



Analysis of the Sharia Compliance Level of Murabaha Contracts on Non-Financial Performance in Sharia Banks

Kartini¹, Masriani², Niluh Anik Sapitri³

^{1,2,3}Islamic Economics Study Program, Faculty of Islamic Economics and Business, Aisyiyah Institute of South Sulawesi, Gowa Regency, Indonesia

kartinihasran35@gmail.com
masriani090699@gmail.com
niluh.eskyaripi@gmail.com

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Abstract

Purpose - This study aims to analyze the influence of the level of sharia compliance in the implementation of murabaha contracts on the non-financial performance of Islamic banks, especially in shaping customer trust, customer loyalty, and institutional reputation.

Method - This study adopts a qualitative-descriptive approach using library research methods. Data was collected from indexed national and international academic journals, authoritative regulations, and related fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) published in the last five years. Data were analyzed using content analysis techniques to identify patterns, theoretical-practical gaps, and conceptual relationships between research variables.

Result - Findings show that substantive sharia compliance in Murabaha contracts characterized by real ownership of transaction objects, transparency of pricing and profit margins, and active supervision by the Sharia Supervisory Board has a significant positive effect on customer trust, customer loyalty, and reputation of Islamic banks. On the other hand, compliance that is only administrative tends to weaken the integrity felt by Islamic banking institutions.

Implication - These results highlight the importance of strengthening sharia governance, increasing the active role of the Sharia Supervisory Board, and improving customer sharia literacy as a strategic effort to maintain the non-



financial performance of sharia banks. Practically, the findings provide valuable insights for regulators and practitioners in improving the quality and consistency of murabaha contract implementation.

Originality - The originality of this research lies in its conceptual mapping that integrates sharia murabaha compliance with non-financial performance from a value-based perspective, thus contributing theoretically and reflectively to the development of sharia banking studies based on maqashid al-sharia.

Keywords: Sharia Compliance, Murabaha Contracts, Non-Financial Performance, Sharia Banking, Customer Trust



Introduction

Islamic banking exists as a response to the need of Muslims for a financial system that is in accordance with Islamic principles. This system prioritizes the values of justice, partnership, and the prohibition of usury, gharar, and maysir. One of the most common forms of financing in Islamic banking practice is murabaha contracts, which are the buying and selling of goods with an additional profit margin that has been agreed between the bank and the customer. Murabaha is the most widely used financing method in Islamic financial institutions because of its simple and easy-to-understand mechanism. However, in practice, there are often deviations from sharia principles, especially when financial institutions sell goods that are not legally owned. This practice causes murabaha contracts to lose their buying and selling character and shift to debt-based financing. This condition is contrary to the principles of ownership and justice in sharia, because the risk and responsibility for the goods do not really lie with the seller before the transaction is made.

The implementation of murabaha contracts in practice often deviates from the substantial provisions of sharia. One form of such deviation is murabaha which is carried out without real ownership of the goods by the bank before being sold to customers. In other cases, the markup or profit margin is set based on conventional interest rate references. This kind of practice not only risks undermining the validity of sharia contracts but also creates a negative perception among people who are increasingly critical of the application of Islamic principles in the financial sector. This situation weakens the image of Islamic banks as institutions that prioritize ethical values and justice, especially when formal practices dominate the substance of the contract itself.

Another problem is the gap between regulation and implementation. The National Sharia Council (DSN-MUI), Bank Indonesia, and the Financial Services Authority have provided technical guidance on the implementation of murabaha contracts. But in practice, many Islamic banks have not fully implemented these principles (Sapitri *et al.*, 2025). The Sharia Supervisory Board (DPS), which is supposed to be tasked with ensuring compliance with sharia principles, is often less active in supervising the implementation of



transactions. The contract execution procedure is also often considered an administrative formality, thereby reducing the substantive value of sharia transactions that must be prioritized. This is a serious problem in ensuring the quality and operational credibility of Islamic banks (Nasution et al., 2022).

Weak sharia compliance in the implementation of murabaha contracts not only raises legal-formal problems, but also has a direct impact on the non-financial performance of Islamic banks, especially customer loyalty and trust. When the practice of murabaha is known to be not in accordance with sharia principles such as the sale of goods without real ownership customers can view Islamic banks as not substantially different from conventional banks. This perception weakens customers' confidence in the bank's operational integrity, which ultimately lowers the level of trust. This decrease in trust has implications for reduced loyalty, reflected in the increased tendency of customers to move to other institutions or only use services transactionally without long-term commitments (Sapitri & Nurhikma, 2024). When customers are aware of the difference between claimed values and actual practices practiced, they are more likely to experience a loss of trust, which in turn affects loyalty. Therefore, sharia compliance is not only a normative issue, but also has a direct impact on the strategic performance of banks (Annas et al., 2021).

In this context, Social Exchange theory is particularly relevant to explain how customer trust is formed and maintained. This theory states that the relationship between institutions and service users is based on mutual values, i.e. the provision of services that are fair, transparent, and in accordance with ethical principles will encourage higher trust and loyalty from users. If sharia commitments only stop at the level of formality and are not realized in transparent and consistent operational practices, then this mutual relationship will be severed. The consequence is the weakening of customers' emotional ties with banks, which can lead to a decrease in customer loyalty and migration to other financial institutions (Sigh *et al.*, 2025).

In addition, low public literacy about the technicalities of implementing sharia contracts is also a supporting factor for the low external supervision of



murabaha practices. Many customers do not fully understand how murabaha contracts should be executed in accordance with Islamic principles. This ignorance makes it easier for them to accept deviant practices without questioning the process or substance of the transaction. At the same time, the difference in fiqh views between DPS members in responding to market situations makes the implementation of sharia contracts often fragmented and inconsistent, making it even more confusing to the public (Sigh *et al.*, 2025).

By considering these various problems, the urgency to critically evaluate the implementation of murabaha contracts is getting higher. This study aims to analyze the extent to which sharia compliance in the implementation of murabaha contracts can affect the non-financial performance of Islamic banks, especially in terms of reputation, loyalty, and customer trust. In this context, the literature study approach becomes relevant to map the trends, challenges, and conceptual solutions that have developed in the academic literature over the past five years. Thus, this research is expected to make a theoretical and practical contribution in order to improve the operational quality and morality of Islamic banking institutions in Indonesia (Prince, 2025).

The rapid development of Islamic banking in Indonesia is inseparable from the increasing awareness of Muslims on the importance of transacting in accordance with sharia principles. However, this quantitative growth has not been fully accompanied by the quality of substantive sharia compliance in financing practices. This phenomenon can be seen in the dominance of murabaha contracts which in many cases only prioritize administrative aspects without fulfilling substantive provisions (Sapitri & Irawan, 2023). The imbalance between business growth and the fulfillment of correct sharia principles raises ethical and reputational dilemmas. Islamic banks, which are supposed to be pioneers of ethical finance, are actually vulnerable to being considered as a sharia justification for practices that are close to conventional. This signals a shift in orientation from principle to profit, which has the potential to lower the credibility and strategic position of Islamic banks in the eyes of the public (Mumtahaen & Romli, 2025).



This problem becomes even more complex when we see that non-financial aspects such as customer trust cannot be built with sharia branding or contract labeling alone. Trust can only grow from practices that reflect integrity, honesty, and transparency in every transaction process. Studies conducted by several researchers show that customers are now increasingly critical in assessing the suitability between sharia promises and the actual practices of Islamic financial institutions. This difference has a direct impact on the customer's decision to remain loyal or switch to another institution that is considered more credible. Therefore, Islamic banks must understand that customer reputation and loyalty are not solely the result of the image of sharia, but from the real experience felt by customers in interacting with products and services that are truly in accordance with Islamic principles (Lutfiyah, 2021).

Institutionally, the main challenge for Islamic banks lies not only in formal compliance with sharia regulations, but even further in substantive compliance with maqashid al-sharia, i.e. noble sharia goals such as justice, profit, and protection from losses. This is especially relevant for products such as murabaha, which, although legally compliant with the provisions of fiqh, often resemble conventional credit systems in practice, thus risking ignoring the core values of sharia. Therefore, a high level of awareness and commitment is needed from Islamic banks to ensure that every product and service offered is not only legally valid, but also contributes to the realization of true Islamic values through a holistic approach to maqashid al-sharia. To realize this, an active and critical role of the Sharia Supervisory Board (DPS) is needed in every stage of contract implementation. Unfortunately, in practice, many DPSs play a passive role or simply become part of the formal structure of the bank without having any real influence in the strategic decision-making process. The DPS's lack of authority and independence makes sharia supervision weak, which ultimately sacrifices sharia integrity in the institution's operations. A strong internal oversight role, along with good consumer literacy, is an important prerequisite for strengthening comprehensive sharia compliance (Maulana et al., 2022).



Furthermore, research conducted by experts states that the non-financial performance of Islamic banks has a great contribution to the competitiveness and sustainability of institutions. Customer loyalty, positive public perception, and institutional credibility are invaluable assets, and they are all heavily influenced by the level of sharia compliance. In this context, murabaha as the dominant product should be the main object of attention in the evaluation of sharia compliance because of its great influence on public perception. When murabaha is done well and meets sharia principles, the reputation of Islamic banks will be strengthened, public trust will increase, and customer loyalty can be maintained in the long term. On the other hand, if these contracts are filled with manipulative practices and only pay attention to profits, then all these non-financial elements will regress (Maulana at al., 2022).

Therefore, it is important for the Islamic banking industry to not only focus on asset growth and profits, but also strengthen dimensions such as sharia compliance and customer perception. This literature study-based research tries to contribute by compiling a conceptual mapping of the relationship between the level of sharia compliance in murabaha contracts and its effect on the non-financial performance of Islamic banks. By reviewing the latest literature, this study is expected to uncover the gap between theory and practice, as well as formulate recommendations that can help industry players and regulators to improve the quality of sharia governance in a more comprehensive and sustainable manner.

Literature Review

Sharia Compliance of Murabaha Contracts as the Cornerstone of Sharia Bank Integrity

Sharia compliance with murabaha contracts is positioned as the main foundation of the operational integrity of Islamic banks because these contracts are the most dominant financing products and most often interact directly with customers. Murabaha is also the most vulnerable contract to violations of sharia compliance because it involves the stages of ownership of



goods, risk transfer, and the determination of margins that must be carried out sequentially and really. In practice, operational efficiency pressures often push banks to simplify processes, such as not taking real ownership of goods or shifting all risk to customers from the beginning of the contract. The literature of the last five years confirms that murabaha that is not carried out according to the principles of fiqh muamalah, such as the absence of real ownership of goods by banks, unclear cost prices, or non-transparent margin determination, has the potential to shift the practice of Islamic banks to mere administrative formalities. This creates a mismatch between the claims of sharia values and actual practices, which ultimately undermines the moral legitimacy of Islamic banks in the eyes of the public. This point is in line with your research because the main focus of the research lies in the level of sharia compliance of murabaha as a key variable. Without a conceptual understanding of sharia compliance as the foundation of institutional integrity, an analysis of its impact on non-financial performance is incomplete. Using sharia compliance as a starting point, your research has a strong theoretical basis to explain why murabaha is not just a financial product, but a representation of Islamic ethical and justice values that have a broad impact on customer perception (Faizin & Djayusman, 2023).

The Role of the Sharia Supervisory Board in Ensuring Murabaha Compliance

The role of the Sharia Supervisory Board is a crucial element in ensuring that sharia compliance with murabaha contracts does not stop at the normative level, but is actually implemented substantively. The latest literature shows that the effectiveness of DPS greatly determines the quality of sharia compliance because DPS functions as a value guard, practice supervisor, and guarantor of bank operational compliance with the DSN-MUI fatwa. When DPS actively carries out its supervisory functions through sharia audits, transaction evaluations, and the provision of corrective recommendations, the level of public trust in Islamic banks tends to increase. On the other hand, DPS, which plays a passive role, makes sharia compliance symbolic and vulnerable



to deviations. This point is in line with your research because DPS is an institutional mechanism that directly affects the level of sharia compliance of the murabaha you are analyzing. Without an effective DPS role, sharia compliance cannot be maintained consistently, so the impact on non-financial performance such as customer reputation and trust is significant. By incorporating this perspective, your research can shed light on that sharia compliance is not only a product issue, but also a governance issue (Octasari *et al.*, 2023).

Non-Financial Performance as an Indicator of Success of Sharia Banks

Non-financial performance is a very relevant indicator of success in the context of Islamic banking because this system is built on the basis of value, not just profit logic. The literature of the last five years emphasizes that trust, customer loyalty, and institutional reputation are intangible assets that have a major impact on the sustainability of Islamic banks. Islamic bank customers tend to judge the quality of the institution based on the compatibility between the claimed Islamic principles and their real experience in transactions. When banks are able to maintain the consistency of sharia values, positive perceptions are formed and develop into long-term loyalty. This point is very much in line with your research because the dependent variable studied is non-financial performance. On the basis of this literature, your research has an academic justification that non-financial performance is not a complement to financial performance, but rather a strategic measure of the success of Islamic banks. This strengthens your research position in explaining that the impact of sharia murabaha compliance does not stop at the legal aspect, but extends to the relational and reputational dimensions (Zaerofi *et al.*, 2022).



The Relationship between Murabaha Sharia Compliance and Non-Financial Performance

The relationship between sharia compliance with murabaha contracts and the non-financial performance of Islamic banks is a common thread that unites all research frameworks. Contemporary literature shows that sharia compliance serves as a key determinant in the formation of customer trust, which further influences institutional loyalty and reputation. Murabaha which is carried out in a transparent, fair manner, and in accordance with sharia principles creates the perception that banks are not only profit-oriented, but also on moral values and benefits. This perception is the basis for the formation of emotional and spiritual bonds between customers and Islamic banks. Customers' moral perceptions are formed through the assessment of consistency between the Islamic values claimed by the bank and real practices in the implementation of murabaha contracts, such as real ownership, price fairness, and transaction transparency. When customers judge that the bank runs murabaha in a sharia compliant manner, there is a belief that the bank is not only profit-oriented, but also upholds ethical values and trust. This belief reinforces trust and moral attachment, which further drives customer loyalty in the form of long-term commitment and a continued preference for bank services. This relationship directly explains the cause-and-effect mechanism between the sharia compliance variable as an independent factor and non-financial performance as a dependent variable, thus providing a strong theoretical basis for the study to conclude that the increase in sharia compliance with murabaha contributes positively to the non-financial performance of Islamic banks (Iswari *et al.*, 2024).

Methods

This study uses a qualitative-descriptive approach with a literature study method to analyze the relationship between the level of sharia compliance in murabaha contracts and its impact on the non-financial performance of Islamic banks. The qualitative approach was chosen because the issue of sharia



compliance is not only related to variables that can be measured numerically, but also includes normative, ethical, and moral perception dimensions that shape customer trust and loyalty. The relationship is more precisely understood through tracing meaning, interpretation, and conceptual arguments than through statistical testing alone, so that a qualitative approach is considered better able to capture the complexity of the substance of the murabaha contract and its implications on public perception.

The source of research data is secondary and obtained from indexed national and international scientific journals, reference books, related regulations such as DSN-MUI fatwa and OJK provisions, as well as the results of previous research published in the last five years. The literature was selected based on the level of relevance, methodological strength, and focus of the study on the implementation of murabaha contracts, compliance with sharia principles, and its impact on institutional reputation, trust, and customer loyalty. The selection of literature studies allowed the study to integrate a wide range of theoretical perspectives and empirical findings across contexts, which was difficult to achieve through a single quantitative approach.

Data were analyzed using a content analysis method with a descriptive qualitative approach through the identification of finding patterns, mismatches between theory and practice, and the tendency of the relationship between sharia compliance and the non-financial performance of Islamic banks. The analysis is carried out systematically to construct a coherent conceptual synthesis and strengthen the theoretical arguments of the research. The limitations of this study lie in the absence of primary data and empirical validation through interviews or field observations, which are not carried out because the focus of the research is directed at the development of conceptual frameworks and the tracing of normative arguments across the literature, as well as limited access to internal data and key informants of Islamic banking. Therefore, the research findings are conceptual and require further testing through quantitative empirical approaches or mixed methods in subsequent studies.



Results and Discussion

Sharia compliance in Islamic banking is a basic principle that ensures that every activity of Islamic financial institutions runs in accordance with Islamic law, both in terms of substance and legal form. In the context of a murabaha contract, sharia compliance not only means following administrative procedures set by institutions or regulators, but also reflects the conformity of the transaction with Islamic ethical values, such as honesty, transparency, and fairness. Murabaha contracts as a form of buying and selling in fiqh muamalah, basically require the existence of real goods sold by the bank to customers with an additional agreed profit margin (Rahman, 2024).

The implementation of this contract must meet the pillars and conditions that have been set, including the existence of the seller and buyer, a clear object of the transaction (*ma'qud 'alaih*), and a valid *ijab qabul*. In banking practice, violations of these elements such as the absence of ownership of goods by the bank before they are sold are a form of substantive sharia non-compliance even though the legal form is still fulfilled. Therefore, sharia compliance must be interpreted holistically, not only in terms of document formality, but also in the intention, transaction structure, and benefits of the contract for both parties (Jalil, 2020).

The role of the Sharia Supervisory Board (DPS) is key in ensuring the level of sharia compliance in every murabaha transaction. DPS not only functions to provide product endorsement, but is also responsible for supervising the implementation of the contract in accordance with the applicable fatwa, especially the DSN-MUI fatwa No. 04/DSN-MUI/IV/2000 concerning murabaha. The compliance in question includes three main dimensions, namely compliance with fiqh regulations, conformity with sharia operational standards, and accountability in its implementation. DPS must actively conduct sharia audits and not be passive only at a symbolic level. When supervision is only carried out at the document level, murabaha practices are highly likely to experience substantial deviations from sharia, such as in the form of undisclosed markups or transactions without a legal transfer of ownership of goods. Non-compliance in this case not only violates sharia principles, but also



undermines customer trust which is a vital element in the non-financial performance of Islamic banks (Ilyas, 2021).

Sharia compliance in murabaha contracts is also inseparable from the understanding of maqashid al-sharia, which is the main goal of Islamic law which includes the protection of religion, soul, intellect, descendants, and property. In other words, murabaha transactions that are in accordance with sharia must be able to bring benefits to customers and do not contain hidden elements of exploitation. For example, when a bank sells goods to customers at non-transparent prices, or disguises murabaha contracts as a means of profit, the transaction is contrary to the maqashid that is supposed to maintain economic justice. The fulfillment of this maqashid is also an important indicator in evaluating the effectiveness of sharia products from an ethical and spiritual perspective. Therefore, the implementation of murabaha contracts in accordance with sharia is a form of institutional integrity to Islamic values, not just a commercial strategy (Kholidah, 2024).

Implementation of Murabaha in Sharia Banks

In the context of Islamic banking, performance is not only measured through financial indicators such as profit, profitability ratio, and asset growth, but also through non-financial dimensions that reflect relational aspects and social perceptions. Non-financial performance refers to a measure of institutional success based on the value of trust, customer loyalty, institutional reputation, and customer satisfaction with the quality of service and company ethics. In value-based financial systems such as Islamic banking, this dimension is very important because it concerns the public's perception of institutional integrity as a representation of Islamic teachings. As the Muslim community becomes increasingly aware of the importance of sharia-compliant transactions, the reputation of Islamic banks as a trustworthy and fair institution is a key indicator influencing customers' decisions to establish long-term relationships. (Lubis et al., 2025).



Customer trust is the main pillar in the formation of the non-financial performance of Islamic banks. Customers who believe that Islamic banks carry out contracts according to Islamic principles tend to consider the institution to have high credibility and integrity, even when profit margins or service costs are higher than conventional banks. This trust is multidimensional, encompassing spiritual, ethical, and transaction security aspects, which are formed through direct experience in transparent and fair transactions, such as clarity of the price structure, real ownership of the murabaha object, and the absence of hidden fees or manipulative practices. Consistent trust drives customer loyalty in the form of sustainable product use and long-term commitment to the bank. Furthermore, loyal and trusting customers tend to act as informal advocates by recommending banks to other parties, so trust not only strengthens loyalty, but also serves as an effective indirect marketing mechanism for Islamic banks in the face of competition in the financial services industry (Zeliana *et al.*, 2025)

Customer loyalty is the result of the accumulation of trust and satisfaction that is formed in a sustainable manner, not only through functional service quality such as transaction speed or ease of digital access, but also through emotional and religious bonds between customers and Islamic banks. This bond arises when customers view the bank as an institution that represents Islamic values that are in line with their personal beliefs, such as fairness, trust, and halal transactions. The conformity of these values fosters a sense of moral involvement and emotional identification, so that the relationship between customers and banks is not only transactional, but normative and affective. These emotional and religious ties strengthen long-term loyalty because the client's decision to stick around is based on a value commitment, not just short-term economic considerations. This is due to the emotional and religious bond formed between customers and sharia institutions. Research conducted in several regions in Indonesia shows that Islamic bank customers who are satisfied with the institution's compliance in applying Islamic principles have higher loyalty than those who only judge from the technical service aspect. This



shows that sharia values have a strong binding power in forming long-term loyalty (Prijanto *et al.*, 2021).

Meanwhile, institutional reputation reflects the public's collective perception of the integrity, moral consistency, and level of sharia compliance of Islamic banks, which is formed through the consistent and observable application of sharia principles, such as the validity of contracts, transaction transparency, and the effectiveness of sharia supervision. Continued sharia compliance serves as a credibility signal that distinguishes Islamic banks from their competitors and strengthens operational legitimacy in the eyes of the market. A strong reputation further lowers risk perceptions among customers, investors, and business partners, making it easier for banks to attract new customers, retain existing customers, and build access to funding and strategic partnerships. In the long run, the relationship between sharia compliance and reputation forms a strengthening cycle, where increasing public trust drives loyalty and market expansion and strengthens a sustained competitive advantage. Conversely, deviations from sharia principles can quickly damage reputations and have a systemic impact on public trust, ultimately undermining the performance of the Islamic bank market (Aisyah, 2024).

Non-financial performance in Islamic banks is not only complementary to financial indicators, but is an integral part of value-based institutional governance. Dimensions such as trust, loyalty, and reputation reinforce each other and become the main foundation in maintaining business sustainability. In a modern financial ecosystem that demands transparency and honesty, the excellence of non-financial performance is the main differentiator of Islamic banks compared to conventional banks. Therefore, the fulfillment of sharia principles substantially is not only a normative obligation, but also an effective business strategy in building public trust and maintaining customer loyalty in the long term (Trizuwani *et al.*, 2025).

The Relationship between Sharia Compliance and Non-Financial Performance



The relationship between the level of sharia compliance in the implementation of murabaha contracts and the non-financial performance of Islamic banks is a dynamic that is increasingly receiving attention in contemporary Islamic financial studies. Compliance with sharia principles not only impacts normative or legalistic aspects, but also contributes significantly to aspects of institutional reputation, customer loyalty, and public trust (Judge *et al.*, 2025). Basically, murabaha as a form of purchase and sale contract in Islamic banking has special characteristics that must be maintained in integrity, namely transparency of cost of goods and profits, as well as the existence of legal ownership of goods by the bank before being resold to customers (Firdaus *et al.*, 2024). When these elements are ignored and replaced with mere administrative processes, there are so-called pseudo-sharia transactions, which are financial practices that appear Islamic from the outside, but do not reflect Islamic ethical values substantially. As a result, even if the product is labeled "sharia", financially and religiously savvy customers will judge that the contract does not truly carry the mission of justice and benefits promised by sharia, so the potential for erosion of trust and loyalty is high.

Sharia compliance, when applied consistently and holistically, will create a strong reputation for Islamic financial institutions. This reputation is not only formed through brand image or commercial advertising, but from the customer's real experience in transacting. Customers who feel they are served honestly, are fairly valued, and are not manipulated through contracts or hidden margins are more likely to not only return to the bank's services, but also recommend them to others. This is where word-of-mouth principles in sharia marketing become relevant. When sharia values are applied authentically, customer loyalty is formed not only because of material incentives, but because of the bond of values and emotions. In fact, some studies have stated that customers who are loyal to Islamic banks often have a high tolerance for operational or technical shortcomings, as long as they are confident that Islamic principles are applied correctly (Siregar *et al.*, 2025).



Another aspect that is no less important is trust as a mediating variable that bridges the relationship between sharia compliance and loyalty. Trust is a form of social capital that is built over time through experience, consistency, and exemplary institutions in carrying out the principles it claims. In the context of murabaha, trust arises when customers see that the bank is not only selling products, but also serious about carrying out fair and transparent contracts. In the long run, this trust becomes a psychological binder that is difficult to replace with discounts or promotions. Banks that lose trust due to unethical murabaha practices will find it difficult to regain customer loyalty, even if they offer cheaper or competitive products. Therefore, trust is an intangible asset whose value even exceeds fixed assets because it is directly related to the sustainability of the relationship between the institution and the community it serves (Nurfadillah, 2024).

In the context of Islamic banking strategy management, the relationship between sharia compliance and non-financial performance is not only a correlation, but is a key determinant of institutional success in the long run. Sharia compliance that is consistently applied contributes to the creation of trust values that are deeply rooted in the collective consciousness of the Muslim community. At the empirical level, the public is increasingly sensitive to the alignment of financial institutions with Islamic values, not only in terms of image, but especially in terms of the suitability between the words and actions of the institution in transaction activities. In the case of murabaha contracts, when the public knows that the contract is carried out substantially in accordance with sharia, not just administrative formalities, then the positive perception of the integrity of the bank increases significantly. This perception constitutes trust capital, which is trust capital that will continue to grow if banks maintain their commitment to sharia principles in all their operations (Mu'allim, 2021).

Sharia compliance in the implementation of murabaha affects the perception of institutional morality and ethical examples displayed to the community. Islamic banks are not only required to be technically competitive, but also required to be an example in implementing the principles of justice,



transparency, and harmony with the interests of the people (Syah, 2021). When these values can be seen concretely in financing contracts, such as in murabaha carried out with real ownership of goods, explanation of open prices, and reasonable margins, then the public assumes that the bank is really practicing the teachings of Islam as a whole. On the other hand, when practices such as hidden markup, evasion of ownership of goods, or the use of fictitious contracts are found only to fulfill legality, trust will be shaken and the reputation of the institution will be fragile. Lost trust is difficult to restore, because it concerns the ethical and moral dimensions that are highly upheld in Muslim society (Prasetyo, 2020; Shah, 2021)

The relationship between sharia compliance and non-financial performance is also increasingly relevant in the framework of regulatory and accountable institutional governance. Many Islamic banking institutions are beginning to realize that financial performance cannot be sustained if it is not supported by the social legitimacy gained through good non-financial performance (Wiratmaja, 2023). In this case, customer loyalty is an important key. Loyalty is not just the result of a cheap product or fast service, but it goes deeper than that: loyalty arises because of the compatibility between the customer's personal value and the institution's value. When the sharia values that customers believe in are practiced by the bank in real form, customers will feel a strong emotional and spiritual attachment. This is not the case with conventional banks, whose relationships with customers are generally contractual and functional. In other words, Islamic banks have a competitive advantage in terms of value (value-based advantage) that must be maintained through authentic sharia compliance (Nurhikmah, 2024).

Another important aspect is that high sharia compliance in murabaha has implications for reputation cost efficiency. Banks that are often overwhelmed by the issue of sharia non-compliance, whether through media reports, customer complaints, or sharia audit findings, will experience increased reputational risks that have an impact on the trust of investors, regulators, and even business partners. In the long run, banks like this will experience a decline in customer loyalty, and may even experience passive social boycotts. On the



other hand, banks that actively maintain the authenticity of murabaha practices, as well as open in their sharia reporting, will get a superior position in the competition. This is in line with the results of research showing that a strong sharia reputation has a positive correlation with market share growth and the trust of other stakeholders (Firda Sadikin, 2022).

Conclusion

Sharia compliance in the implementation of murabaha contracts has a real influence on the non-financial aspects of Islamic banks. Compliance is not only in the form of administrative and legalistic fulfillment, but reflects a commitment to substantial principles such as fairness, openness, and tangible ownership of the object of the transaction. When the key elements of murabaha are done authentically, the bank not only gains legitimacy from regulators, but also builds strong trust from customers which is the main foundation for the success of long-term relationships.

Non-financial performance includes customer loyalty, perception of institutional reputation, and public trust in the bank's sharia integrity. These three aspects are formed from the customer's real experience of the bank's commitment to the principles of muama sharia. Literature research shows that trust does not grow through promotions or symbols, but through the execution of fair and transparent transactions. Customer loyalty does not depend on material incentives, but on the value match between the customer and the institution they choose.

Sharia compliance consistently provides strategic value for Islamic banks to maintain their existence and competitiveness amid the dynamics of the financial industry. When sharia principles are fully implemented, banks will form a strong positive image and establish harmonious relationships based on trust with customers. Strengthening sharia governance, customer education, and the active role of internal supervision are important parts of efforts to maintain the integrity of murabaha contracts as the main financing in the Islamic banking system.



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Dita Nazillatul Hidayah, Rachmania Nurul Fitri Amijaya, Moch. Shulthoni



AL-ARBAH | 184