



# Ijarah Muntahia Bittamlik: Comprehensive Analysis and Implementation in Sharia Financial Business in Indonesia

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## Keywords:

Lease of  
Mortgage  
bittamlik,  
Shariah  
Finance,  
Islamic  
Economics,  
Asset  
financing.

## Abstract

Ijarah Muntahia Bittamlik (IMBT) is a Sharia-based financial instrument that merges the concept of leasing (ijarah) with a transfer of ownership, offering an innovative solution for long-term asset financing. This study aims to comprehensively analyze IMBT, comparing it with conventional leasing (ijarah) and evaluating its application in Indonesia's Islamic financial sector. A qualitative method with a descriptive-analytical approach was employed, drawing on literature reviews and industry data. The findings show that IMBT offers greater flexibility compared to conventional ijarah, especially in asset ownership transfer. In Indonesia, various Islamic financial institutions have implemented IMBT, but its growth faces challenges such as regulatory limitations, standardization of contracts, and low public awareness. The study emphasizes the need for enhanced regulation and greater efforts in public education to facilitate wider adoption. It also highlights the significant role of IMBT in addressing the increasing demand for Sharia-compliant asset financing, such as property and vehicle purchases. By providing practical recommendations, this study contributes to the development of IMBT literature and supports stakeholders in the Islamic financial industry to better utilize this financial product. IMBT's potential for growth in Indonesia is significant, especially in light of the expanding Islamic finance sector and increasing demand for asset financing solutions that align with Sharia principles.

## 1. Introduction

The development of Islamic economics in recent decades has brought a breath of fresh air to the global financial world. Amidst the complexity of the modern financial system, Islamic economics offers an approach based on sharia principles, which emphasizes not only financial gain, but also justice and common good. One of the innovative products that emerged from this development is Ijarah Muntahia Bittamlik (IMBT).

IMBT is a hybrid form of ijarah (lease) contract that ends with the transfer of ownership of the leased object to the lessee. This concept offers a solution for people who want to own long-term assets but are constrained by limited capital. IMBT allows individuals or business entities to utilize assets without having to buy them outright, while having the option to own the assets at the end of the lease period.

In Indonesia, as a country with the largest Muslim population in the world, IMBT has great potential to develop. Since its introduction through the Fatwa of the National

Sharia Council of the Indonesian Ulema Council (DSN-MUI) No. 27/DSN-MUI/III/2002 concerning Al-Ijarah Al-Muntahiyah Bi Al-Tamlik, IMBT has become one of the financing products offered by Islamic financial institutions in Indonesia. However, its implementation and development still face various challenges, both in terms of regulation, contract standardization, and public understanding.

This study aims to comprehensively analyze the concept of IMBT in the perspective of Islamic economics, compare it with conventional ijarah, and evaluate its implementation in Islamic financial business in Indonesia. By understanding the characteristics, mechanisms, and challenges of IMBT, it is expected that this study can contribute to the development of Islamic economics literature and provide practical recommendations for stakeholders in the Indonesian Islamic financial industry.



## 2. Literature Review

### 2.1 Theoretical Framework of Lease of Mortgage Bittamlik (IMBT)

Ijarah Muntahia Bittamlik (IMBT) is a hybrid financial contract in Islamic finance that integrates the principles of leasing (ijarah) with an ownership transfer mechanism. The foundation of IMBT lies in Sharia principles, which emphasize asset utilization while ensuring risk-sharing and ethical financial transactions (Usmani, 2002). The development of IMBT aligns with the need for long-term financing solutions that comply with Islamic jurisprudence (fiqh muamalat) (AAOIFI, 2017). IMBT has been widely discussed in Islamic financial literature, particularly in the context of asset-based financing (El-Gamal, 2006). Unlike conventional leasing contracts, IMBT involves a wa'ad (promise) from the lessor to transfer ownership to the lessee at the end of the lease term through various mechanisms such as sale, gift, or gradual ownership transfer (Obaidullah, 2005). This unique structure provides flexibility and aligns with Sharia principles prohibiting riba (interest) while ensuring fair profit distribution (Rosly, 2005).

### 2.2 Comparative Analysis of IMBT and Conventional Leasing

The distinction between IMBT and conventional leasing has been extensively studied in the literature. Conventional leasing primarily focuses on temporary asset utilization, whereas IMBT integrates asset ownership transfer, providing a pathway for asset acquisition without interest-based financing (Dusuki & Abdullah, 2007). Furthermore, IMBT contracts emphasize the ethical responsibility of both parties in asset maintenance and financial transparency (Marsuni, NS, & Rismawati, R. 2018).

Accounting treatment of IMBT differs significantly from conventional leasing. Under AAOIFI standards, IMBT assets are recorded as financing rather than operating leases, influencing financial reporting and regulatory compliance (AAOIFI, 2017). This accounting treatment impacts Islamic financial

institutions' balance sheets, making IMBT a preferred mechanism for structured asset financing (Kamali, 2008).

### 2.3 Regulatory and Legal Considerations in IMBT Implementation

The legal and regulatory aspects of IMBT play a crucial role in its successful adoption within Islamic finance. The Fatwa No. 27/DSN-MUI/III/2002 issued by the Indonesian National Sharia Council (DSN-MUI) serves as the primary guideline for IMBT implementation in Indonesia. This fatwa outlines the key principles of IMBT, ensuring compliance with Sharia while providing a structured framework for Islamic financial institutions (Marsuni, NS, & Yusuf, M. 2022).

Regulatory challenges, however, persist due to the lack of contract standardization and varying interpretations of ownership transfer mechanisms across jurisdictions (Al-Suwailem, 2006). Studies highlight the need for harmonized regulatory frameworks to facilitate cross-border IMBT transactions, enhancing global Sharia-compliant financing opportunities (Ismail, 2010).

### 2.4 Challenges and Opportunities in IMBT Adoption

Despite its potential, the adoption of IMBT faces several challenges, including limited public awareness, regulatory inconsistencies, and operational risks associated with asset ownership transfer (Ahmed, 2011). Empirical studies indicate that the success of IMBT depends on the financial literacy of stakeholders, as well as the ability of Islamic financial institutions to structure IMBT contracts effectively (Chapra, 2008).

Nonetheless, IMBT presents significant opportunities for expanding Islamic financing, particularly in sectors such as housing and vehicle financing (Hassan & Lewis, 2007). With increasing demand for Sharia-compliant financial solutions, IMBT holds substantial growth potential, provided that regulatory and operational constraints are addressed through



policy reforms and industry collaboration (Dusuki, 2010).

## 2.5 Summary of Literature Findings

The existing literature underscores IMBT as a viable alternative to conventional leasing, offering a Sharia-compliant financing mechanism that aligns with ethical and financial sustainability goals. However, successful implementation requires enhanced regulatory frameworks, standardized contracts, and increased financial literacy among stakeholders (Khan & Bhatti, 2008). Future research should focus on empirical assessments of IMBT's impact on financial inclusion and economic growth in emerging Islamic finance markets (Marsuni, NS, Arum, RA, Mariana, L., & Nersiyanti, N, 2023).

## 3. Research Methods

Research articles This use method qualitative with approach descriptive-analytical. This method chosen Because his ability For dig information in a way in-depth and comprehensive about complex phenomenon like IMBT. Approach descriptive-analytical allow researcher For No only describe concept and implementation of IMBT, but also analyze various aspect related, including challenges and opportunities its development in Indonesia.

## 4. Results and Discussion

### 4.1 Concept and Mechanism of Ijarah Muntahia Bittamlik in the Perspective of Islamic Economics

Ijarah Muntahia Bittamlik (IMBT) is a development of the long-established concept of ijarah in jurisprudential transactions. To understand IMBT comprehensively, it is essential to first grasp the fundamental concept of leasing in Islamic economics. In general etymology, the term "ijarah" is derived from the Arabic word "al-ajru," which means "al-'iwadh" (compensation or reward). In fiqh terminology, ijarah is defined as a contract for transferring the right to use (benefit) a good or service for a specified period in exchange for

rental payment (ujrah), without transferring ownership of the asset itself (Sabiq, 1987).

The sharia basis for ijarah can be found in the Qur'an, Hadith, and the consensus of scholars (ijma'). In the Qur'an, Allah SWT states:

وَأِنْ أَرَدْتُمْ أَنْ تَسْتَرْضِعُوا أَوْلَادَكُمْ فَلَا جُنَاحَ عَلَيْكُمْ إِذَا سَلَّمْتُمْ مَّ بِالْمَعْرُوفِ

### Translation:

"And if you want to have your children nursed by someone else, there is no sin upon you if you give payment according to what is appropriate." (QS. Al-Baqarah/2: 233)

This verse indicates the permissibility of an ijarah agreement, including rental services. Furthermore, in a hadith, the Prophet Muhammad (SAW) said:

"Give the worker his wages before his sweat dries." (HR. Ibn Majah)

This hadith emphasizes the importance of timely wage payments in leasing agreements. In Islamic economic practice, ijarah has several key characteristics:

- The leased object is the benefit derived from the use of an asset, not the asset itself.
- The lessee is obligated to pay rent, while the lessor is responsible for providing an asset that can be utilized.
- The rental period must be clearly defined.
- The leased asset must have clear benefits and must not be used for activities prohibited by sharia.

### 4.2 IMBT Concept and Mechanism

Ijarah Muntahia Bittamlik (IMBT) is a development of the ijarah concept combined with a wa'ad (promise) of ownership transfer at the end of the lease term. According to the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), IMBT is defined as:

"A lease that is concluded with the transfer of ownership of the leased asset from the owner (mu'jir) to the tenant (musta'jir)." (AAOIFI Shariah Standard No. 9)



The primary characteristics that distinguish IMBT from ordinary leasing include:

- a. The presence of a wa'ad (promise) from the lessor to transfer ownership of the asset at the end of the lease term.
- b. Ownership transfer can be carried out through one of the following mechanisms:
  1. Grant (hibah)
  2. Sale at a nominal price
  3. Sale before the end of the lease period at a price equivalent to the remaining rental installments
- c. IMBT objects are generally assets with long-term economic value, such as properties or vehicles.
- d. The general IMBT mechanism involves several stages:
  1. **Identification:** The tenant identifies the desired asset and applies for financing from an Islamic financial institution.
  2. **Asset Purchase:** The Islamic financial institution purchases the asset from the seller or supplier.
  3. **Ijarah Contract:** The Islamic financial institution and the tenant sign a lease agreement, under which the tenant will make periodic rental payments.
  4. **Ownership Transfer Agreement:** Along with the lease agreement, the Islamic financial institution provides a wa'ad (promise) to transfer ownership of the asset at the end of the lease term.
  5. **Payment:** The tenant makes rental payments according to the agreed schedule.
  6. **Transfer of Ownership:** At the end of the lease term, ownership of the asset is transferred to the tenant according to the agreed-upon mechanism (grant, sale, or other methods).

### 4.3 Differences between IMBT and Conventional Ijarah

To understand the uniqueness of IMBT, it is important to compare it with conventional ijarah. Here are the key differences between the two concepts:

- a. Final destination

Conventional Ijarah aims only to provide benefits from the leased asset. While IMBT aims to provide benefits as well as the option of asset ownership at the end of the lease period. This difference in objectives reflects different philosophies. IMBT is more oriented towards long-term ownership, while conventional Ijarah focuses on temporary use.

- b. **Transfer of ownership**  
There is no transfer of asset ownership in conventional ijarah and there is a transfer of asset ownership at the end of the lease period in IMBT. The transfer of ownership feature in IMBT makes it more attractive to consumers who want to own long-term assets but are constrained by initial capital.
- c. **Contract structure**  
Meanwhile, in the Akad structure, conventional Ijarah uses a rental contract and IMBT uses a combination of a rental contract and wa'ad (promise) of transfer of ownership. The more complex IMBT contract structure requires a deeper understanding from the parties involved, but also provides greater flexibility.
- d. **Accounting Treatment**  
Fixed assets are recorded as owned by the lessor in the lease and in the IMBT the assets can be treated as financing in the lessor's books. This difference in accounting treatment has implications for financial reporting and taxation that need to be considered by Islamic financial institutions.
- e. **Ownership Risks:**  
The risk of ownership is entirely on the lessor in conventional ijarah while in IMBT the risk of ownership is gradually transferred to the lessee over time. This different risk sharing reflects the principle of justice in Islamic economics, where risks and benefits are distributed proportionally.



f. Flexibility

Conventional Ijarah is more flexible for short-term leases and IMBT is more suitable for long-term asset financing. IMBT offers a more suitable solution for long-term financing needs, such as purchasing a house or vehicle, while conventional Ijarah is more suitable for short-term lease needs.

g. Pricing

Conventional Ijarah rental prices are generally fixed for the duration of the contract and IMBT Rental prices can be fixed or follow a certain index, with an additional component for transfer of ownership. The more complex IMBT price structure allows for greater flexibility in financing, but also requires higher transparency to avoid gharar (uncertainty).

#### 4.4 Implementation of IMBT in Islamic Financial Business in Indonesia

The implementation of IMBT in Indonesia has developed since the introduction of the DSN-MUI fatwa on Al-Ijarah Al-Muntahiyah Bi Al-Tamlik in 2002. The following is a comprehensive analysis of the implementation of IMBT in Indonesia.

##### a. IMBT Regulation in Indonesia.

Framework IMBT regulations in Indonesia include :

1. DSN-MUI Fatwa No. 27/DSN-MUI/III/2002 concerning Al-Ijarah Al-Muntahiyah Bi Al- Tamlik
2. Regulation No. 9/19/PBI/2007 concerning Implementation Sharia Principles in Activity Fundraising and Fund Distribution and Sharia Banking Services
3. Regulation Financial Services Authority No. 31/POJK.05/2014 concerning Implementation of Sharia Financing Business

Framework regulation This give runway law for implementation of IMBT in Indonesia. However , it is still required refinement regulations , especially in matter standardization contract and treatment

taxation, for push greater IMBT growth rapidly.

##### b. Implementation of IMBT in Islamic Banking in Indonesia

Several Islamic banks in Indonesia have implementing IMBT as one of the product financing:

1. Bank Syariah Indonesia (BSI): BSI offers IMBT products for financing ownership house and vehicle. Customer can choose scheme financing with term time up to 15 years For property. The application of IMBT by BSI shows potential product This in financing asset term long. However, it is necessary evaluated whether term long time This in accordance with principle caution banking .
2. Bank Muamalat Indonesia: Bank Muamalat provide IMBT products for financing asset productive for perpetrator business, such as machinery and equipment industry. Use of IMBT for financing asset productive show flexibility product This in support sector real. This is in line with objective Islamic economics for push activity productive.
3. Bank BNI Syariah ( before the merger into BSI): BNI Syariah uses IMBT scheme for financing ownership house and vehicle, with feature installment still during the financing period. Installment feature still give certainty for customers, but need be careful not to resemble practice flower still in financing conventional.

##### 3.5 Challenges of IMBT Implementation in Indonesia

Although IMBT has potential big, its implementation in Indonesia is still face a number of challenge includes:

1. Fatwa is still limited understanding public about IMBT concept and mechanism. Required more education intensive to public about advantages and differences between IMBT and product financing conventional.
2. Not yet available standardization comprehensive IMBT agreement at the level national. Standardization contract will help





increase certainty law and efficiency operational institution Islamic finance in offer IMBT products.

3. Not yet available rule specific taxation For IMBT transaction. Required policy supportive taxation IMBT development , for example in matter imposition of Value Added Tax (VAT) and Land and Building Acquisition Tax (BPHTB).
4. The complexity of IMBT requires management more sophisticated risks. Islamic financial institutions need to develop system management risk that can be accommodate characteristics unique IMBT, especially related risk ownership assets.

### 3.6 Opportunities for IMBT development in Indonesia

Although face challenges, IMBT has opportunity big For developing in Indonesia thing This because of trend growth Islamic economics in Indonesia provides momentum for development products Islamic finance, including IMBT. IMBT can be one of product Featured in push growth sharia economy in Indonesia, especially in financing sector real . Besides that increasing need public will financing asset term long, like house and vehicle can become solution an interesting alternative for people who want scheme sharia compliant financing for ownership asset term long .

With existence support regulation from authority finance For development product Islamic finance . Opportunities This need utilized optimally through collaboration between regulators, practitioners and academics in develop framework conducive regulation for IMBT. Development technology financial (fintech) can also open opportunity for innovation in implementation of IMBT. Integration of IMBT with fintech platforms can increase efficiency and accessibility product This for public wide.

### 3.7 Comparative Analysis of IMBT with Other Financing Products

For understand IMBT's position in landscape sharia financing, important For compare it with product financing other:

1. Murabahah Fatwa: Murabahah is contract sell buy with an agreed profit margin as for IMBT is contract terminated lease with transfer ownership. IMBT more flexible in matter use asset during the financing period, while murabaha more simple in structure the contract.
2. IMBT vs Musyarakah Mutanaqisah: Musharakah The Mutanaqisah is cooperation ownership assets that portion bank ownership decreases in a way gradually while IMBT is rent asset with option transfer ownership at the end of the lease period. IMBT offers certainty cost rent, temporary Musyarakah The Mutanaqisah allow distribution greater risk and reward proportional.
3. IMBT vs Istishna: Istishna is contract order making goods with specification certain while IMBT can used For assets that have been There is or what will be made. between two products this, IMBT is more flexible in matter type assets that can financed, while Istishna more suitable For financing project construction or manufacturing.

### 3.8 Comparative Analysis of IMBT with Other Financing Products

The implementation of IMBT has a number of implications important for development Islamic economics in Indonesia:

1. Diversification Product: IMBT enriches variation product sharia financing, providing more Lots choice for society. Diversification This can increase Power competition institution Islamic finance and expanding Islamic financial market share in Indonesia.
2. Real Sector Development: IMBT can push financing sector real, especially in matter procurement asset productive. This is in line with principle Islamic economics which emphasizes activities economy productive and creative mark plus.



3. Inclusion Finance: IMBT can become instrument For increase inclusion finance, especially for people who want product financing sharia based. Increase inclusion Islamic finance can contribute to growth more economy inclusive and sustainable .
4. Innovation Finance; IMBT development encourages innovation in structure contract and management risk in the institution Islamic finance. Innovation This can increase Power competition industry Indonesian Islamic finance at the global level.

## 4.. Closing

### 4.1 Conclusion

Ijarah Muntahia Bittamlik (IMBT) is an innovative sharia financing instrument, combining the concept of leasing with the option of asset ownership. This study shows that IMBT has unique characteristics that distinguish it from conventional ijarah and other sharia financing products. In Indonesia, the implementation of IMBT has grown in the sharia banking industry, especially for financing long-term assets such as property and vehicles. Despite facing challenges such as limited public understanding, the need for contract standardization, and taxation issues, IMBT has great potential to grow in Indonesia. This opportunity is supported by the growth of the sharia economy, increasing needs for long-term financing, regulatory support, and technological innovation.

The implementation of IMBT has important implications for the development of the sharia economy in Indonesia, including the diversification of sharia financial products, the development of the real sector, increasing financial inclusion, and encouraging innovation in the sharia financial industry. To optimize the potential of IMBT, strategic steps are needed, including: Increasing public education about the concept and benefits of IMBT. Development of a more comprehensive and supportive regulatory framework. Standardization of IMBT contracts at the national level. Development of a risk management system

that is in accordance with the characteristics of IMBT. Integration of IMBT with financial technology innovation. With these steps, IMBT can become an important instrument in encouraging inclusive and sustainable sharia economic growth in Indonesia.

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