMBT may merely replicate conventional financial structures without delivering meaningful transformation.

Therefore, the synthesis of these three discussions underscores that the optimization of IMBT requires a holistic approach that goes beyond contract design to include value internalization and social impact. The integration of operational mechanisms, *maqāṣid* values, and socio-economic implications is essential to realizing an Islamic financial system that is not only formally compliant but also just, inclusive, and sustainable.

Table 4. Key Findings Table – IMBT, Maqasid, and Socio-Economic Impact

No	Key Aspect	Main Findings	Brief Explanation	Implications
1	IMBT Operational Structure	Hybrid contract ( <i>ijarah</i> + ownership transfer)	IMBT combines leasing and ownership transfer at the end	Requires contract separation for Sharia compliance
2	Role of Wakalah & Wa'd	Supporting contracts are essential	Wakalah is used for asset purchase, wa'd for transfer commitment	Risk arises if not clearly structured
3	Sharia Compliance	Still largely legalistic/formal	Practices often focus on compliance rather than values	Need for value-based approach (maqasid)
4	Maqasid al-Shariah	Not fully internalized	Justice and welfare values are not optimally implemented	Requires substantive integration
5	Value-Based Intermediation (VBI)	Emerging paradigm	Shift from profit-oriented to social welfare orientation	Promotes sustainable financial systems
6	Economic Justice	IMBT supports wealth distribution	Asset-based and risk-sharing mechanism	Alternative to interest-based systems
7	Financial Inclusion	Expands access to financing	Supports underserved communities	Reduces financial exclusion
8	Financial Stability	Asset-backed structure	Reduces speculation and volatility	Enhances economic resilience
9	Regulatory Challenges	Regulatory dualism	Differences between DSN-MUI, KHES, and AAOIFI	Need for regulatory harmonization
10	Implementation Challenges	Governance and practice gaps	Weak supervision and lack of maqasid indicators	Risk of deviation from Sharia principles
11	Governance Role	Highly critical	Role of Sharia board and management is central	Requires stronger oversight
12	Transparency & Accountability	Still limited	Lack of clear maqasid-based indicators	Need value-based disclosure
13	Operational Risk	Contract complexity	Risk of gharar, al-hiyal, and legal issues	Requires careful contract design
14	System Transformation	From compliance to value-based system	IMBT as an ethical financial instrument	Toward a just Islamic financial system
15	Social Impact	Promotes welfare and social justice	Integration with zakat, waqf, etc.	Supports inclusive and sustainable finance

## CONCLUSION

This study finds that the internalization of *maqāṣid al-sharī'ah* values within the *Ijarah Muntahiyah Bittamlik* (IMBT) financing scheme has a more significant impact than previously understood, particularly in promoting economic justice, household financial stability, and financial inclusion. IMBT functions not only as a contractual financing instrument but also as a mechanism that integrates principles of fairness, equitable wealth distribution, and social sustainability. This finding challenges the conventional assumption that Islamic financial products merely fulfill formal contractual compliance and opens new discussions on the importance of a value-based intermediation approach in Islamic finance practices.

From a scientific perspective, this study reinforces previous findings regarding the importance of *maqāṣid al-sharī'ah* as a normative framework in Islamic finance, while also questioning the validity of purely legalistic approaches that tend to overlook ethical and social substance. Furthermore, this research introduces an integrative perspective between the operational structure of IMBT and maqasid values, emphasizing that financial contract design should meaningfully reflect the objectives of Shariah. Thus, this study contributes to enriching academic discourse by positioning IMBT not only as a financial product but also as a transformative instrument toward a more just and sustainable financial system.

However, this study has several limitations, particularly as it is based on a literature review with a limited scope of studies within specific contexts, making it difficult to generalize the findings. Additionally, variations in institutional conditions, customer characteristics, and implementation practices across different regions have not been fully addressed in this analysis. Therefore, future research is recommended to adopt empirical approaches with larger and more diverse samples to gain a more comprehensive understanding of the effectiveness of IMBT in realizing the objectives of *maqāṣid al-sharī'ah*.

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