IQTISHODUNA: *Jurnal Ekonomi Islam*, 15, no. 1 (April 1, 2026): 333-350
DOI: https://doi.org/10.54471/iqtishoduna.v15i1.3913
E-ISSN: 2443-0056, P-ISSN: 2252-5661
Accredited *Sinta 2* Number 2/C/C3/KPT/2026

Beyond Banking: Innovating Sharia-Compliant Housing Finance for Sustainable Homeownership

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Article history: Received June 7, 2025 | Revised December 2, 2025 | Accepted March 6, 2026 | Available online on April 23, 2026

To cite this article [*Turabian of style 8th edition*]: Sihotang, Mutiah Khaira, Uswah Hasanah, and Salman Nasution. "Beyond Banking: Innovating Sharia-Compliant Housing Finance for Sustainable Homeownership". IQTISHODUNA: Jurnal Ekonomi Islam 15, no. 1 (April 1, 2026): 333-xxx. Accessed April 23, 2026

ABSTRACT

Access to affordable and Sharia-compliant housing finance remains a major challenge for many Muslim households, particularly those excluded from formal banking services. While Islamic banking has expanded significantly, existing financing schemes often remain inaccessible to unbanked consumers and may not fully address concerns regarding affordability, flexibility, and compliance with Islamic legal principles. This study explores an innovative non-bank Sharia-compliant housing finance model as an alternative pathway toward sustainable homeownership. Using a qualitative descriptive approach, data were collected through in-depth interviews, field observations, and document analysis across four non-bank Islamic housing projects involving developers, administrative personnel, and homeowners. The findings reveal that the financing model operates through direct *murabahah* and *istisna'* contracts without bank intermediation, interest, late-payment penalties, property repossession, or conventional credit screening. Beyond improving financial accessibility, the model promotes ethical financing by integrating transparency, mutual consent, flexible restructuring, and character-based risk assessment to mitigate default while preserving social trust. However, deferred property title transfers remain a significant legal challenge requiring stronger regulatory safeguards. This study contributes to the Islamic finance literature by proposing a sustainable non-bank housing finance framework that integrates Sharia compliance, financial inclusion, and risk governance. The findings offer practical insights for policymakers, regulators, and Islamic property developers seeking to strengthen alternative housing finance ecosystems that support inclusive and sustainable homeownership.

Keywords: islamic housing finance, financial innovation, sharia-compliant financing, sustainable homeownership, financial inclusion.

INTRODUCTION

The current economic development has caused an increase in human desire to fulfill their needs. Needs are one of the conditions in which humans feel dissatisfaction on a certain basis that is inherent and located in the human body and condition. Human needs are diverse, but the ability to achieve something desired is limited while desires always increase. These human needs consist of

IQTISHODUNA: *Jurnal Ekonomi Islam* *ISSN (Print): 2252-5661, ISSN (Online): 2443-0056*
Volume 15 Issue 1, April 2026 DOI: https://doi.org/10.54471/iqtishoduna.v15i1.3913

clothing, food, and shelter. However, of the three needs, the need for shelter is the one that not everyone can fulfill directly. To fulfill the need for shelter such as a house requires a lot of money and quite a long time.[1]

In order to meet the needs of the community for housing, developers generally work together with banks to provide convenience to the community by providing housing financing facilities (KPR) both from Islamic banks and conventional banks. The increasing use of technology today is followed by increasing public knowledge, especially in the field of Islamic financial literacy. Islamic financial literacy is defined as an individual's ability to make the right financial decisions in accordance with Islamic principles.[2]

The emergence of Islamic financial institutions that are said to be free from "riba" has increased the level of public curiosity about Islamic finance and its practices in Islamic banking. Along with existing knowledge, public understanding of usury is increasing and this makes people doubt the sharia of existing Islamic banks. The public's desire to stay away from usury makes them minimize transactions in Islamic banks.

As explained above, to have a house certainly does not require a small amount of funds. The presence of Islamic banking by providing Islamic mortgage facilities does not shake the majority of people who want to avoid usury even though many of them really want to have a house soon.

This condition makes sharia housing developers think about providing direct financing services to developers so that the community can avoid usury practices. The concept offered by sharia housing developers certainly provides a solution for people who are aware of "usury" so far. In addition to the condition of sharia housing that is adjusted to Islamic housing, more than that, sharia housing developers provide financing that makes it easier for people to get the housing they want with a financing scheme that is free from usury. This is the right solution for people who are "aware" of usury today.

Several previous studies have examined the phenomenon of non-bank sharia housing financing from various perspectives. For instance, Antoni analyzed the mechanisms and general implementation of non-bank sharia home financing, highlighting its potential as an accessible alternative for the community.[3] Meanwhile, Bintang and Suman focused on the dynamics of sale and purchase contracts in non-bank sharia properties, emphasizing the

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[1] Karina Wulandari Haris Izzuddin Abdurrahman, Permata Wulandari, "Factors Influencing Low-Income Citizens' Choice of Sharia-Subsidized Housing Credit in Indonesia," *International Journal of Housing Markets and Analysis* 1, no. 1 (2024), https://www.emerald.com/insight/content/doi/10.1108/ijhma-07-2024-0107/full/html.

[2] Siti Hafizah Abdul Rahim, Rosemaliza Abdul Rashid, and Abu Bakar Hamed, "Islamic Financial Literacy and Its Determinants among University Students: An Exploratory Factor Analysis," *International Journal of Economics and Financial Issues* 6, no. 7Special Issue (2016): 32–35.

[3] Amri Antoni, "Analisis Pembiayaan Perumahan Syariah Non Bank Di Kota Palembang," 2019, 154.

contractual practices between developers and buyers.[4] Furthermore, other research has explored consumer purchasing decisions and general opportunities or challenges in the sharia property sector.

Although these studies provide valuable insights into the non-bank sharia property movement, most existing literature focuses either on broad conceptual implementations or solely on consumer purchase motives. What remains largely unexamined is an integrated analysis that simultaneously investigates the operational financing model, the specific risk mitigation strategies applied by developers in the absence of formal legal/regulatory frameworks (such as OJK or DSN-MUI regulations), and the multidimensional comfort (financial, social, and legal) experienced by consumers at the field level.

To bridge this empirical and contextual gap, this study offers a comprehensive investigation into the non-bank sharia housing financing model in Deli Serdang Regency, North Sumatra. By evaluating four distinct sharia housing projects, this paper examines how developers manage default risks without traditional banking credit checks (BI Checking) or formal collateral enforcement mechanisms, while assessing how consumers navigate the trade-offs between usury-free financing and legal ownership status. Ultimately, this study aims to contribute to the Islamic economics literature by providing field-based evidence on the practical sustainability, risk management, and regulatory imperatives of non-bank sharia property ecosystems.

Literature Review

According to Harjono, property is any physical or non-physical thing owned by a person or together with a group or owned by a legal entity, in Indonesia property is identical to real estate, houses, land, shophouses, buildings or warehouses. Recently the understanding of property has shifted from its original understanding to be more specific to the understanding of immovable property.[5] According to Kotler and Keller,[6] property is an intangible ownership right, whether it is a real object (*real estate*) or in the form of financial (stocks and bonds). Property is bought and sold, and this exchange requires marketing. Real estate agents work for property owners and sellers, they can buy real estate for residential or commercial purposes. From the definition above, it can be concluded that property is a product that based on its function can be divided into:[7]

1. Commercial buildings (hotels, motels, shops, offices, shophouses)
2. Residential buildings (houses, apartments/condominiums)

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[4] Ikhsan Bintang and Agus Suman, "Dinamika Implementasi Akad Jual Beli Properti Syariah Non Bank," *Islamic Economics and Finance in Focus* 2, no. 1 (2023): 53–68.

[5] DK Harjono, *Hukum Properti* (Jakarta: Pusat Pengembangan Hukum dan Bisnis Indonesia, 2016).

[6] K.L Kotler, P dan Keller, *Manajemen Pemasaran*, 13th ed. (Jakarta: Erlangga, 2018).

[7] Supeno Supeno and M Ansori, "Pengembangan Perumahan Berbasis Syariah Dan Permasalahannya Di Propinsi Jambi," *Jurnal Ilmiah Universitas Batanghari Jambi* 19, no. 3 (2019): 509, https://doi.org/10.33087/jiubj.v19i3.736.

ISSN (Print): 2252-5661, ISSN (Online): 2443-0056
DOI: https://doi.org/10.54471/iqtishoduna.v15i1.3913

3. Industrial buildings (heavy, light industry, warehousing, industrial parks)
4. Public facility buildings (hospitals, educational buildings, government buildings, gas stations, markets, terminals)
5. Entertainment buildings (cinemas, fields, sports facilities, convention centers).

Sharia property is one type of property that has transaction steps or schemes and contracts that are in accordance with Islamic law.[8] Sharia property is a business concept that applies the principle of buying and selling houses between developers and consumers directly, in other words without any bank interference.[9] Although it involves a bank, it is only a mediator in paying installments that are shown directly to the account in the name of the developer (the developer *of* sharia property), especially for consumers who buy in installments. It can be said that the term property is another name for sharia KPR (Home Ownership Credit) used by most sharia financial institutions (LKS) and also sharia banking.[10] The basis used by sharia property developers is as follows, Allah says in the letter al-Baqarah verse 278:

"*O you who believe, fear Allah and leave the remainder of usury (which has not been collected) if you are believers.*" (QS 2: 278).

In another verse, Allah threatens usury perpetrators with the threat of war from Allah and His Messenger as Allah says:

"*So if you do not do (abandon the remainder of usury), then know that Allah and His Messenger will fight you. And if you repent (from taking usury), then the principal of your wealth will be yours; you will not persecute nor (nor) be persecuted.*" (QS 2: 279).

Sharia financial literacy is a person's skill to improve financial knowledge, skills and behavior to manage their financial resources in accordance with Islamic teachings.[11] Sharia financial literacy can also be said as sharia financial literacy, which is clearly recognizing sharia financial products and services, and being able to distinguish between halal and haram, between usury and profit sharing

[8] Nusirat Ojuolape Gold Yaxin Ma, Fauziah Md Taib, "An Islamic Principle-Based Integrated Solution for China's Housing Affordability Issues," *International Journal of Housing Markets and Analysis* 17, no. 3 (2024), https://doi.org/https://doi.org/10.1108/IJHMA-10-2022-0152.

[9] Muhammad Nadhif Ubaidillah Permata Wulandari, "Islamic Home Financing Products: A Study of Customer Intentions in Indonesia," *International Journal of Housing Markets and Analysis* 18, no. 3 (2025): 729–756, https://www.emerald.com/ijhma/article-abstract/18/3/729/1241072/Islamic-home-financing-products-a-study-of?redirectedFrom=fulltext.

[10] Bintang and Suman, "Dinamika Implementasi Akad Jual Beli Properti Syariah Non Bank."

[11] Nik Hadiyan Nik Azman et al., "The Interconnectivity between Islamic Financial Literacy and Financial Sustainability: Evidence from Muslim Micro-Entrepreneurs in Malaysia," *Journal of Islamic Accounting and Business Research* 16, no. 4 (2023), https://doi.org/https://doi.org/10.1108/JIABR-07-2022-0191.

that can influence a person's behavior in making economic decisions in accordance with sharia principles.[12]

Sharia financial literacy is knowledge and skills regarding financial management with the aim of improving welfare based on sharia principles, namely by eliminating elements of usury, gharar, and maysir[13]. Home ownership credit (KPR) practiced by sharia property developers provides consumers with the opportunity to buy a house on credit directly from the developer without going through an intermediary financing institution. Payments are processed by the developer as the homeowner who sells credit to customers.[14]

There are five concepts applied by sharia property developers:[15]

1. Transactions without interest.
2. The sale and purchase agreement between the developer and the buyer, there is no third party such as a bank to act as an intermediary.
3. The selling price has not changed since the agreement.
4. No insurance.
5. Without confiscation.

Thus, in general, sharia property is a type of property whose transaction system is run based on Islamic law. In addition, sharia property or sharia housing, commonly referred to as sharia mortgages, is a housing ownership scheme using contracts that are in accordance with Islamic law.[16] An Islamic house must follow Islamic principles as a guideline for architectural design and provide a complete living network to reflect the Muslim lifestyle. A typical Islamic house is designed according to the function and nature of the family and its social role.

In addition to meeting the needs, lifestyle, culture and comfort standards, the house must also respond positively to the economic and geographical conditions, building materials and technology available. The formation of an Islamic house is highly dependent on the factors that prohibit the Qur'an. In turn,

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[12] Ali Akbar and Rahmayati, "Pembangunan Perbankan Syariah (Pengaruh Literasi Keuangan Syariah Terhadap Minat Transaksi Di Bank Islam Di Jalan Kebun, Shah Alam Selangor Malaysia)," *Jurnal Ilmiah Kajian Politik Lokal Dan Pembangunan* 8, no. 3 (2023): 27.

[13] Ade Gunawan et al., "Edukasi Literasi Keuangan Syariah Bagi Warga Muhammadiyah Kota Medan," *Ihsan: Jurnal Pengabdian Masyarakat* 4, no. 1 (2022), https://doi.org/10.30596/ihsan.v4i1.10007.

[14] Farabi Madyan Awwali, "Analisis Proses Keputusan Pembelian Perumahan Syariah Non Bank," *Jurusan Management, Fakultas Ekonomi & Bisnis, Universitas Syarif Hidayatyllah Jakarta*, 2021, 24.

[15] Irawan Agung et al., "Peluang Dan Tantangan Sektor Properti Perumahan Syariah Di Indonesia," *Jurnal Teknik Sipil Pertahanan* 11, no. 1 (2024), https://asosiasidps.com/perkuat-.

[16] Yuyun Sunesti and Addin K. Putri, "Sharia Housing and Millennials in Indonesia: Between Religious and Economic Motives," *HTS Teologiese Studies / Theological Studies* 78, no. 4 (2022): 1–6, https://doi.org/10.4102/hts.v78i4.7062.

IQTISHODUNA: *Jurnal Ekonomi Islam* *ISSN (Print): 2252-5661, ISSN (Online): 2443-0056*
Volume 15 Issue 1, April 2026 DOI: https://doi.org/10.54471/iqtishoduna.v15i1.3913

this makes the Islamic family an ideal place to reflect the lifestyle recommended by Islam.[17]

The concept of "Ideal Criteria for Islamic Housing" is:[18]

1. A house that is used as a safe and comfortable place to live.
2. A house that is always clean, healthy and holy.
3. A house that supports the main tasks of Knowledge and Worship.
4. A home that supports the protection of private parts, secrets, and individual and family privacy.
5. Homes that support care.
6. A house prepared to receive guests.
7. A house that supports an atmosphere of remembrance of Allah (God).
8. A house that supports the implementation of all Islamic (religious) charitable activities at home.

The sharia mortgage scheme is fairly simple and more flexible, because it does not involve banking intermediaries or other financial institutions. The third party involved in the sharia mortgage transaction is only a notary, who acts as a legal enforcer. The following is the mechanism of non-bank sharia mortgages that are taking place in Indonesia:

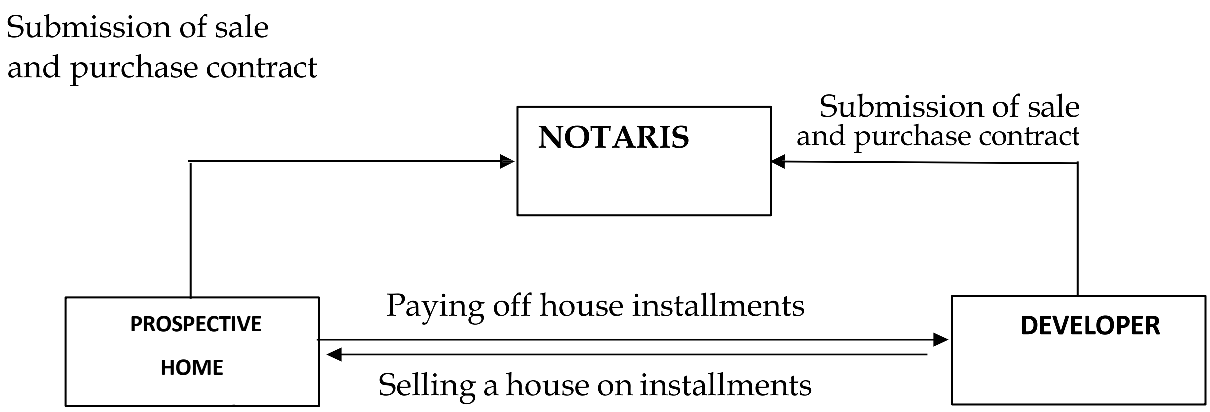

Figure 1.Non-Bank Sharia Mortgage Scheme

However, the legality or standard rules regarding the practice of sharia mortgages directly to sharia housing developers still do not exist. The perpetrators of this transaction are based on Islamic law, namely that every muamalah transaction can be carried out, by prioritizing the principle of willingness (mutual liking and willingness to each other) and not violating sharia

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[17] Mohammad Sahid Indraswara et al., "Mencari Penerapan Nilai-Nilai Islam Pada Fasilitas Perumahan Syariah Di Kota Semarang," *Jurnal MODUL* 22, no. 1 (2022): 13–20, http://ejournal.undip.ac.id/index.php/modul.

[18] Muhamad Rizaldy and Riyan Pradesyah, "Reslaj : Religion Education Social Laa Roiba Journal Sarjanawiyata Tamansiswa Reslaj : Religion Education Social Laa Roiba Journal," *Reslaj : Religion Education Social Laa Roiba Journal* 5, no. 1 (2023): 168–84, https://doi.org/10.47476/reslaj.v6i1.4736.

rules[19]. Thus, the practice of sharia mortgages is quite widely carried out even though there are no standard rules governing it. The involvement of a notary in non-bank sharia mortgage transactions is very important and is considered sufficient for the legality aspect in transaction activities. In addition, the principle of trust and commitment between actors is the main key in this transaction activity.[20]

METHODS

This study employed a descriptive qualitative approach with an inductive analytical design to comprehensively examine the operational mechanisms, risk mitigation strategies, and consumer experiences associated with non-bank Islamic housing financing. A qualitative approach was selected because it provides an in-depth and context-rich understanding of the interactions and contractual practices between Islamic property developers and homebuyers in their natural settings.

The study was conducted at four Islamic housing developments located in Deli Serdang Regency, North Sumatra, namely Savana Regency Syariah, Syafira Gambir Regency Tembung, Beringin Pasar 7 Islamic Housing, and Amplas Islamic Housing. Informants were selected using purposive sampling based on specific criteria aligned with the research objectives.[21] A total of 12 key informants participated in the study and were categorized into three main groups. The first group consisted of four developer representatives, including the owners or managing directors of each housing project, who provided comprehensive information regarding financial structures, contract formulation, and default risk management strategies. The second group comprised two operational and marketing administration staff members who were directly responsible for screening prospective buyers, preparing contractual documentation, and managing monthly installment administration. The third group included six homeowners or residents who were selected to represent a wide range of financing experiences, including installment periods ranging from three to fifteen years, diverse occupational backgrounds from both formal and informal sectors as well as micro, small, and medium-sized enterprises (MSMEs), and different contractual arrangements, including *murabahah* and *istisna'* contracts. This diversity enabled the study to capture a broad spectrum of perceptions regarding affordability, legal certainty, and residential comfort.

Data were collected using three complementary techniques: in-depth interviews, field observations, and document analysis.[22] Semi-structured interviews were conducted with developers, operational staff, and residents to

[19] Eka Sakti Habibullah, "Prinsip-Prinsip Muamalah dalam Islam," *Ad Deenar: Jurnal Ekonomi Dan Bisnis Islam* 2, no. 01 (2018): 25, https://doi.org/10.30868/ad.v2i01.237.

[20] Antoni, "Analisis Pembiayaan Perumahan Syariah Non Bank Di Kota Palembang."

[21] Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D*, ed. Sutopo, Empat (Bandung: ALFABETA, 2022).

[22] Robert K. Yin, *Case Study Research and Applications: Design and Methods .*, 6th ed. (SAGE Publication, 2018).

obtain detailed information regarding financing schemes, risk mitigation practices, and the lived experiences of the parties involved in housing transactions. Field observations were undertaken at the four housing developments to assess the physical condition of the housing units, the availability of public and social facilities, and the patterns of social interaction among residents. In addition, document analysis involved reviewing institutional documents, including draft Sale and Purchase Binding Agreements (*Perjanjian Pengikatan Jual Beli* or PPJB), sample *murabahah* and *istisna*' contracts, promotional brochures, and installment records to objectively examine the legal and contractual structures underpinning the financing arrangements.

The empirical data were analyzed interactively using a qualitative data analysis framework consisting of three continuous and interconnected stages.[23] The first stage was data condensation, during which field notes, interview transcripts, and legal documents were summarized, coded, and organized into major thematic categories, including contractual patterns, risk management strategies, and consumer satisfaction. The second stage involved data display, in which the findings were systematically organized into analytical narratives, comparative tables, and transaction flow diagrams to illustrate operational patterns across the four research sites. The final stage consisted of conclusion drawing and verification, whereby preliminary findings regarding the effectiveness and challenges of non-bank Islamic housing financing were formulated and continuously validated against the empirical evidence collected throughout the study.

To ensure the academic rigor, credibility, and trustworthiness of the findings, two verification procedures were employed. First, the study applied both source triangulation and methodological triangulation.[24] Source triangulation was conducted by comparing information obtained from property developers with the testimonies of homeowners and the provisions stipulated in contractual documents. Methodological triangulation was implemented by comparing interview findings with evidence gathered through field observations and documentary analysis. Second, member checking was conducted by returning summaries of interview transcripts and preliminary analytical interpretations to selected developer representatives and key consumers. This process ensured that the interpretations accurately reflected the participants' perspectives and the actual operational realities of non-bank Islamic housing financing.

RESULT AND DISCUSSION

This research was conducted in four (4) sharia housing complexes in Deli Serdang Regency, namely:

1. Savannah Regency Syariah.

[23] J. Miles, M. B., Huberman, A. M. Saldaña, *Qualitative Data Analysis: A Methods Sourcebook (3rd Ed.)*, 3rd ed. (SAGE Publication, 2014).

[24] Norman K. Denzin, *The Research Act A Theoretical Introduction to Sociological Methods*, n.d.

2. Syafira Gambir Regency Tembung,
3. Beringin Market 7 Sharia Housing
4. Amplas Sharia Housing.

This project was developed with the concept of no bank, no usury, no fines, no confiscation, and no BI checking, making it an alternative for people looking for home financing according to sharia principles. The financing model used by this sharia housing is a direct financing model based on sharia contracts. The type of contract used in this housing financing model is the murabahah contract (buying and selling with margin).

Based on the results of interviews, observations, and documentation, the financing scheme implemented involves several stages as follows:

1. *Murabahah* Contract (Sale and Purchase)
   Developers buy housing units in cash or build on their own land, then sell to consumers at a predetermined price along with a profit margin. Prices and installments are fixed from the start.
2. Without Usury, Fines, or Confiscation.
   If there is a delay in payment, no fine will be imposed. The developer will prioritize communication and deliberation solutions (*islah*). This scheme upholds the principles of justice and humanity.
3. Direct to Consumer.
   The transaction process is carried out directly between the developer and the consumer without the intermediary of a financial institution.
4. Flat and Affordable Installments
   The house price can be paid in installments starting from 3 to 15 years. The amount of monthly installments is determined from the start and does not change throughout the contract period.
5. Without BI Checking
   Prospective buyers do not need to go through the BI checking verification process, thus providing an opportunity for people who have a poor credit history or do not have a steady income to own a home.

From a *fiqh muamalah* perspective, the operationalization of direct *murabahah* and *istishna'* contracts by non-bank sharia housing developers reflects a fundamental alignment with Islamic transaction ethics, particularly the principle of *al-ghunm bi al-ghurm* (profit is accompanied by risk ownership). Unlike Islamic banking institutions that frequently utilize tri-party structures involving legal intermediation, non-bank developers operate as true seller-owners (*bay' al-mabi' qabla qabdih* avoidance) who bear real operational and property assets risk before ownership transfer occurs. The complete elimination of monetary penalty fees (*gharamah*) and property repossession (*i'tidah*) aligns strictly with the prohibition of exploiting default situations (*al-nazirah ila maysarah*, as prescribed in QS. Al-Baqarah: 280). However, critical analytical observation reveals that the absence of standard banking intermediation creates a structural legal ambiguity. Because these developers operate outside the regulatory purview of the Financial Services Authority (OJK) and National Sharia Board (DSN-MUI), the contract execution relies heavily on informal good-faith commitments (*al-wafa' bi al-'uqud*) rather than standardized legal enforceability. This absence of formal sharia compliance auditing exposes the transaction to potential contract invalidity (*fasad*) if developer profit margins are not transparently declared prior to contract signing.

The existence of non-bank sharia housing provides convenience for the community to obtain comfortable housing without usury. Based on field observations and in-depth interviews with residents in Sharia Housing, several findings were obtained regarding the level of comfort as follows:

1. Social and Environmental Comfort
    a. Most residents feel comfortable because the majority of residents have a similar understanding of Islamic values.
    b. Social activities such as religious studies, community service, and mutual cooperation strengthen bonds between residents.
    c. The religious nuance of the environment provides inner peace and a sense of security.
2. Financial Comfort
    a. The fixed installment scheme without interest provides certainty and is not burdensome.
    b. The absence of late fees reduces financial stress, especially for residents with irregular incomes.
    c. The non-bank system without BI Checking makes it easier for many young families or small business owners to access home ownership.
3. Convenience of Facilities and Infrastructure
    a. Basic infrastructures such as roads, clean water, and electricity are available, but not all supporting facilities (parks, places of worship, 24-hour security) are optimal.
    b. Several residents expressed complaints regarding the developer's delay in completing social and public facilities, but the majority still considered this to be understandable as long as the payment process was ongoing.
4. Legal Comfort and Ownership
    a. Some residents admitted that they still felt anxious because the house certificate status was still in the name of the developer until the payment was complete.
    b. But they also realize that this is a consequence of the non-bank system, and has been explained from the start in the contract.

The consumer comfort dynamics observed across the four housing developments illustrate a distinct trade-off between spiritual-financial comfort and legal vulnerability. While flat monthly installments and the complete absence of credit scoring (BI Checking) drastically lower barriers to entry for unbanked and informal workers, it simultaneously shifts systemic legal risk onto the buyer. Under agency theory and economic concepts of asymmetric information, the practice of retaining land certificates under the developer's name until full payment (spanning 3 to 15 years) creates a severe informational and power asymmetry. Consumers face significant counterparty risk: should the developer experience corporate bankruptcy, liquidity insolvency, or internal governance failure during the installment period, consumers possess limited legal leverage to reclaim their home rights due to the reliance on simple sale-and-purchase binding agreements (*PPJB*) rather than official land title transfer deeds (*AJB*). Therefore, the perceived "financial comfort" reported by residents is offset by a lingering "legal fragility," emphasizing that non-bank sharia housing operates predominantly on interpersonal trust rather than institutional legal protection.

Sharia housing developers provide convenience to the community to obtain the sharia housing units they own. In general, the financing facilities offered by sharia housing developers include:

1. Without Involving Banks
   a. There is no BI Checking.
   b. No pay slips or credit history required.
   c. The process is faster and more accessible for MSMEs, informal workers, or consumers with a bad credit history.
2. Sharia Financing Scheme
   a. Developers buy or build houses, then sell them to consumers at a fixed price (unchanged until paid off).
   b. There is no interest system like in conventional banking.
   c. Consumers know the cost price and profit margin clearly from the start.
3. Without Fines and Confiscation
   a. There is no late fine if the consumer is late in paying the installments.
   b. There is no unilateral confiscation of a house by a developer, as long as the consumer shows good faith to continue making payments.
   c. The negotiation process is usually more flexible and friendly.
4. Low Down Payment (DP)
   a. Developers often offer low down payments (example: starting from 5-10%) and can even be paid in installments.
   b. Some developers offer promotions in the form of no down payment or down payment subsidies to attract consumer interest.
5. Time period
   The term is usually relatively short, between 3 and 5 years.
6. Gradual Legality
   a. AJB (Deed of Sale and Purchase) and certificate of ownership in the name of the new consumer are issued after full payment, because the developer still bears all ownership during the installment period.
   b. Consumers sign a sales and purchase agreement with the developer as legal evidence.

One of the challenges that will be faced by sharia developers in providing sharia housing to the community is the occurrence of default which is a financing

ISSN (Print): 2252-5661, ISSN (Online): 2443-0056
DOI: https://doi.org/10.54471/iqtishoduna.v15i1.3913

risk.[25] Financing risk is the possibility of loss or failure in the financing process due to various factors that affect the ability of the debtor or the party being financed to meet payment obligations.[26] A relatively short financing period is a way for developers to reduce the risk of default from residents of sharia housing. Not only for developers, residents of housing also feel anxious because the AJB (Deed of Sale and Purchase) and certificate of ownership in the name of the consumer are only issued after full payment.[27]

Non-bank financing systems have advantages in terms of flexibility and sharia value, but also contain risks, especially because there is no legal guarantee as strong as banking mortgages.[28] Therefore, developers generally apply the following financing risk management strategies:[29]

1. Consumer Selection Based on Character and Commitment
   Even though it does not go through BI Checking, developers still carry out initial selection by:
   a. Face to face interviews to understand the financial profile and character of consumers.
   b. Ask consumers to fill out a commitment and ability to pay survey.
   c. Prioritize consumers with a steady income or stable self-employed business.
   This strategy aims to reduce the risk of default without relying on the formal credit system.
2. Transparent and Written Contract
   a. The developer uses a murabahah agreement which is written in detail and signed by both parties.
   b. Rights and obligations are clearly explained, including mechanisms in the event of delays or changes in financial conditions.
   c. Some developers involve notaries to strengthen the legality of the agreement.
   Transparency of the contract is the initial bulwark in preventing conflict in the future.

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[25] Safeza Mohd Sapian Norhazlina Ibrahim, "Factors Influencing Customers' Selection of Islamic Home Financing: A Systematic Review," *International Journal of Housing Markets and Analysis* 16, no. 1 (2023): 59–84, https://doi.org/https://doi.org/10.1108/IJHMA-10-2021-0110.

[26] C E Julistia and I Hayati, "Analisis Manajemen Risiko Pembiayaan Kpr Griya Dengan Akad Murabahah Pada Bank Syariah Indonesia Kc Medan Gajah Mada," *Jurnal AKMAMI (Akuntansi* … 3, no. 3 (2022): 515–26, http://jurnal.ceredindonesia.or.id/index.php/akmami/article/view/742%0Ahttp://jurnal.ceredindonesia.or.id/index.php/akmami/article/download/742/836.

[27] Lazim Abdullah Nasir, Aslina, "A New Model for Islamic Cooperative Mortgage of Housing Finance," *Emerald Insight2* 12, no. 4 (2018), https://doi.org/10.1108/IJHMA-06-2018-0044.

[28] Agung Sedayu, "Project Evaluation Based On Sharia Construction Management and Green Building Principles," *IPTEK Journal of Proceedings Series* 3, no. 6 (2017), https://doi.org/10.12962/j23546026.y2017i6.3304.

[29] Julistia and Hayati, "Analisis Manajemen Risiko Pembiayaan Kpr Griya Dengan Akad Murabahah Pada Bank Syariah Indonesia Kc Medan Gajah Mada."

3. Fixed Installments and Negotiation Flexibility
   a. The flat (fixed) installment system provides certainty for both parties.
   b. If there is a delay in payment, the developer usually provides room for negotiation or installment restructuring.
   c. Partial payment or early settlement is permitted without penalty.

This approach reduces the risk of conflict and increases consumer loyalty.

1. Terms of Peaceful Unit Return
   a. If the consumer is unable to continue payments, there is an option to voluntarily return the house (internal takeover) to another prospective buyer.
   b. The developer helps sell the unit, and returns the remaining payment after deducting construction costs.

   This is a solution without confiscation, in accordance with the principle *of non- oppression* in sharia.
2. Diversification of Projects and Care
   a. Developers don't rely on a single project; they develop multiple clusters to spread the risk.
   b. There are variations in house types and installment terms to reach different consumer segments.

When evaluated against standard Credit Risk Management theories, the risk mitigation framework employed by non-bank sharia developers relies heavily on non-financial screening mechanisms to offset the high probability of adverse selection. By waiving traditional credit scoring (BI Checking), developers replace quantitative financial auditing with qualitative character assessment and face-to-face moral evaluation. In credit risk theory, this represents a shift from quantitative credit scoring to qualitative soft-information gathering. Furthermore, the practice of peaceful unit return (*Internal Takeover*) serves as a sharia-compliant alternative to collateral liquidation. Rather than enforcing unilateral foreclosure—which violates Islamic equity principles—developers utilize a profit-and-loss sharing exit strategy where built equity is partially refunded after deducting construction costs and resale commissions. Nevertheless, the reliance on short-term financing horizons (3 to 5 years) to compress default exposure inevitably raises monthly installment thresholds. This dynamic inadvertently creates a secondary financial strain on low-income buyers, thereby increasing the intrinsic risk of default (*default probability*) during macroeconomic shocks. Without institutional liquidity buffers or secondary guarantee funds, non-bank sharia developers remain highly vulnerable to systemic credit contagion in the event of widespread consumer income disruption.

From the results of this study, it was found that the existence of sharia housing is currently very beneficial for the community, especially for Muslims who want to avoid usury practices. Usury is an addition or excess in a loan or sale transaction that is determined unilaterally, which is prohibited in Islamic

ISSN (Print): 2252-5661, ISSN (Online): 2443-0056
DOI: https://doi.org/10.54471/iqtishoduna.v15i1.3913

teachings because it is considered unfair and detrimental to one of the parties.[30] In addition to awareness of the prohibition of usury, the level of sharia financial literacy in the community is also increasing. Sharia financial literacy is a person's understanding, knowledge, and skills in managing personal or business finances according to Islamic sharia principles.[31] The type of contract used by the developer is adjusted to the request of the prospective buyer, namely if the buyer only wants to buy housing that has been provided or that already exists, then the contract used is the murabahah contract (sale and purchase with margin). The murabahah contract is a sale and purchase contract in Islam where the seller states the acquisition price of the goods to the buyer, then adds a profit margin agreed upon by both parties.[32] Meanwhile, if the prospective buyer places an order for the construction of housing with certain specifications, then the contract offered is the istishna' contract. Istishna' is a sale and purchase agreement in Islam for ordering goods that must be made or produced in advance according to agreed specifications, at a price that is also agreed upon at the start.[33]

The community's need for sharia housing seems to be answered by the presence of sharia developers. However, there are still many things that must be considered by housing developers in terms of maintaining financial security for both developers and buyers. The absence of clear legal legality for this financing facility results in an increasing risk of default.[34] To reduce this risk, developers provide a relatively short period of time which results in high monthly installment payments that must be paid by buyers to the developer. This must be a concern between developers and prospective buyers to avoid possible financing risks.

CONCLUSION

This study concludes that non-bank sharia housing financing across four developments in Deli Serdang Regency (Savana Regency, Syafira Gambir Regency, Beringin Pasar 7, and Amplas Sharia Housing) serves as a viable alternative homeownership model that operates completely free from usury, late fines, property repossession, and credit scoring (*BI checking*). Utilizing direct *murabahah* and *istishna'* contracts, this non-bank mechanism successfully provides inclusive financial access for informal workers and MSME actors while delivering financial, social, and spiritual comfort to buyers. To mitigate default risks in the absence of initial land title transfers, developers rely on qualitative

[30] Riyan Pradesyah, "Analisis Perkembangan Akad-Akad Di Perbankan Syariah," *Aghniya* 1, no. 1 (2019): 73–86, http://jurnal.umsu.ac.id/index.php/AGHNIYA/article/view/2561.

[31] Rahmayati Rahmayati, Mutia Khaira, and Efry Kurnia, "Islamic Financial Literacy as an Improvement in the Quality of Islamic Bank," *Proceeding International Seminar on Islamic Studies* 3, no. 2 (2022): 129–36.

[32] Tri Setiadi, "Pembiayaan Murabahah Dalam Perspektif Fiqh Islam, Hukum Positif Fan Hukum Syariah," *Fiat Justicia Jurnal Ilmu Hukum* 8, no. 3 (2014): 517–30.

[33] Siti Mujiatun, "Jual Beli Dalam Perspektif Islam : Salam Dan Istisna'," *Jurnal Riset Akuntansi Dan Bisnis* 13, no. September (2013): 202–16.

[34] Harjono, *Hukum Properti*.

character screening, contract transparency, restructuring flexibility, and peaceful unit returns (*internal takeover*).

The primary limitations of this study include its narrow geographic scope focused on four projects in Deli Serdang, which warrants caution when generalizing findings to other regions, and its reliance on a qualitative approach that does not quantitatively assess actual default rates or long-term developer liquidity.

To address the paper's most critical finding—the systemic legal and financial vulnerabilities stemming from the absence of a formal regulatory framework—this study proposes three strategic recommendations. First, the Financial Services Authority (OJK) and the Ministry of Public Works and Housing (PUPR) should establish specific regulatory frameworks to register and supervise non-bank developers, thereby protecting consumers against developer insolvency. Second, the National Sharia Board (DSN-MUI) should issue standard operating guidelines and dedicated fatwas for direct property transactions to guarantee sharia compliance and margin transparency. Third, sharia developer associations must establish secondary guarantee funds to cushion liquidity shocks during default crises.

Author's Contribution

Mutiah Khaira Sihotang: Contribute to formulating research ideas, collecting data, processing data, and interpreting data

Uswah Hasanah, Mohd Shahid Mohd Noh: Contributing to writing systematics, research methods, analyzing interpretation results.

Salman Nasution: Contribute to the language proofread.

Acknowledgements

The author is grateful to those who helped in the completion of this article, especially during the data collection process and article review.

Declaration of Competing Interest

The author declares that there is no conflict of interest.

Ethical Approval

Ethical approval No patient-identifying parts in this paper were used or known to the authors. Therefore, no ethical approval was requested.

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