

# CHAPTER I

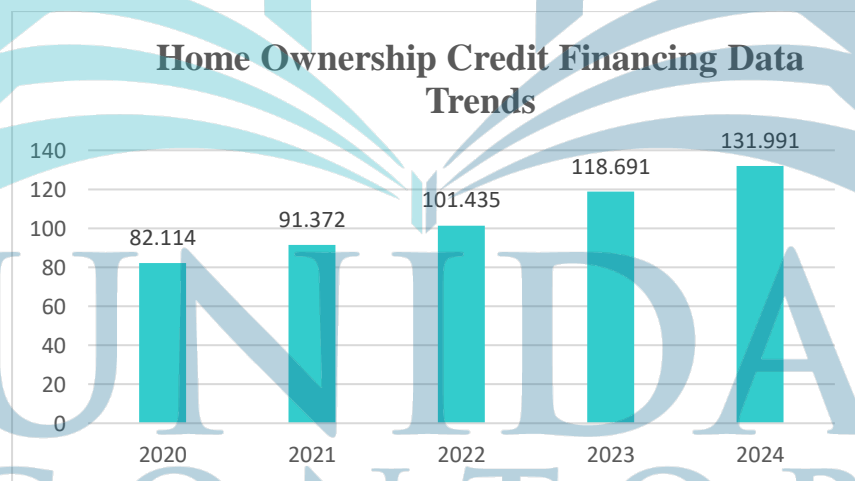
## INTRODUCTION

### 1.1 Background of Study

The growth of Islamic banking in Indonesia has been fast in recent years due to the high demand for banking products that follow Sharia principles. One product that has gained attention is Islamic Home Financing using the Ijarah Muntahiyah Bit Tamlik scheme. IMBT is a contract that combines leasing (Ijarah) and ownership (Tamlik), where the customer rents the property from the bank with an option to own it at the end of the lease period.<sup>1</sup>

Islamic banking in Indonesia continues to grow as an alternative that aligns with Islamic principles. One of the products offered by Islamic banks is Home Financing using the Ijarah Muntahiyah Bit Tamlik scheme. This scheme allows customers to rent a house from the bank with the option to own the property after the lease period ends.<sup>2</sup>

Figure 1 Home Ownership Credit Financing Data Trends



Source: finding Indonesia Islamic Banking Statistics, 2024

In recent years, the development of Islamic Home Financing in Indonesia has experienced significant growth. According to data from the Financial Services

<sup>1</sup> Muhammad Yazid, Dyah Ayu Sekar, "Analisis Akad Ijarah dalam Praktik Produk Pembiayaan Lembaga Keuangan di Indonesia" *Al Fiddhoh Vol. 3* (2) September 2022, 86.

<sup>2</sup> Soraya, Ummil Fadhliyah. "Akad Musyarakah Mutanaqisah Dalam Pembiayaan Kredit Pemilikan Rumah Pada Perbankan Syariah Untuk Mewujudkan Kesejahteraan Masyarakat" (Studi Perbandingan Hukum Indonesia Dan Malaysia, 2023), 53.

Authority, the market share of Islamic banking in Indonesia continues to increase, although it is still dominated by conventional banking. Islamic Home Financing products have become one of the increasingly preferred instruments by the public, considering their interest-free system and greater transparency. Several financing schemes commonly used by Islamic banks include Murabahah, Musyarakah Mutanaqisah (MMQ), and Ijarah Muntahiyah Bit Tamlik (IMBT) contracts. However, challenges in implementing this product remain substantial, particularly in terms of public understanding and competitiveness with conventional Home Financing products.<sup>1</sup>

Specifically, Bank Syariah Indonesia (BSI), as the largest Islamic bank in Indonesia, also plays a role in developing Islamic Home Financing. According to BSI's annual report, the Islamic Home Financing products offered include various contracts, including IMBT as one form of home financing that complies with Sharia principles. However, the data shows that Murabahah contracts are still the mainstay of Islamic home financing at BSI, while IMBT usage is still low. This is due to the complexity of the IMBT contract, higher operational risks, as well as the limited level of understanding among the public and banking personnel. Therefore, more effective strategies are needed to enhance the implementation of IMBT so that it can compete with other Sharia-based Home Financing products in BSI and Islamic banking in general.<sup>2</sup>

Several key factors contribute to the low implementation rate of Ijarah Muntahiyah Bit Tamlik in Islamic banks. First, the public and consumers have a limited understanding of Islamic financial products as a whole, including IMBT. Ijarah Muntahiyah Bit Tamlik products are not popular due to the lack of awareness and interest in using them. Many people are unfamiliar with the mechanisms and benefits of IMBT, leading them to prefer traditional products that are more widely known and understood.<sup>3</sup>

Inadequate human resources (HR) in Islamic banks hinder progress, as they often fail to provide satisfactory service to customers, potentially reducing customer

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<sup>1</sup> Otoritas Jasa Keuangan (OJK), "Laporan Perkembangan Perbankan Syariah Indonesia," 2023.

<sup>2</sup> Bank Syariah Indonesia (BSI), "Laporan Tahunan Bank Syariah Indonesia," 2024.

<sup>3</sup> Alfian, Ulinnuha, "Analisis Tingkat Literasi Produk Bank Syariah Pada Masyarakat Kecamatan Kauman Kabupaten Ponorogo 2024", Institut Agama Islam Negeri Ponorogo. p.40-43

trust in IMBT. The lack of capability and knowledge among HR to comprehend and implement Ijarah Muntahiyah Bit Tamlik products frequently create barriers. This affects the quality of service provided to customers, ultimately impacting their confidence in the product. Additionally, there are limitations in infrastructure and regulations supporting Ijarah Muntahiyah Bit Tamlik development. The lack of specific regulations and inadequate infrastructure creates uncertainty for both banks and customers regarding IMBT implementation. As a result, the utilization of IMBT products remains low.<sup>4</sup>

Islamic banks in Indonesia use several types of contracts in Islamic home financing, such as Murabahah, Musyarakah Mutanaqisah (MMQ), and Ijarah Muntahiyah Bit Tamlik (IMBT). Each contract has unique features and processes that influence its popularity and client preferences. Murabahah's simplicity and clear payment structure make it more commonly used than other contracts, as indicated by data from Islamic banks in Indonesia. On the other hand, contracts like Ijarah Muntahiyah Bit Tamlik have a smaller share in the Islamic home financing portfolio due to their complex implementation and the lack of understanding among both customers and banks.<sup>5</sup>

Previous studies have shown that customer understanding, service quality, and bank marketing solutions significantly impact the successful implementation of Islamic home financing contracts. Given the variety of available contracts, Islamic banks must effectively explain the benefits and advantages of each contract to their customers. One of the options for Islamic home financing products, the Ijarah Muntahiyah Bit Tamik contract, faces several challenges in its implementation in this regard.<sup>6</sup>

Given the various challenges, appropriate strategies are needed to overcome these obstacles and optimize the implementation of Ijarah Muntahiyah Bit Tamlik in Islamic banks. One possible approach is to enhance Sharia financial literacy

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<sup>4</sup> Misra, Isra, Muhammad Ragil, and Muhammad Iqbal Fachreza. "Manajemen perbankan syariah (konsep dan praktik perbankan syariah di indonesia 2021)." p. 96

<sup>5</sup> Fikri, Rahmad. "Identifikasi Penerapan Akad Dalam Pembiayaan Pemilikan Rumah Pada Bank Muamalat Dan Bank Tabungan Negara Syariah Cabang Malang." *Jurnal Ilmiah Mahasiswa FEB* p.54

<sup>6</sup> Juni, Hanggara. "Efektivitas Pembiayaan Kpr Pada Perumahan Bsi Griya Hasanah Berdasarkan Akad Murabahah Pada Pt. Bank Syariah Indonesia, Tbk Kc Bandar Lampung Diponegoro 2024", 76.

among the public while strengthening the competence of human resources in Islamic banks through continuous training and education. Additionally, synergy between regulators and Islamic banks is essential to establish more supportive regulations and provide legal certainty for the implementation of IMBT.<sup>7</sup>

The rising demand for housing is causing many individuals around the world to face the challenge of rising property prices. To address this issue, inclusive housing policies, incentives for property developers to create affordable housing, accessible financing programs, and investments in infrastructure and urban development can be implemented. To ensure that everyone has access to affordable housing, the government, private sector, and communities must work together.<sup>8</sup>

Islamic banks are offering products that use the Ijarah Muntahiyah Bit Tamlik contract to help customers address the growing housing needs caused by rising property prices. These products provide Sharia-compliant financing options and solutions for consumers who wish to own a home but face financial constraints. Several features of IMBT products assist customers by offering interest-free financing, accessible ownership, easy installment payments, and flexible terms. Additionally, Sharia compliance fosters the growth of the Islamic housing market and provides financial access to those seeking homeownership without compromising their religious beliefs.<sup>9</sup>

Researchers have conducted numerous studies on the implementation of the Ijarah Muntahiyah Bit Tamlik contract in Islamic banking, with each researcher focusing on different aspects and reaching various conclusions. Noriawati (2021) discusses the risks of default caused by IMBT agreements, specifically when customers deliberately fail to make installment payments.<sup>10</sup> Epan Saputra (2021) demonstrates how IMBT agreements are applied to Information Technology-based Home Financing products, such as websites, highlighting the importance of

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<sup>7</sup> Indri, Ahni, "Analisis Literasi dan Inklusi Keuangan dalam Meningkatkan minat menggunakan produk Bank Syariah 2022", 34.

<sup>8</sup> Prayitno, AW, Hasyim "Tantangan Produksi Pangan Berkelanjutan dengan Optimasi Keruangan Menuju Indonesia Berdaulat" 2022, 05.

<sup>9</sup> Gama Pratama, "Strategi Penanganan Pembiayaan Bermasalah Pada Produk Bank Syariah" *Jurnal Ekonomi Syariah Volume 2 Nomor 2(2021)*, 101–114.

<sup>10</sup> Eka Nuriawati "Ijarah Muntahiya Bittamlik Sebagai Solusi Ekonomi Kerakyatan." *ACTIVA: Jurnal Ekonomi Syariah 2021*", 22-43.

digitalization to improve service efficiency.<sup>11</sup> Hasan (2024) addresses financing problem-solving methods by discussing financing concepts, profitability classifications, factors leading to financing issues, and solutions to those problems.<sup>12</sup> Suhendi (2024) explores the implementation of Islamic business ethics in Islamic banking and identifies the associated problems, also proposing solutions for improvement.<sup>13</sup> Mulyana (2021) emphasizes the need to optimize the Home financing process using the IMBT contract at Bank Syariah Mandiri, which means enhancing services and public education.<sup>14</sup>

One of the necessities that every family must have is a house, and with the increasing population in Indonesia, land prices will increase. However, the implementation of IMBT in Islamic Home financing products often faces various obstacles from a technical and regulatory perspective. To guarantee the successful implementation of Sharia agreements, Islamic banks, including BSI KC Ponorogo, are required to develop efficient implementation strategies. It is necessary to address issues such as adjusting rules, providing instructions to customers, and optimizing administrative processes.<sup>15</sup>

Although Ijarah Muntahiyah Bit Tamlik is intended to fulfill the needs of people who want to own an Islamic house, there are several obstacles that hinder the implementation of this product in Islamic property. BSI's internal data shows that one of the main obstacles in the application of IMBT in Islamic banks, particularly in Bank Syariah Indonesia (BSI KC Ponorogo), is that the number of IMBT contracts used is very low compared to other Islamic Home Financing products. The utilization of IMBT is still very limited in comparison to contracts

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<sup>11</sup> Epan Saputra “ Penerapan Akad Al-Ijarah Al-Muntahiyah Bi Al-Tamlik Pada Produk KPR Syariah Menggunakan Teknologi Informasi dalam Era Digital” (Institut Agama Islam Negeri (IAIN) 2021 M.

<sup>12</sup> Muhammad Hasan Asy'ary, Muhammad Lathief Ilhamy Nasution, and Tuti Anggraini, “Analisis Strategi Pemasaran Produk Pembiayaan Kepemilikan Rumah Dalam Meningkatkan Profitabilitas Pada Bank Sumut KCP Syariah Kota Baru Marelán,” *Jesya (Jurnal Ekonomi Dan Ekonomi Syariah)* 2024) 7, no. 2, 2, 2070–80.

<sup>13</sup> Suhendi Suhendi, Neng Reni Anggia Damayanti, and Nurul Izzah Ravelina, “Etika Bisnis Islam : Implementasi Pada Perbankan Syariah,” *Jurnal Pendidikan Tambusai* 7, no. 3, 2023”, 29226–37.

<sup>14</sup> Iwan Mulyana, “Praktek Pembiayaan KPR Dengan Akad Ijarah Muntahiya Bittamlik (IMBT) Di PT. Bank Syariah Mandiri Cabang Bandung : Tantangan Dan Solusinya,” *Banking and Management Review* 10, no. 2 (2021), 97-99.

<sup>15</sup> Fauzaan, “Penerapan Biaya Pemeliharaan Akad Ijarah Muntahiyah Bit Tamlik Dalam Produk Pembiayaan Kepemilikan Rumah Di Bank Syariah” Fakultas Syariah dan Hukum UIN Syarif Hidayatullah Jakarta, 35.



like murabahah. These facts suggest that the challenges that hinder the use of IMBT must be found and overcome.<sup>16</sup>

With the various obstacles that exist, this research aims to examine in depth the causes of the low implementation of Ijarah Muntahiyah Bit Tamlik at BSI, identify the problems and challenges faced, and propose strategies that can be applied by BSI to improve and develop IMBT products. Bank Syariah Indonesia (BSI) was chosen as the research object because it is one of the largest Islamic banks in Indonesia, with a diverse portfolio of Islamic Home Financing. Recent data indicate that the Murabahah contract dominates KPR financing at BSI, with a total of 90 contracts, followed by the Musyarakah Mutanaqisah (MMQ) contract with 34 contracts. Meanwhile, the use of the Ijarah Muntahiyah Bit Tamlik (IMBT) contract remains very limited, with only one contract implemented. This demonstrates that although IMBT has potential within the Islamic financing system, its actual implementation is significantly lower compared to other contracts. Therefore, this study aims to analyze the factors contributing to the low implementation of IMBT at BSI and to identify the challenges and solutions for enhancing the adoption of this contract in Islamic mortgage products. The results of this study are expected to contribute to efforts to develop Ijarah Muntahiyah Bit Tamlik products at BSI KC Ponorogo and other Islamic banks in Indonesia. The advantages of Bank Syariah Indonesia are banking concepts that are adjusted to Sharia principles, such as Sharia loans, Sharia property, Sharia credit, and so on. And discussed further in the form of research entitled **“ANALYSIS OF IMPLEMENTATION OF IJARAH MUNTAHIYAH BI TAMLIK CONTRACT FOR ISLAMIC HOME FINANCING AT BSI BRANCH OF PONOROGO”**

## 1.2 Problem Formulation

The problem formulation based on the background above is as follows:

1. What are the challenges faced by BSI Ponorogo Branch in implementing IMBT in Sharia Home Financing products?

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<sup>16</sup> Putri, Mistika Dina, Muhammad Iqbal Fasa, and Suharto Suharto. "Strategi Pemasaran Produk Bank Syariah." *Jurnal Ilmiah Ekonomi, Manajemen dan Syariah* 2.3 (2023), 44-56.

2. What solutions has BSI Ponorogo implemented in the application of Ijarah Muntahiyah Bit Tamlik (IMBT) in Sharia Home Financing products?

### **1.3 Research Objectives**

The objectives of this study are:

1. To identify the challenges faced in implementing IMBT and evaluate the solutions that have been applied by BSI Ponorogo Branch to overcome these challenges.
2. To analyze the solutions implemented by the BSI Ponorogo Branch in applying Ijarah Muntahiyah Bit Tamlik in Sharia Home Financing products.

### **1.4 Significances of Research**

The benefits of this research that can be obtained are as follows:

#### **a. Theoretical Benefit**

This research is expected to provide insights and recommendations for improving solutions in implementing IMBT, thereby enhancing the effectiveness of Islamic Home Financing products. It has the potential to improve the theoretical understanding of Islamic economic principles.

#### **b. Practical Benefit**

This research is expected to serve as a reference for developing and implementing more effective IMBT solutions. It also aims to contribute to the literature on IMBT implementation solutions in Islamic Home Financing products and open opportunities for further research.

### **1.5 Systematic Discussion**

To facilitate understanding and discussion of the issues examined, this research proposal follows a structured framework consisting of several chapters, each divided into interrelated sub-sections, as follows:

#### **CHAPTER I: INTRODUCTION**

This chapter outlines the background of the study, problem formulation, research objectives, research benefits, previous studies, research methodology, and the systematic structure of the thesis.

## **CHAPTER II: THEORETICAL FRAMEWORK**

This chapter explains the fundamental concepts of Ijarah Muntahiyah Bit Tamlik, strategy theories, and relevant literature reviews.

## **CHAPTER III: RESEARCH ANALYSIS**

This chapter presents an analysis of the IMBT implementation strategy at BSI Ponorogo, along with the challenges encountered and the solutions applied.

## **CHAPTER IV: CONCLUSION**

This chapter summarizes the findings of the research and provides recommendations. After studying the theories related to this research, the conclusions drawn will serve as the key takeaways from the study