

Implementation of the Ijarah Muntahiyah Bittamlik Contract in Islamic Banking: Benefits and Challenges (Case Study on Bank Syariah Indonesia)

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Abstract

The *Muntahiyah Bittamlik Ijarah* Contract (IMBT) is a strategic hybrid financing product to diversify the Islamic banking portfolio which has been dominated by buying and selling contracts (*Murabahah*). This study aims to analyze the implementation mechanism, accounting treatment, and operational challenges of IMBT contracts with a case study on Bank Syariah Indonesia (BSI). The research method uses a descriptive qualitative approach through literature studies and secondary data analysis of financing practices at BSI. The results of the study show that theoretically, IMBT offers flexible asset ownership solutions for customers. However, its implementation in the field faces significant technical obstacles, especially related to the implementation of PSAK 107 on Ijarah Accounting which imposes asset depreciation obligations on banks, as well as the issue of *double taxation*. Empirical findings at BSI reveal that the implementation of *ijarah* contracts is dominated by fee-based products such as BSI Hasanah Card (60%) and Gold Pawn (30%), while IMBT financing for productive assets is still minimal due to administrative complexity and asset risk. This study recommends the need to digitize the asset management system and harmonize tax regulations so that IMBT products can compete competitively.

Keywords: *Ijarah Muntahiyah Bittamlik, Bank Syariah Indonesia, PSAK 107, Ijarah Accounting, Risk Management.*

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1. Introduction

1.1 Background

The dynamics of the Islamic banking industry in Indonesia in the last two decades have shown quite progressive growth. As a country with the largest Muslim population in the world, Indonesia has enormous market potential for the development of a financial system based on the principles of justice, transparency, and ethics. The presence of Islamic banking is not merely a fulfillment of religious obligations but also offers a more resilient financial system due to its reliance on real-sector transactions supported by underlying assets

However, when examined in terms of financing portfolio, there is a quite striking imbalance. Until now, the dominance of Islamic banking products still relies heavily on contracts *Murabahah* (buy and sell on margin). Although legally sharia, the dominance of this contract often raises criticism that Islamic banks are not much different from conventional banks because of their rigid financing nature and short-term debt-based (*debt-based financing*). Therefore, this industry is required to diversify products towards more flexible long-term investments, one of which is through contracts *Al-Ijarah Al-Muntahiyah Bi Al-Tamlik* (IMBT) (Munif, 2016).

Conceptually, IMBT is a hybrid contract which combines rent-rent (*Ijarah*) with the option to transfer ownership (*Tamlik*) at the end of the period. This scheme is a middle ground solution for corporate and individual customers who need capital assets such as heavy equipment, machinery, or property but want to maintain cash flow liquidity without having to buy cash in advance. In theory, IMBT should be a superior product because it directly supports the real sector.

However, the reality of implementation in the field faces severe technical challenges, especially from

the perspective of Sharia Accounting and regulations. Based on the Financial Accounting Standard Statement (PSAK) 107 concerning Ijarah Accounting, Islamic banks as the lessee (*mu'jir*) is required to record IMBT assets as fixed assets on the balance sheet. Consequently, banks must depreciate (*Depreciation*) on the assets every month during the lease period. The administrative burden of recording depreciation is considered much more complicated and burdens the bank's income statement than the contract *Murabahah* which only records receivables without depreciation (Ni'matul Ulya, 2018)

The phenomenon of banks' reluctance to implement IMBT due to accounting constraints and risks is clearly reflected in a case study on Bank Syariah Indonesia (BSI). Based on field data, although BSI has a large capital capacity post-merger, the implementation of ijarah contracts is actually more dominant in service-based products (*Fee-based income*) such as BSI Hasanah Card and Gold Pawn financing cards, rather than being used to finance productive asset ownership. The data shows that the contribution of *Hasanah Card* reaching 60% of total ijarah transactions, while pure IMBT financing for physical assets is still minimal (Primary Et Al. , 2024).

This condition indicates a gap (*gap*) between the idealism of IMBT theory and accounting practice in the field. Banks tend to avoid IMBT due to the risk of asset maintenance (*Maintenance Risk*) that must be borne by the bank, as well as the double tax burden which makes the rental price uncompetitive. Therefore, this study is important to dissect in depth how the implementation of IMBT in Bank Syariah Indonesia, especially in reviewing the obstacles to the implementation of accounting standards (PSAK 107) and the bank's strategy in mitigating these risks.

1.2 Review of Previous Research

Research Title	Researcher Name & Year	Writing Results & In-Depth Findings
Analysis of the Implementation of Ijarah Contract Accounting at Bank Syariah Indonesia (BSI) Serang Branch Based on Sharia SAK	Pratama et al. (2024)	<p>This study uses a descriptive qualitative method with a case study on BSI Serang Branch. Empirical findings reveal that there is a significant portfolio imbalance in the implementation of the Ijarah contract. Products are dominated by <i>fee-based income</i>, namely BSI Hasanah Card (60%) and Gold Pawn (30%), while IMBT financing purely for productive assets only contributes 10%.</p> <p>An in-depth analysis shows that this is due to the burden of implementing PSAK 107 (Ijarah Accounting). In the asset IMBT, banks are required to record rental assets on the balance <i>sheet</i> and charge depreciation costs every month that erode operating profits. In contrast to <i>Hasanah Card</i>, which is more concise in terms of accounting administration. In addition, it was found that there is a lack of customer literacy who consider the IMBT procedure too complicated compared to buying and selling financing (<i>Murabahah</i>), so banks tend to limit the offer of this product to only certain segments.</p>
Akad Ijarah Muntahiyah Bittamlik Sharia Banking as a Rental Benefit	Nabilah et al. (2024)	<p>This juridical-normative study describes the construction of IMBT as a "Lease of Benefits" solution that bridges investment needs. The results of the study confirm that the validity of IMBT sharia depends absolutely on the separation of the contract (<i>uqud murakkabah</i>). The lease contract (<i>ijarah</i>) must occur at the beginning, while the promise (<i>wa'ad</i>) of transfer of ownership (either via grant or sale and purchase) is separate and only executed at the end of the tenor.</p> <p>This study also highlights the risk of <i>sharia compliance risk</i>.</p>

		Banks are prohibited from relying on ownership (<i>ta'alluq</i>) or guaranteeing investment returns. If the bank does not bear the risk of asset <i>damage</i> and assigns the main maintenance costs completely to the customer without a valid wakalah contract, then the transaction has the potential to be null and void because it resembles <i>riba</i> in the form of a lease.
Application of the Muntahiya Bittamlik Ijarah Contract (IMBT) in Sharia Financial Institution Transactions	Ulya (2018)	<p>This study critically dissects the fundamental differences between IMBT and Conventional <i>Leasing</i> (Lease for Business). The main findings show differences in the aspects of Legal Title and Economic Substance. In conventional <i>leasing</i>, the risks and benefits of the asset pass to the lessee from the beginning (<i>substance over form</i>), so it is often recorded as a <i>Capital Lease</i>.</p> <p>On the other hand, in IMBT, absolute ownership remains with the bank until the end of the contract period. The implication is that Islamic banks are obliged to bear the risk of damage due to <i>force majeure</i> (such as natural disasters) and property tax costs. In the event of default, Islamic banks may not impose <i>compounding interest</i> fines, but only sanctions (<i>ta'zir</i>) whose funds must be channeled to social (<i>Qardhul Hasan Fund</i>), not recognized as the bank's operating income.</p>
Analysis of Muntahiya Bittamlik's Ijarah Contract in Sharia Bank Financing in South Sulawesi	Wahyuni et al. (2025)	<p>This study highlights the main external challenge that hinders the competitiveness of IMBT, namely Tax Regulation Disparities. The results of the analysis found that there was a <i>burdensome Double Taxation</i>. First, customers are charged 11% VAT on rental services every month. Second, when the asset transfer at the end of the period, the customer is again subject to BPHTB (for property) or VAT on the sale of assets.</p> <p>This accumulated tax burden causes the pricing structure of IMBT to be much more expensive than <i>Murabahah financing</i> (which is considered pure buying and selling) or conventional credit. This creates a <i>barrier to entry</i> for MSMEs and people in South Sulawesi to access IMBT products, even though the cash flow scheme of this product is more flexible.</p>
The practice of mortgage financing with the Ijarah Muntahiya Bittamlik (IMBT) contract at PT. Bank Syariah Mandiri Bandung Branch	Your Excellency (2019)	<p>Field research at BSM (now BSI) Bandung revealed a specific operational risk, namely <i>Secondhand Asset Risk</i>. The findings show that when IMBT mortgage customers are stuck in the middle of the road, banks must withdraw the assets. The problem arises because the market value of the property asset may have decreased (<i>depreciated</i>) or difficult to resell (<i>illiquid</i>) with a price that covers the remaining <i>outstanding</i> financing.</p> <p>To mitigate this, banks implement strict selection using the 5C principle (<i>Character, Capacity, Capital, Collateral, Condition</i>) and prioritize <i>payroll</i> or corporate customers. The study also found that banks are undergoing restructuring efforts (Rescheduling, Reconditioning, Restructuring) first before the asset withdrawal option is made, in order to avoid asset recording losses.</p>

1.3 Problem Formulation

Based on the above background description, the main problems to be studied in this study can be formulated as follows:

1. What is the mechanism for implementing the *Ijarah Muntahiyah Bittamlik* (IMBT) contract in accordance with sharia principles and accounting standards that apply in Indonesia?
2. Why is the implementation of the IMBT contract at Bank Syariah Indonesia (BSI) more dominated by service-based products (*Hasanah Card*) than productive asset financing?
3. What is the impact of the implementation of PSAK 107 (Ijarah Accounting) on the administrative burden and financial statements of banks that are an obstacle to the growth of IMBT products?
4. What are the risk and regulatory challenges (such as double tax) faced by BSI in the implementation of IMBT and what is the solution strategy?

1.3 Research Objectives

This study aims to answer the formulation of the above problem with the following details:

1. Describe the mechanism of construction of the IMBT contract and its accounting treatment for Islamic banks as lessee.
2. Analyze the factors that cause the lack of asset IMBT financing portfolio at Bank Syariah Indonesia (BSI) through case studies of field data.
3. Evaluate the technical obstacles in the implementation of PSAK 107, especially related to the expense of asset depreciation and the recording of financial statements that affect bank management decisions.
4. Formulate an effective risk mitigation strategy for Islamic banking to optimize IMBT products to be more competitive.

2. Literature Review

2.1 Basic Concept of *Ijarah Muntahiyah Bittamlik* (IMBT)

Etymologically, *al-Ijarah* Derived from the word *Al-Ajru* Meaning *Al-Twadh* (replacement/compensation). In the terminology of fiqh muamalah, *ijarah* is defined as an agreement to transfer the right to use (benefit) of a good or service within a certain time through the payment of rent/wages, without being followed by the transfer of ownership of the goods themselves.

As the needs of the financial industry developed, a modification of the contract known as *Al-Ijarah Al-Muntahiyah Bi Al-Tamlik* (IMBT) was born. IMBT is a series of two forms of contracts that are collected in one transaction (hybrid). The first part is the lease-lease agreement (*ijarah*) between the bank (as *mu'jir*) and the customer (as *musta'jir*). The second part is the promise (*wa'ad*) from the bank to transfer ownership of the rental object to the customer when the lease period ends. This transfer of ownership can be done through two mechanisms, namely grants (free giving) or buying and selling at the end of the period. (Munif, 2016)

2.2 Legal Basis and Fatwa of DSN-MUI

The legitimacy of the application of IMBT in Islamic banking is based on strong sources of Islamic law, both from the Qur'an, Hadith, and positive regulations in Indonesia.

1. The Qur'an and Hadith The basis of the law of *ijarah* refers to the words of Allah SWT in Q.S. Al-Qashash verse 26:

"One of the two women said: 'O my father, take him as the one who works (for us), for surely the best man you have taken to work (for us) is a strong and trustworthy man.'"

As well as Q.S. Az-Zukhruf verse 32 which emphasizes the concept of mutual benefit between humans through wages/rents.

2. DSN-MUI Fatwa Operationally, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) issued Fatwa No. 27/DSN-MUI/III/2002 concerning *Al-Ijarah Al-Muntahiyah Bi Al-Tamlik*. This fatwa emphasizes that the contract for the transfer of ownership (sale and purchase/grant) should only be carried out after the *ijarah* contract is completed. This is aimed at avoiding *ta'alluq* (two contracts that are interdependent) and *gharar*, because the status of ownership of goods must not be "floating" during the rental period (Harriet, n.d.).

3. The Pillars and Conditions for the validity of the IMBT contract must meet the following principles:
 - a. Aqidain: The contracting parties (Bank and Customer) must be legally competent.
 - b. Rental Object (Ma'jur): The goods must be clear, halal, and can be handed over.
 - c. Ujrah (Rental Price): The rental value must be clear and agreed.
 - d. Shighat: Ijab kabul which indicates a lease agreement and a promise of ownership.

2.3 Accounting Treatment Based on PSAK 107 (Undergraduate Accounting)

The most important aspect of a sharia accounting review is how these transactions are recorded in the financial statements. In Indonesia, the accounting treatment of IMBT is regulated in the Financial Accounting Standard Statement (PSAK) No. 107. This standard provides technical guidance for Islamic banks as asset owners (*mu'jir*) (Ijarah & Cipta, 2020) .

A. Asset Recognition and Measurement In contrast to *Murabahah financing* which is recorded as Receivables, IMBT assets are recognized as Ijarah Assets (Fixed Assets) in the bank's balance sheet.

1. Acquisition Cost: An asset is recognized as the cost of acquisition when the bank purchases it from a supplier.
2. *Depreciation*: Banks are obliged to depreciate these assets. If the contract is IMBT, then the depreciation period is adjusted to the rental period. This depreciation expense will reduce the bank's profit every period.
3. Rental Income: Recognized during the contract period proportionally.

B. Illustration of Accounting Journal (Sharia Bank Side) The following is an illustration of journal recording that is commonly carried out by Islamic banks in accordance with PSAK 107 (Ijarah & Cipta, 2020) :

Table 2.1 Illustration of IMBT Transaction Journal

Yes	Transaction	Debit (Dr)	Credit (Cr)
1.	Asset Purchase (When the bank buys an asset from a supplier)	Ijarah Assets	Cash/Supplier Account
2.	Rental Acceptance (When the customer pays monthly installments)	Cash/Customer Account	Rental Income
3.	Asset Depreciation (Journal of adjustment at the end of each month)	Depreciation Expense of Ijarah Assets	Accumulated Depreciation of Ijarah Assets
4.	Transfer of Ownership (Hibah) (If the assets are donated at the end of the lease period)	Accumulated Depreciation of Ijarah Assets Asset Release Expense (if there is residual value)	Ijarah Assets
5.	Transfer of Ownership (Sell) (If the asset is sold at the end of the lease period)	Cash Accumulated Depreciation of Ijarah Assets	Ijarah Assets Asset Release Profit

2.4 Fundamental Differences between IMBT and Conventional Leasing

There is often a misunderstanding in society that equates IMBT with lease (*Leasing*) conventional,

especially type *Capital Lease*. In fact, there are fundamental differences that affect the legal consequences and risks of both parties (Ni'matul Ulya, 2018)

1. Asset Ownership Status (*Legal Title*)

Deep *Leasing* conventional, even though legally the assets belong to *Lessor* (leasing companies), but the risks and economic benefits have been transferred completely to the *lessee* from the beginning. Meanwhile, in IMBT, absolute asset ownership is still in the Islamic bank until the end of the lease period. Consequently, banks are obliged to bear the risk of these assets.

2. Maintenance Responsibilities

This is the most significant difference. In IMBT, structural/heavy maintenance costs (*Major maintenance*) and property tax are the responsibility of the bank as the owner of the asset. The customer is only responsible for regular/light maintenance (*minor maintenance*) as a result of use. On the contrary, in *Leasing* conventionally, the entire cost of maintenance and the risk of damage is borne entirely by the tenant.

3. Mechanism of Fine (*Ta'zir*)

If the customer is late in paying the rent, *Leasing* conventional impose fine interest that is recognized as the company's income. In IMBT, banks may impose fines (*ta'zir*) to discipline customers, but the funds should not be recognized as bank income (*Riba*), but must be channeled as social funds (*Qardhul Hasan*).

2.4 Implementation and Risk Management Challenges

The implementation of IMBT in the field cannot be separated from various risks that must be mitigated by Islamic banking. Based on the literature, there are several main challenges:

a. Asset Risk and Moral Hazard

Since the assets are recognized as belonging to the bank, then in the event of damage *Force Majeure* (such as natural disasters), losses are fully borne by the bank. In addition, there are risks *Moral hazard* Where customers do not take good care of assets because they feel that they are "just renting", so that the value of the asset drops drastically at the end of the rental period. This makes banks very selective in providing IMBT financing (Honorable Et Al., n.d. .)

b. Double Taxation Issue

One of the biggest obstacles to the growth of IMBT in Indonesia is tax regulations. IMBT transactions are often taxed twice: first, VAT on rental services every month; second, BPHTB or VAT when assets are transferred/sold to customers at the end of the period. This double burden makes IMBT installments more expensive than the scheme *Murabahah* or conventional credit, thus reducing customer interest.(Revelation Et Al. , 2025)

2.5 Review of Practices at Bank Syariah Indonesia (BSI)

As the largest Islamic bank in Indonesia, Bank Syariah Indonesia (BSI) has a central role in the implementation of sharia contracts. Previous studies have shown that BSI has implemented a lease-based contract (*Ijarah*) in various product variants. However, the dominance of its use is still found in short-term consumptive products such as *BSI Hasanah Card* (Sharia Credit Card) that uses a contract *Kafalah*, *Qardhand Ijarah*, as well as Gold Pawn products (*Rahn*) who uses the contract *Ijarah* for the cost of maintaining the property. Meanwhile, the implementation of IMBT is purely for financing 6fixed stakes such as mortgages or heavy equipment investments still face complex technical challenges of Sharia PSAK accounting, so the portion is not as large as the contract *Murabahah* (Pratama et al., 2024).

3. Research Methods

3.1 Types and Research Approaches

This study uses a qualitative type of research with a descriptive-analytical approach. The qualitative approach was chosen because the main purpose of the research is to understand the phenomenon of contract application *Ijarah Muntahiyah Bittamlík* (IMBT) in depth (*in-depth understanding*), especially related to accounting treatment and sharia compliance which cannot be measured solely by statistical figures. The

descriptive method is used to systematically describe the facts regarding the practice of recording, acknowledging, and reporting IMBT products in Islamic banking.

In addition, this study also uses a case study design. The case study focuses on Bank Syariah Indonesia (BSI) as the largest Islamic banking entity in post-merger Indonesia. This approach aims to dissect the gap (*Gap Analysis*) between normative accounting standards (PSAK 107) and operational realities in the field, and analyze the strategic reasons behind the lack of IMBT asset financing portfolio compared to other products.

3.2 Objects of Research

The object of this research is the practice of implementing IMBT contracts at Bank Syariah Indonesia (BSI), especially in branch offices that were samples of previous studies (Serang and Makassar Branches). The focus of the analysis is directed at two main variables:

1. Accounting Variables: The application of PSAK 107 on Ijarah Accounting, includes asset recognition, depreciation calculation, and presentation in financial statements.
2. Operational Variables: A portfolio of lease-based products, such as *BSI Hasanah Card* and Gold Pawn, as well as technical constraints in the financing of productive assets.

3.2 Data Sources

To produce a comprehensive analysis, this study uses two categories of data sources:

1. Secondary Data

Given that this research is based on *Library Research* (literature study) in-depth, secondary data being the main focus, consisting of:

- a. Sharia Regulation: Al-Qur'an, Hadith, and Fatwa of the National Sharia Council (DSN-MUI) No. 27/DSN-MUI/III/2002 concerning IMBT.
- b. Accounting Standards: Financial Accounting Standard Statement (PSAK) No. 107 on Ijarah Accounting issued by the Indonesian Institute of Accountants (IAI).
- c. Empirical Literature: Accredited scientific journals that contain primary data on the results of interviews and observations at BSI, including *BSI's* published Annual Financial Report.

2. Primary Data

Primary data in the context of this study refers to field data obtained indirectly through the review of previous field research results. This data includes transcripts of interviews with BSI management related to product policies and operational constraints in the field. (Primary Et Al. , 2024)

3.3 Data Collection Techniques

Data collection techniques are carried out through documentation methods and literature studies (*Literature Review*). The author conducts an inventory of official documents and relevant scientific works. The steps include:

1. Document Identification: Collecting PSAK 107 manuscripts, DSN Fatwa, and BSI-related journal articles.
2. Data Classification: Sorting out data related to Law/Fiqh aspects and Accounting/Finance aspects.
3. Source Triangulation: Comparing data from one source (e.g., DSN Fatwa) with another source (e.g., Practice in BSI) to ensure the validity of an argument.

3.4 Data Analysis Techniques

This study adopts an interactive qualitative data analysis model developed by Miles and Huberman, which consists of three stages of the cycle:

1. Data Reduction

The process of selection, focus, and simplification of raw data. The author focuses the data only on issues relevant to the Sharia Accounting course, such as the depreciation burden of IMBT assets

and journal recording. Irrelevant information (such as the bank's general history) is ruled out.

2. Data Presentation

Presenting data that has been reduced in the form of an analytical text narrative. The presentation was carried out by comparing the provisions of PSAK 107 (Das Sollen) with the real practice at BSI (Das Sein). The presentation is also equipped with a comparison table for easy reading.

3. Conclusion

Formulate a final conclusion that answers the problem formulation. Conclusions were drawn based on the findings that accounting constraints (asset administration burden) are a determining factor in BSI product policies. This conclusion is then re-verified with banking risk management theory.

4. Results and Discussion

4.1 Mechanism for Construction and Implementation of IMBT Contracts

Application of the contract *Ijarah Muntahiyah Bittamlik* (IMBT) in the Islamic banking system has unique characteristics that distinguish it from other financing products. Based on the results of a literature and regulatory review, the construction of IMBT is not just an ordinary lease-lease agreement, but a hybrid contract (*hybrid contract*) which demands high precision in its execution.

Operationally, this mechanism begins when customers submit an application for asset procurement in the form of property, vehicles, or heavy equipment to Islamic banks. The bank then acts as an asset provider (*mu'jir*) who buy the goods from the supplier, to then rent them out to the customer (*musta'jir*) within a certain agreed period of time.

A crucial point in this mechanism lies in the presence of promises (*Wa'ad*) transfer of ownership. In accordance with the principles of sharia prudence and DSN-MUI Fatwa, the lease contract (*Ijarah*) and transfer of ownership agreement (*Tamil*) must be strictly separated. In practice, the IMBT agreement document usually consists of two parts that are inseparable but executed at different times:

1. Initial Contract (Lease): Signed at the beginning of the period, containing an agreement on the amount of rent (*ujrah*) and the rental period.
2. Final Contract (Tamlik): Only signed and has the force of legally binding (*naturally binding*) after the lease period ends and the customer pays off his obligations. This gradual construction of the law is designed to avoid the prohibition of *ta'alluq* (two interdependent contracts in a single transaction) and *gharar* (uncertainty) regarding the status of ownership of goods (Munif, 2016)

4.2 Analysis of Strategic Benefits for Banks and Customers

The implementation of IMBT has positive economic implications for both parties. For customers, IMBT offers significant liquidity solutions. In contrast to financing *Murabahah* (buying and selling) which requires the customer to pay a down payment (*Down Payment*) large in the beginning, IMBT schemes are often more flexible because they are rent-based. Customers can enjoy the benefits of assets (*Usufruct*) without having to burden working capital (*Capex*) drastically at the beginning. In addition, for corporate customers, IMBT rental payments can be recognized as an operational expense (*Operating Expense*) which reduces Corporate Income Tax (Corporate Income Tax), in contrast to the installments of principal debt that cannot be financed.

For Islamic banking, IMBT functions as an instrument for legal risk mitigation. Since the assets are legally still owned by the bank until the end of the lease period, the bank's bargaining position is stronger in the event of default (*Default*). Banks can take back their assets without going through a complicated process of executing collateral (auction of dependents) in court, because the customer's status is only a tenant (Ni'matul Ulya, 2018)

4.3 Structural Problems and Risk Challenges

Behind these benefits, the analysis shows that IMBT faces severe challenges that hinder its growth compared to *Murabahah*.

a. Asset Maintenance Risks

The most fundamental issue is the ambiguity of maintenance responsibilities. In

- theory fiqh and PSAK 107, the bank as the owner of the asset (*mu'jir*) is obliged to bear the cost of structural maintenance (*Major maintenance*) and the risk of asset damage that is not due to the tenant's negligence. However, in practice, this is very burdensome for banks that do not have a property/machinery technical division. As a result, banks often "force" this burden to customers through wakalah contracts, which is often a point of criticism of sharia compliance (Honorable Et Al., n.d. .)

b. Tax Regulation Disparity

The biggest external challenge is taxes. IMBT transactions in Indonesia are often subject to double tax exposure: (1) VAT on rental services every month, and (2) BPHTB/VAT when assets are transferred at the end of the period. This accumulated tax burden makes the final cost of IMBT products much more expensive (*Pricing* not competitive) compared to conventional credit or financing *Murabahah* (Revelation Et Al., 2025)

4.4 Case Study Analysis: Practice at Bank Syariah Indonesia (BSI)

The reflection of the above theory is evident in the operational practices at Bank Syariah Indonesia (BSI). Based on primary data from the case study of BSI Serang Branch, it was found that the implementation of a lease-based contract (*Ijarah*) is dominated by service-based products, not physical asset financing.

The portfolio data shows the composition of the use of *Ijarah* contracts at BSI as follows:

- a. BSI Hasanah Card (Financing Card): 60% of the total *ijarah* transactions.
- b. Gold Pawn (*Rahn*): 30% of the total transaction.
- c. Other Loan Financing: 10%.

The dominance of Hasanah Card and Gold Pawn confirms that BSI is more comfortable using *ijarah* contracts for products *fee-based* short-term money turnover is fast. On the other hand, the pure IMBT financing for the ownership of productive assets (such as machinery or buildings) is very minimal. This indicates BSI's risk management strategy tends to avoid the risk of long-term physical asset ownership (Primary Et Al., 2024)

4.5 Analysis of Constraints for the Implementation of PSAK 107

Why does BSI not participate in IMBT Assets? Because it lies in the burden of implementing PSAK 107 on *Ijarah* Accounting. This analysis found three main loads:

1. Fixed Asset Administration Expenses

Deep *Murabahah*, the assets directly belong to the customer, the bank only records "Receivables". Receivables do not need to be depreciated. On the other hand, in IMBT, BSI must record the asset as a bank asset. If BSI finances 1,000 customer cars, then the accounting department must journal the depreciation of 1,000 cars every month. This administrative complexity is a big disincentive.

2. Profit Erosion Due to Depreciation Depreciation Expense

IMBT assets will directly reduce the bank's operating profit every month. If *Yield* the rent set is not high enough to cover the cost of the fund (*Cost of Fund*) plus depreciation costs, then this product will be detrimental in terms of financial statements (reducing ROA).

3. Substance *Over Form* Issue in PSAK

This is a rental. But in business, this is financing. This misalignment often makes it difficult to reconcile fiscal (tax) at the end of the year, because tax rules view leases differently from commercial accounting rules.

4.6 SWOT Analysis of the Implementation of IMBT in BSI

To map the strategic position of this product, here is a SWOT analysis based on field findings:

1. Strengths

- a. Sharia Legality: BSI's IMBT products have gone through DSN-MUI screening, ensuring sharia compliance and free of usury.
- b. Flexibility: Provides an *off-balance sheet* option for BSI corporate customers.

2. Weaknesses

- a. Complicated Administration: Monthly depreciation liabilities put a strain on IT and accounting

systems.

- b. Used Asset Risk: BSI does not yet have a strong asset management unit to resell assets if the customer cancels the purchase at the end of the lease.
3. Opportunities
 - a. Infrastructure Projects: Opportunity to finance heavy equipment for SOE contractors with a rental scheme.
 - b. Sharing Economy *Trend*: Younger generation who prefer to rent (access) than own assets.
4. Threats
 - a. Double Tax: Making IMBT rental prices less competitive with conventional leasing.
 - b. Low Literacy: Customers often complain about the maintenance fees charged by banks.

5. Conclusions and Suggestions

5.1 Conclusion

Based on the results of the in-depth analysis and discussion that has been presented in the previous chapters on the dynamics of the implementation of the contract *Ijarah Muntahiyah Bittamlik* (IMBT) with a case study on Bank Syariah Indonesia (BSI), several crucial conclusions can be drawn as follows:

1. Legal Construction and Mechanism Conceptually, IMBT is a strategic hybrid financing instrument in the Islamic banking ecosystem. The mechanism that separates the lease agreement (*ijarah*) from the promise of transfer of ownership (*wa'ad*) is in accordance with the principle of prudence and DSN-MUI Fatwa No. 27/DSN-MUI/III/2002. This scheme provides a solution of middle ground: on the one hand, it provides flexibility in asset control for customers without having to buy it in cash in advance, and on the other hand, it provides legal certainty for banks as asset owners until all customer obligations are met.
2. Gap Analysis There is a fairly wide gap between the idealism of the IMBT concept and the reality of its implementation in the field. The main structural challenges that hinder the growth of this product are the maintenance risk of assets and double taxation burden. The obligation of banks to bear the costs of structural maintenance is often "outsmarted" by passing it on to the customer, ultimately blurring the difference between IMBT and conventional *leasing*. In addition, the imposition of VAT on rent and BPHTB during asset transfers makes the IMBT cost structure inefficient and less competitive than *the Murabahah* contract.
3. Evaluation of Practice in Bank Syariah Indonesia (BSI) A case study on Bank Syariah Indonesia (BSI) shows that banks tend to be pragmatic in implementing lease-based contracts. Although BSI is the largest Islamic bank, data shows that the *Ijarah* more predominantly used to facilitate service-based products (*Fee-based income*) such as BSI Hasanah Card (60%) and Gold Pawn (30%), rather than being used to finance long-term productive asset ownership (IMBT Murni). This indicates that BSI still views the IMBT of assets as a high-risk product and the complexity of accounting administration that is not yet proportional to its profit margin (Primary Et Al., 2024) .
4. External Challenges: Taxes and Risks In addition to internal accounting factors, external factors in the form of double taxation, namely rental VAT and BPHTB during asset transfers, as well as *maintenance risks* that must be borne by banks, make the pricing structure of IMBT products less competitive than conventional financing or *leasing*.

5.2 Suggestions

Based on the above conclusions, the author formulates strategic recommendations, especially for Bank Syariah Indonesia (BSI) and regulators, to optimize the potential of IMBT:

1. For the Management of Bank Syariah Indonesia (BSI)
 - a. Digitization of Asset Management: Given that the main obstacle is the "complexity" of recording asset depreciation according to PSAK 107, BSI is advised to develop an IT system that is able to automate the calculation of IMBT asset depreciation in *real-time* and is integrated with the *core banking system*. The efficiency of the technology will reduce the burden of manual administration.
 - b. Focus on Corporate Segments: BSI should aggressively direct IMBT product assets to the corporate customer segment for *heavy equipment* or *fleet financing*. The corporate segment needs

more tax benefits (*tax shield*) from rental costs, so the slightly more expensive price issue due to double taxation can still be compensated by the company's commercial accounting benefits.

2. For Regulators (Government and OJK)

The government needs to harmonize tax regulations so that IMBT transactions are treated equally (*Level playing field*) with a buy and sell transaction (*Murabahah*). The elimination of double taxation on the same transaction object will be the main catalyst for the growth of this product.

3. For Academics and Researchers Further

This research focuses on the perspective of banks (supply side). The researcher is then advised to conduct a quantitative study from the customer side (demand side) to measure the level of preference and elasticity of customer demand for sharia hire purchase products compared to conventional credit.

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Attachment

Data On The Composition Of The Use Of Ijarah Contracths At Bank Syariah Indonesia (BSI)

Data Source: Processed from the Case Study Report of BSI Serang Branch (Primary Et Al. , 2024)

Table 1. Distribution of Ijarah Contract Portfolio by Product

Yes	Product Type	Percentage of Contribution	Information
1.	BSI Hasanah Card	60%	Ijarah, Kafalah, & Qardh (Service-Based) Contract
2.	Gold Pawn (Rahn)	30%	Ijarah Agreement for Maintenance Costs
3.	Other Financing	10%	Includes IMBT Assets, Multipurpose, & Useful
Total		100%	