

Medan, Desember 10-11, 2019

## Islamic Family Financial Management

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**ABSTRACT:** The stretching of the Islamic economy in Indonesia is still very concerning. The enormous quantity of Muslim communities in Indonesia has not been matched by quality in terms of the Islamic economy. The quality of Indonesian society is low in terms of the Islamic economy due to the low level of literacy that the community has. This confirms that the study of Islamic economics that has been carried out has not been conveyed to the public as a whole. This study examines the management of Islamic family finances, so that the Muslim community in Indonesia can better understand the management of money held in accordance with Islamic law. This study uses secondary data that is systematically analyzed to examine financial management that can be done by households based on the Koran and hadiths. The results of this study explain that households must pay attention to the halal of incoming and outgoing money. Consumption must be brought to the maslaha, and prioritize investment behavior in accordance with Islamic law compared with saving behavior.

**Keywords, Management, Finance, Islam**

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### Introduction

Islam is the greatest gift given by Allah to all creatures on earth, because Islam is a religion that brings salvation to all creatures on earth (rahmatan lilalamin). The complexity of Islamic teachings regulates all aspects of human life from waking up to going back to sleep. The complexity of the teachings of Islam is still very little understood by Muslim communities, especially in the economic aspects which are fundamental and crucial aspects in people's lives today.

Islamic teachings know two things namely halal and haram. Halal is something that is permissible both in the form of deeds and objects. Haram is something that is not permitted in the form of actions or objects. Halal and haram are intended to bring benefit to all beings. Every creature who does halal deed will get reward, while every creature who does illicit deed will get sin. The reward will bring goodness both in the world and the hereafter while sin will bring evil both in the world and in the hereafter.

Halal and haram are fundamental teachings in Islam that have been distorted by the times, where so many slander-slander that occurred at the doorsteps of every Muslim is no exception Muslim communities in Indonesia. The majority of Muslim communities in Indonesia no longer pay attention to halal and haram in their daily activities, especially on economic issues. The majority of Indonesian Muslim societies have been immersed in a big wave of capitalism that is competing to pursue world pleasures so that not a few of them are ignoring the

Medan, Desember 10-11, 2019

hereafter. A father who provides for his wife and children from proceeds of illicit money, or a mother who spends her family's expenses carelessly is no longer a taboo on the motherland.

This has become a complicated problem in the social life of Muslims in Indonesia because capitalism has become a vein and even the heart of the Muslim economy in Indonesia. Nevertheless, this problem can still be solved through the grassroots of the Indonesian economy, namely in the household sector. , it is necessary to conduct an intensive study related to financial governance in households that are in accordance with Islamic law, because every economic activity begins with finance.

Indonesia already has a financial institution of Islam that is quite a lot, which began in 1992. It is followed by many emerging academics or activists concerned with the economics of Islam or Islamic finance. The high interest to be economic to Islam or Islamic finance has brought a lot of literacy on Islamic economics and Islamic finance but among the many literacy provided on the Islamic economy or Islamic finance macro and still very little literacy fok us examine financial governance in scale micro (household).

This has encouraged researchers to conduct research on family financial management that is in accordance with Islamic law so that it can be a academic contribution of researchers in enriching the literacy of Islamic economics and Islamic finance.

## Literature review

### 1. Management in an Islamic perspective

Management in language is called *idarah*. *Idarah* comes from the word *adartasy-syai'a* or the words *adarta bihi* can also be based on the word *ad-Dauran*. The language observer assesses the second taking - namely: 'adart a bihi-that is faster. In terms of management it is a special activity concerning leadership, direction, development, personal, planning and supervision of the works.<sup>1</sup>

Sharia management is a management process to optimize the existing resources that every aspect aims to get the pleasure of Allah SWT. this is what underlies that every step taken in carrying out the management must be based on God's rules. The rules are contained in the Al-Quran, Hadith and some examples which are carried out by friends, based on the above paradigm, sharia management is generally the same as conventional management, the difference between the two lies in the substantial basis of the implementation where sharia management embodies every aspect that is must be done in accordance with Islamic law.<sup>2</sup>

The development of sharia management has begun since the time of the Prophet Muhammad, at which time the Prophet built a country with a very good government system. Rasulullah as leaders and priests have been giving methods, procedures ways or solutions for the benefit of others' lives, even it is still considered to be relevant to apply at this time. Rasulallah always deliberates and asks opinions from friends on issues for which there is no revelation. Rasulallah took their opinion even if it might conflict with his personal opinion.

Management are done by Rasulallah do not have to be practiced simultaneously from one generation to another. This is because the problems and challenges faced are different at each time, so it requires different methods to overcome these problems. law only requires that leaders and followers to hold fast to the principle of usefulness and *mas lahah*, and do not deviate

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<sup>1</sup> Muhammad, *Manajemen Dana Bank Syariah*, (Yogyakarta:Ekonesia,2004), hlm 13-14

<sup>2</sup> <http://manajemenislam.wordpress.com/manajemen-syariah/> diakses pada tanggal 07 Agustus 2019 pukul 20.00 wib

Medan, Desember 10-11, 2019

from the provisions of the texts shari'ah '. Rasulullah's management may be reapplied if it is appropriate to answer the existing problems and challenges, for example in terms of statehood, Indonesia does not follow the management applied by Rasulullah, where at that time the Prophet played a role as executive, legislative and judiciary simultaneously. Management states that as this can only be done by an apostle who verbally and actions are maintained directly by God, will but Indonesia follow the management carried out by the prophet in taking some decisions by way of deliberation.

Prinsip management principles there are three, namely; justice , trust and responsibility , and communicative. The first and second principles are based on *lafadz tadbir* which deals with *lafadz al-amr* . The third principle is taken based on *lafadz tadbir* who faces *lafadz Al-Qur'an* and *lafadz tadbir* who faces *al-qaul* . This is based on the argument that *lafadz Al-Qur'an* and *al-qaul* are symbols of communication in QS As-Shad (38 : 29 ) and QS Mu'minum (23 : 68 ) .

Jamil explained that the principles of Islamic management, are as follows:

a) Justice

Justice is fundamental and crucial in Islamic law . The management of justice must not be selective, by neglecting one's social status, financial assets, class and beliefs. The Qur'an commands to make decisions based on the principle of equality, integrity and openness. This is what makes justice be ideal to be applied in relation to fellow human beings.<sup>3</sup>

The key word that the Qur'an uses in explaining the concept of justice is ' *adl* and *qist* . ' *Adl* implies *sawiyyat* , and also contains the meaning of equality and equality. This equalization and similarity is contrary to the word *Zulmdan jaur* (crime and oppression). *Qist* implies distribution, installment, even distance. *Taqassata*, one of the derivation words also means equal distribution for the community, and *qistas* , another derivative word, means weight balance. So that the two words in the Qur'an that are used to express justice namely ' *adl* and *qist* contain the meaning of equitable distribution, including material distribution. Justice contained in the Qur'an, also means to put something in his proposition.

b) Trust and Responsibility

Allah says " *And in fact you will be asked about what you do* ". Mandate is a mass form of the verb *amina*, *ya'manu*, *amn (an)*, *mandate (an)*, *aman (an)*, *imn (an)*, *mandate (an)* lexically meaning everything that is ruled by God to His servant.

Ibn Kathir argues that this verse states the characteristics of God's Messenger, namely: conveying God's call, giving advice and trust. Al-Maraghi classifies the mandate divided into:<sup>4</sup>

- 1) Human responsibility to each other
- 2) Responsibility to God
- 3) Man's responsibility to himself.

This principle means that every person who has a functional position in the interaction between humans is required to carry out their obligations as well as possible. If there is negligence of these obligations will result in damage to himself. A further issue concerns the obligations which are the responsibility and source of those responsibilities. This issue is related to the mandate that has been stated, namely the mandate from God in the form of duties in the form of obligations imposed by religion, and the mandate of fellow human beings, both

<sup>3</sup> Muhammad, *Manajemen Bank Syari'ah (Edisi Revisi)*, (Yogyakarta: UPP AMPYKPN, 2011), hlm. 183

<sup>4</sup> Muhammad, *Manajemen Bank Syari'ah (Edisi Revisi)*, (Yogyakarta: UPP AMPYKPN, 2011), hlm. 184.

Medan, Desember 10-11, 2019

individual and organizational mandates.<sup>5</sup> In this context, the recipient of the mandate is required to be professional, according to the following hadith of the Prophet Muhammad: *"If the message has been wasted, wait for destruction". Then a friend asked, "Yes Rasulullah, how do you waste it?" Rasulullah SAW replied, "If the business is handed over by someone who is not an expert"* (Muslim HR)

Furthermore, the mandates imposed will be held accountable, such as the following hadith of the Prophet Muhammad SAW: *"Each servant is a shepherd (guardian) of the property of his master, and he is responsible for the assets under his management"*<sup>6</sup>.

### c) Communicative

Truly in human motion can not avoid to communicate. Communication is so familiar with human life, so humans need to communicate to avoid communication.

In management, communication becomes an important factor in transforming policies or decisions in the context of managerial implementation itself towards achieving expected goals. Once the importance of communication in management, so it demands that communication be conveyed properly. The accuracy in conveying this communication, hereinafter referred to as communicative.

The descriptions that have been explained above, show that human nature as a dependent creature and the main creature who has freedom in determining his way of life and its existence as a servant of Allah and the Caliph who carries the mission of the earth-making people and ma'ruf nahi munkar, closely related to the achievement the nature of management contained in the Qur'an that is looking at or contemplating a matter (problem) so that the issue is commendable and good consequences<sup>7</sup>.

## 2. Definition of Islamic Financial Management

The word management comes from Old French from the word *management*, which means the art of implementing and managing. Management is also defined as a process of planning, organizing, coordinating, and controlling resources to achieve goals (*goals*) effectively and efficiently. Financial management is concerned with how to create and maintain economic value or welfare. Consequently, all decision making must be focused on creating prosperity. In introducing decision-making techniques, we will emphasize the logic that underlies those techniques<sup>8</sup>.

According to GR Terry, Management is a process or framework, which involves the guidance or direction of a group of people towards organizational goals or real intentions.

Finance in KBBI (2008: 1767) means: (1) everything related to money; (2) the ins and outs of money; (3) money matters; (4) the state of money<sup>9</sup>. Ridwan and Inge (2003). Finance is the science and art of managing money that affects the lives of everyone and every organization. Finance deals with the processes, institutions, markets and instruments involved in the transfer of money between individuals and between business and government<sup>10</sup>.

<sup>5</sup> Muhammad, *Manajemen Dana Bank Syariah*, (Jakarta: PT Rajagrafindo Persada, 2014), hlm. 73-74.

<sup>6</sup> Muhammad, *Manajemen Bank Syariah*, (Yogyakarta: UPP AMPYKPN, 2002), 2002, 183. Ibid, hlm, 185-186.

<sup>7</sup> Ibid, hlm, 185-186

<sup>8</sup> Manulang, M. *Dasar-dasar Manajemen*. (Jakarta: Ghalia Indonesia, 1990) hlm 20

<sup>9</sup> KBBI

<sup>10</sup> Sundjaja Ridwan S. & Barlian Inge. *Manajemen Keuangan, edisi ke lima..* (Jakarta: Literata Lintas Media, 2003) hlm 25

Medan, Desember 10-11, 2019

Management Financial is a corporate activity including activity *planning*, analysis and control of the financial activities related to how to obtain the funds, use of funds, and manages assets in accordance with the goals and objectives of the company. In shari'ah management theory, management has two definitions (1) as a science, (2) a series of activities for planning, organizing, coordinating, and controlling the resources owned by business entities<sup>11</sup>.

Etymologically (the origin of the word, lughawi) the word "Islam" comes from Arabic: *salima* which means survived. From that word formed *aslama* which means to surrender or submit and obey. As the word of Allah SWT:112. (*not so*) *even whoever surrenders to God is doing good, For him the reward is in the sight of his Lord and there is no concern for them and they are not sad.*

From the word *aslama*, the word *Islam* is formed. The adherents are called *Muslims*. People who embrace Islam mean surrender themselves to God and are ready to obey His teachings<sup>12</sup>.

Understanding Islamic financial management is a process or framework relating to money that involves planning, organizing, guiding and evaluating in its practice and relating its behavior to the values of faith and monotheism and in accordance with the guidance of Islamic teachings (Al-Qur'an and Hadith).

Thus it can be concluded that shari'ah financial management is a company's activities including *planning*, analysis and control of financial activities related to how to obtain funds, use funds, and manage assets in accordance with the goals and objectives of the company to achieve the objectives by observing their compliance with the principles Shariah principles.

Based on the above mentioned principles, in planning, organizing, implementing and controlling sharia-related finances are<sup>13</sup>:

- 1) Every effort in obtaining property should pay attention to methods that are in accordance with shari'ah such as trade / trading, agriculture, industry, or services.
- 2) The object sought is not something that is forbidden.
- 3) The assets obtained are used for things that are not prohibited / changed such as buying consumer goods, recreation and so on. Used for things that are recommended / sunnah such as *infaq*, *waqaf*, *sadaqah*. Used for mandatory things like *zakat*.
- 4) In investing money, it must also pay attention to the principle "money as a medium of exchange not as a commodity traded", can be done directly or through intermediary institutions such as Islamic banks and syari'ah capital markets

### 3. Characteristics of Islamic Financial Management

BI's Sharia Banking Directorate explained that there are seven main characteristics that become the principles of the Sharia Banking System in Indonesia which are the basis of consideration for prospective customers and the foundation of trust for loyal customers. These seven characteristics are published and circulated in the form of a booklet for Islamic Banking for All of Us<sup>14</sup>. These seven characteristics are:

- 1) Universal. View that Sharia Bank applies to everyone regardless of differences in economic capabilities or religious differences.

<sup>11</sup> Djakman D Chaerul. 1999. *Dasar-dasar Manajemen Keuangan*. (Jakarta : Salemba Empa, 1999), hlm 17

<sup>12</sup> Drs. Nasruddin Razak, *Dienul Islam*, (Bandung: Al-Ma'rif 1989) hlm. 56-57

<sup>13</sup> Muhammad, *Manajemen Bank Syariah*. (Yogyakarta: UPP STIMYKPN, 2011) hlm. 56

<sup>14</sup> Saidi, Zaim. *Tidak Syar'inya Bank Syariah*. 2010. Yogyakarta : Delokomotif

Medan, Desember 10-11, 2019

- 2) Fair. Give something only to those who are entitled to and treat something according to their position and prohibit the existence of elements of maysir (speculation or luck), gharar (unclear), haram, usury,
- 3) Transparent. In its activities, Islamic banks are very open to all levels of society.
- 4) Balanced. Developing the financial sector through sharia banking activities which includes the development of the real sector and MSMEs (Micro, Small and Medium Enterprises)
- 5) Maslahat Useful and good for all aspects of life
- 6) Variative. Products vary from Hajj and Umrah savings, general savings, current accounts, deposits, profit-based financing, buying and selling, to custodian services, transfer services, and payment services (debit cards, syariah charges).
- 7) Amenities. Acceptance and distribution of zakat, donations, alms, endowments, benevolent funds (qard), has ATM facilities, mobile banking, internet banking and interbank Islamic interconnection.

#### 4. Principles of Islamic Financial Management

- a. Every action will be held accountable.

*"And it is not your wealth nor your children who bring you even the slightest; but those who believe and do good deeds (pious, they are the ones who get a double reward because of what they have done; and they are safe at high places (in heaven) ". (QS. As Sabaa '34: 31*

- b. Every asset obtained has the rights of another person.

*"And on their property there is a right for the poor who ask and the poor who do not get a share . " (Surah Adz-Dzariyaat 51; 19) "O you who believe, spend (in the way of Allah) a portion of the fortune that we have given you before the day comes that day there will be no more buying and selling and no more syafa'at. And those who disbelieve are those who do wrong ". (Surah Baqarah 2; 254)*

*"The parable of those who spend their wealth in the way of Allah <sup>(166)</sup> is similar to a seed that grows seven heads, in each one hundred seeds. Allah multiplies (rewards) for whom He wills. And Allah is vast (His gift) is All-knowing ". (Surah Baqarah 2; 261)*

- c. Money as a medium of exchange not as a commodity traded.

*"People who eat (take) usury cannot stand but rather like the founding of a person who is possessed by devil because of (pressure) insanity. Their situation is like that, because they say (opinion), actually buying and selling is the same as usury, even though Allah has justified the sale and prohibiting usury. Those who have reached the prohibition from their Lord, then continue to stop (from taking usury), then for him what he has taken first (before the prohibition comes); and his affairs (it's up to) Allah. People who return (taking usury), then that person is the inhabitants of hell; they are eternal in them ". (Qur'an, Baqarah 2; 275)*

*"And something usury (additional) that you give so that he increases in human wealth, then usury does not add to the side of God. And what you give in the form of alms that you intend to achieve the pleasure of Allah, (those who do so) are the people who multiply (the reward) ". (Qs. Ar Ruum 30; 39).*

Medan, Desember 10-11, 2019

The principles of Islamic financial management taught in the Koran are as follows<sup>15</sup>:

- 1) Every trade must be based on mutual approval or on the basis of mutual preference between two parties, so that the parties do not feel disadvantaged or wronged.
- 2) Enforcement of the principle of justice (*justice*), both in terms of size, scale, currency size (exchange rate), and profit sharing.
- 3) Affection, please help and universal brotherhood.
- 4) In trading activities do not invest in businesses that are forbidden such as mental and moral damage for example, drugs and pornography. Likewise, trading commodities must be halal and good products.
- 5) The principle of prohibiting usury, and trade must be avoided from the practice of speculation, gharar, tadbis and maysir.
- 6) Trade must not neglect oneself from worship (prayer and zakat) and remembering Allah.

### 5. Ethics of Sharia Financial Management

Ethics in Islamic financial management cannot be separated from the values of Islamic teachings as a whole. Therefore, the following first shows the mapping of the position of Islamic financial or economic management in the structure of Islamic teachings. Islamic financial or economic management is also related to rational aspects of the economy as the focus of conventional economics. So the value of Islam is not a separate aspect at all from the rational aspects of economic reality. Both are closely related, in fact. Therefore, we understand that financial management or Islamic economics is said to also work to realize the motives / principles of the economy, namely achieving maximum profits with the smallest energy<sup>16</sup> although it is not absolute the same as the practice of economic motives in reality.

The practice of economic motives that is strong or even absolute can have a negative impact, oppressing fellow human beings in the cruelest way. However, for some people in the world, economic motives are not a fundamental law in human endeavor, because there is a "world view" as Islam has become a living and real force. As a country where the majority of the population adheres to the Islamic worldview with the tradition of infaq shadaqah zakat (as example of generosity / altruism), the worst effects of economic motives do not occur. Besides, we also assume that humans generally do not agree that motives are done purely and absolutely, regardless of morality.

Homo economicus, which is a human who always acts according to economic motives, only exists in theory<sup>17</sup> Economic principles according to normative economics are impossible in absolute terms. In this case, economic motives that occur in society are economic motives according to positive economics. In reality in society, economic motives are manifested by various modifications or changes that are not uncommon enormous caused by various factors or multi-dimensional human beings. So it is necessary to distinguish economic motives between according to normative economics and positive economics. Because economic motives (Homo

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<sup>15</sup> Ayub, Muhammad. *Understanding Islamic Finance*. (Jakarta: Gramedia Pustaka Utama, 2009) hlm 178

<sup>16</sup> Syafruddin Prawiranegara, *Ekonomi dan Keuangan: Makna Ekonomi Islam*, (Jakarta: Haji Masagung, 1988). Hlm 29-30

<sup>17</sup> Ibid, hlm 30

Medan, Desember 10-11, 2019

Economicus) according to positive economics do not differ much from economic motives in terms of mainstream Islamic syariah economics (Homo Islamicus)<sup>18</sup> Because of this,

The economy is strongly denounced by honest Muslims. Business even if the purpose is profitable, even if it has been done voluntarily, but it is still not justified if it violates the rules or general knowledge, including knowledge about general / fair prices; for example, the behavior of raising the price of an item to an outsider and to people who are used to being in his area, giving a cheap / reasonable price. In the Qur'an, it is said to be related to wrong economic motives because it is merely pursuing material gain and 'worldly',

Surah Hud verses 15-16. "Whoever desires the life of the world and its jewelery, surely we give them the reward of their work in the world perfectly and those in that world will not be harmed. These are the people who did not obtain in the afterlife, except hell and disappeared in the afterlife, what have they been working for in the world and what have they been working for nothing? Actually the motives / principles of the economy are the result of a reasonable understanding of humans in meeting their material needs, not purely the formulation of Western capitalism. So that we assume that the problem is solved by blaming Western capitalism, is wrong. Whereas the economic motives are inherent in the intelligent human being. economic nature works according to measures of reason or ratio<sup>19</sup>.

While ratios only accept values that can be measured and weighed "quantitatively." So that economic principles / motives measure results and costs in terms of "money", that is, with figures that are prices that can be compared and calculated. The process of the origin of the formulation of economic motives is evident, namely arising from the behavior of a person or a community in meeting the material needs of other people or communities. In that effort, goods or services must be purchased from other people or communities. For this purchase, money is needed as a gauge / gauge of price and a medium of exchange. So that there is an understanding of economic principles that use quantitative measures and in the final process in the form of money as a tool to measure the value of something, especially to assess compared to costs. If the result exceeds the cost, a profit / profit is obtained. If the result is less than the cost, there will be a loss. But there is another fact that we also acknowledge and do, if we walk according to nature (nature) that the needs of human life can not always be measured in terms of money.

Humans in essence can not accept / do not allow themselves / personally valued in money. So that goods for a person has a high value when measured by money, for others it can be at absolutely no price. For example, a person who is seriously ill is willing to spend any amount of money for his recovery. An art fan can afford to pay the price or spend whatever amount to get a painting that appeals to him. Whereas people who do not like art, will not be willing to, even at a cheaper price.

The habit of stating something is cheap or expensive, profit or loss according to the size of the money cause us to forget the reality more in human beings that the human need for the concerned indeed not be obyektifkuantitatif will but subjectively-quantitative. Therefore, money cannot be used to assess and measure human needs. Hungry people cannot be satisfied with "expensive" food but it is not filling. The measure is not the price in money, but which one can better satisfy their needs (hungry) .

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<sup>18</sup> Bringham, Eugene F dan Houston, Joel F., Dasar-Dasar Manajemen Keuangan, (Jakarta: Salemba Empat, 2006). Hlm 30

<sup>19</sup> Syafruddin Prawiranegara, Ekonomi dan Keuangan: Makna Ekonomi Islam, (Jakarta: Haji Masagung, 1988). Hlm 261



Medan, Desember 10-11, 2019

Furthermore, the implementation of quantitative economic principles mostly has difficulty and even fails to have. Because there is a fact that humans want to be assessed and treated according to their own personalities as subjects. Because the implementation of these economic principles deals with people who have multiple dimensions: psychiatric, religious, cultural, political, and others and refuses treatment if they are valued as objects. In addition, economic principles in their implementation, many fail because they are disturbed and not or are not full enough to achieve their goals, due to the application of customs or beliefs that prevent them.

Often good goals, which are in accordance with economic principles, in practice deviate from their goals and even contrary to those good goals, such as the government's efforts to protect people's businesses and guarantee the course of the law, in practice, civil servants are not protective, instead bully of the people. Instead of being an enforcer, it becomes a law destroyer. Even though there are many violations and deviations from economic principles, it does not reduce the fact that economic principles as long as humans are intelligent, are working according to human nature.

The Islamic Economic System occupies a middle position between the Liberal Economic System and the Social Economic System. It is clear that besides Islam recognizing the profit motive, it also binds the motive with moral, social, and temperance conditions (self-limitation). Thus, when Islam was implemented, the use of the profit motive of an individual / individuals, not to make extreme individualism, the man who only remember going to interest ourselves without regard to society. The Islamic Economic System (SEI), if followed and implemented, is a harmonious balance (a harmonious measure, the author) between individual interests and the interests of society.

The economic motive in accordance with sharia / Islam is to look for material benefits efficiently and other right / ethical ways that lead to profit in the present life and life after death.<sup>20</sup> So saving costs in achieving large profits is a justified way, because it is in the form of efficiency. While Islam does not forbid efficiency / savings. What is prohibited Islam is miser and waste. The correct ways are formulated according to revelation as well as human experience in economic life. The necessity to use the right methods is because confirmed by Allah SWT in Al-Qur'an An-Nisa 'verses 29, 161;

"O you who believe, do not eat your neighbor's property in a false way, except in the way of trade that applies with equal conscience among you. And do not kill yourself; surely Allah is Most Merciful to you. "[an-Nisa 'verse 29].

"And because they eat usury, when in fact they have been banned from it, and because they eat the property of people in a false way. We have provided for those who disbelieve among them a painful punishment." [An-Nisa 'verse 161 ]

To find out the right ways, we must first know the wrong methods. In the Qur'an, it is explained that the way the vanity / cheating in eating another man's treasure<sup>21</sup>.

1. Fraud such as deliberately weighing, sampling, measuring and others. Al-An'am verses 152-153, Surat al-Muthoffifin verses 1-12. "And do not approach the wealth of orphans, except in a more beneficial manner, until they are adults. And complete the

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<sup>20</sup> Suroso Imam Zadjuli, SE, Etika sebagai Landasan Moral Pembangunan Ekonomi di Indonesia, makalah seminar yang diselenggarakan jurnal UNISIA UII Yogyakarta, 25 September 2004. Hlm 17

<sup>21</sup> Syafruddin Prawiranegara, Ekonomi dan Keuangan: Makna Ekonomi Islam, (Jakarta: Haji Masagung, 1988). Hlm 265

Medan, Desember 10-11, 2019

measurements and scales equitably. We do not impose burdens on someone but only their ability. And if you say, then you should behave fairly even though he is a relative (you), and fulfill the promise of God. That is what God commands you to remember, (152) and that (which We command) is my straight path, so follow him; and do not follow the (other) paths, for the paths divide you from His ways. Allah commands you to fear this ( 153) "[al-An'am verses 152-53].

2. Not keeping promises / breaking an-Nahl oath: 92-94. "And do not be like a woman who breaks the threads that have been twisted strongly, become divorced again, you make your oath (agreement) as a means of deception among you, because there is one group that is more numerous than the other groups. Surely Allah only tests you with that. And verily on the Day of Judgment He will explain to you what you disputed before. (92) And do not make your oaths as a deceiver among you, which causes your feet to slip after you have been firmly established, and you feel poverty (in the world) because you obstruct (humans) from the way of Allah: and to you great punishment. . (94) "[An-Nahl verses 92-94].
3. Theft. Prohibition mentioned in the Qur'an about how the theft as a wrong way to transfer ownership from one party to another in Surat Al-Maidah verse 38: A man who steals and the woman who steals, cut off their hands (as) in retaliation for what they do and as torture from God. And Allah is Mighty, Wise. (38) [Surah Al-Qaida verse 38].
4. Gambling or gambling. This prohibition on gambling is mentioned in Al-Qur'an Surah Al-Baqarah verses 219 and 280 and Surah Al-Maidah verses 90 and 91. "They ask you about khamar and gambling. Say: "In both of them there are great sins and some benefits for humans, but both of them are greater than their benefits". And they ask you what they spend. Say: "More than necessary." Thus Allah explains His verses to you so that you think, "[Al-Baqarah Verse 219] ." O you who believe, verily (drink) khamar, gamble, (sacrifice for) idols, draw fate with arrows, are abominable deeds including shaitan. Then stay away from these deeds so that you get good luck. (90) Indeed, the devil intends to cause hostility and hatred among you because of (drinking) the khamar and gamble, and prevents you from remembering Allah and praying; then stop you (from doing the work). (91) "[Al-Maidah verses 90-91].
5. Prohibition of hoarding for oneself in the Qur'an Surah At-Taubah Verses 34-35. "O you who believe, in fact most of the Jewish religious people and Christian monks really eat people's property by way of the vanity and they obstruct (man) from Allah's way. And those who keep gold and silver and not spend it in the way of Allah, tell them (they will get) a painful punishment, (34) On the day the gold silver was heated in Hellfire, then burned with their foreheads, their hulls and backs (then said) to them: "This is your treasure which you have kept for yourself, so feel now (as a result of) what you have saved." (35) [At-Taubah verses 34-35]
6. Other actions aimed at taking the rights of others without permission or knowledge or the will of the rightful person. This is mentioned in the Qur'an, including:
  - a. Surah Al-Baqarah verse 188 shows, even though taking property from the rights of others is based on the judge's decision, but if he himself knows that the property is not his right, then the act is forbidden by Allah SWT. "And let not one of you eat the

Medan, Desember 10-11, 2019

treasure of another part of you by way of the vanity and (do not) you bring (the affairs) of that treasure to the judge, so that you can eat part of the property of others with (the way of committing) sin, even though you know. " [Al-Baqarah verse 188].

- b. Allah SWT and His Messenger forbid the way "usury" to obtain benefits. It should be noted, that not all things or cases that are forbidden by Allah SWT are of no benefit at all or only bring harm or damage. This is evident from the expression of Allah in the Koran surah Al-Baqarah (2): 219 concerning the forbidden "khamr," which states that khamr also contains benefits but "madaratnya greater" and dangerous than the benefits that might be obtained. Likewise usury, 'maybe' it contains certain benefits to certain groups of people, but universally, the harm and danger of usury outweighs the benefits it causes (al-Misri, 1999: 34-35).

## Results and Discussion

### 1. Islamic Family Financial Management

Managing finance is the first step that must be done so that the money owned can be allocated effectively and efficiently. Management becomes the basis for humans to be able to fulfill their needs and desires optimally by using limited money, because everything or every activity carried out must have value of money in it. Management has four basic functions, namely planning, organizing, implementing and controlling, these four things must be done in financial arrangements.

Households are one of the main pillars in the economy. Households are both labor providers and consumers. Households must manage their finances so that their economic activities can be carried out in an effective and efficient manner. Family financial management can improve the household economy in the future.

The Islamic perspective used in household settings is to limit economic activities or behavior carried out by households, because Islamic law has been comprehensive in regulating all aspects of human life in the world so that it can become a provision for life in the afterlife. Islam requires its adherents to have an orientation to life in the world and in the hereafter, making the world a prefix for happiness or goodness in the afterlife. Shari'a of Islam has hu kum halal and haram , halal is a product of Islamic law which states perbolehkan while forbidden states can ketidakbolehan.Halal menyangkut of activity or object. Halal law will bring reward while unlawful will bring sin and badness.

Meat or drink is something that is permissible (halal) in Islam . Pigs and khamar are objects that are not allowed (haram) to be consumed in Islam . People of Muslims who eat pork or drink alcohol is something that is not allowed (haram) in islam.Memakan or drinking is allowed in Islamic activity but pork and wine are things that are forbidden, eating pork to drink alcohol is something that is not justified (haram) in Islam. This indicates that halal and haram should not be united, so Muslims must really ensure that every activity they do is permitted (halal).

Islam which is used as the basis for regulating family finances has attributed the lives of every family member oriented to the world and the hereafter, limiting economic activities by only doing all activities that are permitted (halal) in Islam and not doing activities that are not allowed (haram) without reducing management functions namely planning, organizing, implementing and controlling.

Medan, Desember 10-11, 2019

Family financial management begins with determining the source of income, the source of income must come from activities that are justified (halal) in Islam, if the activities undertaken to obtain money are prohibited activities then the money generated will also be haram. Entered received for their economic sacrifices are performed such work, or trade. Working means sacrificing labor and time within a certain period so that later it will receive remuneration from a company that is a household income, while trading is exchanging with a sale and purchase agreement, from buying and selling made will benefit, the benefits will be income for the family.

Work and trade are permissible activities in Islam so that the money generated is also halal, but there are more substantial activities that can lead to illicit activities in working and trading, such as corruption in work or reducing the scales in trading, and there are jobs and trade which is forbidden by Islam. This work or trade will produce money that is haram, and all activities financed by the money will be haram, for example working in a conventional bank.

Conventional banks can be used as an example of forbidden trading because banks provide loan services by taking profits through interest so that Muslims are forbidden to work in conventional banks. The 2004 MUI fatwa states that interest is usury while usury is forbidden in Islamic Sharia. Allah says in sura Ali-imran verse 30 and Al-Baqarah verse 279:

ارَ التِّي أُعِدَّتْ لِلْكَافِرِينَ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ  
*"O you who believe, do not eat usury multiplied and fear you to Allah so that you will have good fortune. Protect yourself from the fires of hell, provided for those who disbelieve."*

فَإِنْ لَمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ وَإِنْ تَبَتُّمْ فَلَكُمْ رَعُوسَ أَمْوَالِكُمْ لَا تَظْلَمُونَ وَلَا تُظْلَمُونَ  
*"So if you do not do (of war), then know that Allah and His Messenger will fight you. And if you repent (from usury taking), then for you the principal of your treasure; You are not persecuting and are not persecuted."*

The Messenger of Allah has also affirmed the forbiddenness to work on conventional banks. The Prophet said in the Muslim HR no. 1598.

*"Rasulullah sallallahu 'alaihi wa sallam cursed usurers (usurers), usurers, borrowers, usury transaction writers (secretaries) and two witnesses who witnessed usury transactions."*

There is a negative impact if someone uses something that is unclean, or consumes halal using illicit money. This negative impact will be felt by humans who are still alive on earth in the afterlife. The Messenger of Allah said in a great hadith.

*"They will not cheat in terms of measurements and scales, but they will be subject to famine, the cost of living is expensive, and the evil behavior of the rulers. And they are not reluctant to pay the alms of their property, but they will be prevented from getting rain water from heaven, if not because livestock, surely they will not be given rain. "(History of Ibn Majah, Al Hakim, Al Baihaqi)"*

We have felt the apostle's words in the past few decades, many areas hit by drought to the point of fires or crop failures in the islands of Java, Sumatra or Kalimantan, inflation that continues to occur every year, many leaders who appear tyranny are marked by the rampant arrests of the KPK's arrest operations, as well as other economic problems.

Guaranteed halal household income must also be accompanied by effective and efficient use of financial benefits from an Islamic perspective. This will lead to falah victory. Falah according to terminology is the victory, victory of life in the world and victory of life in the afterlife, meaning that life in the world has a good economy characterized by the ability to meet

Medan, Desember 10-11, 2019

their needs and desires, and in the hereafter can enjoy the surge that Allah has promised to those who believe.

Money owned by households in general will be used to consume, save and invest, with the equation ( $P = C + S + I$ ). Islam has the same perspective in terms of financial allocation, but there is a significant difference in the substantial mapping of savings consumption and investment. This results in fundamental differences in the implementation of these three things.

Islam distinguishes the position and proportion of fulfillment of the needs and desires that are the basis for consumption. Needs have a position and proportion that is higher than the desire. Islam requires Muslims to immediately meet the needs of the world and the hereafter, in ways that are justified by the Shari'a, but there should not be an excessive element in meeting those needs. Something that is unclean will turn out to be halal if there is an urgency in meeting the needs and lack of choice. The position and proportion of desires are in the variety available in meeting needs with certain restrictions. Eating and drinking is a necessity for humanity, the choice to eat or drink something becomes a desire in meeting needs. This choice is limited by shar'i laws which forbid eating or drinking something that is forbidden such as pork or khamar, if other options are available.

People of Muslims should be able to separate the needs of nature with the desire that always accompanied, if households are not able to keep the two separate economic problems will arise such as loans. Credit arises because of the inability to fulfill desires. Someone who has a high desire or desire will bring up high consumption behavior, if this is not accompanied by high economic capacity, it will encourage someone to make interest-bearing loans. Households need to do financial planning or budgeting in consumption. This budgeting is based on meeting needs, by limiting the desire to not be excessive, so that the income obtained can be exploited effectively and efficiently.

Consumption carried out to own property in the household is permitted as long as the possessed property has benefits. Islam does not give an element of waste or lack of benefits in ownership of an object. Households are not allowed to own property based on impulse alone or to brag (ria), because it will only bring bad (mudharat) for themselves, studied in the economic perspective of assets or fixed assets have overhead expenses. Overhead costs are costs that arise from the decline in function, so the need to spend some money to restore the function of the asset (maintenance), the more assets owned will certainly incur greater costs.

Income that is not used for consumption can be saved or invested. Saving and saving has a different motive, saving is consumption that is delayed or postponed, the intention is to accumulate resources (money) obtained within a certain period of time for consumption in the future. Investment is owned uangyang utilization in the form of capital adequacy with hope will earn dividends or capital gains. Investment has a more prominent position in Islam, due to the existence of money empowerment activities owned. Investments will also bring benefits to the recipient of the funds by bringing opportunities to obtain greater profits.

Investment is divided into two dimensions, namely world investment and the investment of the hereafter. World investment is the utilization of money that makes it possible to obtain profits while living in the world, an example of this investment is the security that allows to obtain dividends or capital gains. Allah says in surah al-hasry verse 18:

يا أيها الذين آمنوا اتقوا الله ولتنتظر نفس ما قدمت لغد واتقوا الله إن الله خبير بما تعملون

*"O ye who believe, fear Allah and let every self pay attention to what he has done for tomorrow (the Hereafter); and fear Allah, indeed Allah is All-Knowing what you do."*

Medan, Desember 10-11, 2019

World investment can lead to activities that are forbidden, because investment is closely related to speculation, where speculation can be categorized in gambling. Investments in companies that produce or sell prohibited goods and services are not permitted in Islam. This act makes households contribute to the spread of something halal. Households must be careful in making investments in the world by paying close attention to all aspects, avoiding buying and selling of shares in a short time in order to get capital gains to avoid speculative practices.

Investment in the hereafter is the utilization of money owned to obtain profits in the afterlife, examples of this investment are zakat and donation. Zakat is a gift of ownership of certain assets with a certain amount and time that is given to certain groups (eight groups). The amount of zakat issued depends on the type of property and the amount of assets owned by someone. Zakat and donation will not only bring benefit in the hereafter, but will also bring good in the world.

Zakat and donations paid by households can improve the welfare of economically weak people with effective and efficient utilization. Economic improvements that occur can create new market shares, due to the rise in consumption. This will increase the supply of demand created, and will benefit employers or workers, where households also benefit from it. Zakat and infaq can also minimize crime in the community such as theft or robbery. Theft and robbery based on economic pressure will be reduced due to the flow of funds flowing from the owner of the property to the weak economic community, so that safe conditions will be created.

## **Conclusions and suggestions**

### **1. Conclusions**

- a) Halal and haram are the things that underlie family financial management in the household sector.
- b) Households must be able to map the income to be received and ensure that the activities carried out do not contain illicit elements
- c) Households split between the needs and desires in consumption behavior that households must meet the needs effectively and efficiently by way of pressing desire arises from the activity of fulfillment.
- d) Households' assets are based on the principle of expediency, and must be able to utilize the asset.
- e) Investments can be classified into two groups, world investment and investment hereafter,

### **2. Suggestions**

- a) Muslim families must pay attention to halal and haram elements in every activity they do, both activities to get money, or activities to use money. This is done with the intention to get the pleasure of Allah so as to get victory in the world and the hereafter
- b) Scholars Muslim and clergy should be more assertive in providing an understanding of the Muslim community associated with the management of money in accordance with the law, see the massive transaction of usury in the midst of the Muslim community.
- c) The government is expected to make regulations that can encourage the growth of the Islamic finance industry, and facilitate scholars and religious scholars to provide understanding to the community about Islamic finance.

Medan, Desember 10-11, 2019

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