

The Role of Amanah and Tabligh in Strengthening Islamic Banking Relationships

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Abstract

This study aims to analyze agency problems in murabahah and mudharabah contracts and to identify strategies to reduce these issues in Islamic banking practices. The research employs a qualitative approach using a library research method by reviewing various sources, including academic journals, books, and other relevant literature published between 2021 and 2025. The findings indicate that agency problems in Islamic banking primarily arise from information asymmetry and moral hazard between the bank as the principal and the customer as the agent. These issues are more prevalent in mudharabah contracts compared to murabahah, due to the high dependence on the honesty and transparency of customers in reporting business performance. In contrast, murabahah contracts tend to have lower agency risks because of their simpler and more transparent transaction structure. Furthermore, this study finds that the implementation of tabligh (transparency) and amanah (trustworthiness) principles serves as an effective solution in reducing information asymmetry and moral hazard. Therefore, strengthening Islamic ethical values along with improving monitoring systems and transparency mechanisms is essential to mitigate agency problems and to optimize the implementation of profit-and-loss sharing contracts in Islamic banking.

Keywords

Agency Problem, Amanah, Murabahah, Mudharabah, Tabligh



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INTRODUCTION

The development of Islamic banking in Indonesia has shown significant growth as part of a financial system based on Islamic principles, such as justice, transparency, and the prohibition of riba (interest). In practice, Islamic banking utilizes various financing contracts, including murabahah, musyarakah, mudharabah, istishna', and others, which represent the core characteristics of the Islamic financial system. Based on (Otoritas Jasa Keuangan, 2025) for Islamic Banking

Statistics, the most widely used contracts are murabahah and mudharabah. Both contracts have shown an increasing trend from 2021 to 2025. Conceptually, mudharabah is considered the ideal contract as it applies the profit-and-loss sharing principle, whereas murabahah is based on a sale transaction with a predetermined profit margin. However, in practice, there is an imbalance, where murabahah financing is more dominant than mudharabah.

This phenomenon is closely related to the existence of agency problems in the relationship between banks and customers. According to agency theory proposed by (Jensen & Meckling, 1976), conflicts of interest between principals and agents arise due to differing objectives and limitations in monitoring. In the context of Islamic banking, the bank acts as the provider of funds (principal), while the customer acts as the fund manager (agent), particularly in mudharabah contracts. This issue is further exacerbated by information asymmetry, a condition in which customers possess more complete information regarding business performance than the bank.

In murabahah contracts, information asymmetry is relatively lower due to the simpler and more transparent transaction structure, where the cost price and profit margin are agreed upon at the outset. Nevertheless, this does not mean that murabahah is free from agency problems. Conflicts may still arise, particularly in the form of customer non-compliance with payment obligations, such as delays or even default. Additionally, moral hazard may occur when customers misuse the financed goods or provide inaccurate information during the financing application process. Research by (Oktariani et al., 2024) indicates that although murabahah carries more controlled risks, it still faces non-performing financing issues influenced by customer behavior. Therefore, both mudharabah and murabahah contracts are still subject to agency conflicts, which must be managed through enhanced transparency, supervision, and the application of prudential principles in Islamic banking.

Meanwhile, in mudharabah contracts, banks do not have direct control over business operations, which creates opportunities for information asymmetry, where customers have more complete information than the bank. This imbalance can lead to moral hazard, such as profit manipulation, income concealment, or misuse of funds. Research by (Afni et al., 2023) shows that agency problems in mudharabah financing arise due to weak transparency and limited monitoring by banks, thereby increasing the risk of unfair profit-sharing. This finding is supported by ((Sovita & Gustriani, 2025), who state that the high risk associated with mudharabah is one of the main reasons for the low proportion of profit-sharing financing in Islamic

banking.

Theoretically, this condition reflects a gap between the ideal concept of Islamic banking, which emphasizes profit-and-loss sharing, and actual practice, which is dominated by trade-based contracts. From the perspective of Islamic economics, as explained by (Putri & Sarmigi, 2025); (Susilawati et al., 2025), the profit sharing system should be the core of Islamic banking operations as it reflects justice and shared risk. However, in practice, various limitations such as weak monitoring, high risk, and low transparency have hindered the optimal implementation of profit-sharing contracts. Therefore, a qualitative approach is necessary to explore more deeply the perceptions, experiences, and strategies adopted by Islamic banks in dealing with these risks.

METHODS

This study employs a qualitative approach using a library research method, which involves a systematic review of various written sources such as academic journals, books, and other relevant documents. This method aims to develop a conceptual framework, identify research gaps, and analyze phenomena theoretically without relying on primary field data. In qualitative research, a literature-based approach serves not only as a theoretical foundation but also as a primary method capable of generating in-depth and critical conceptual insights into a given phenomenon (Ma & Lund, 2021).

FINDINGS AND DISCUSSION

Agency Problem in Islamic Banking

Furthermore, several recent studies indicate that low transparency in financial reporting increases the risk of inequitable profit-sharing and exacerbates information asymmetry in Islamic banking. This condition leads Islamic banks to prefer more predictable financing contracts. For instance, research by (Utami, 2023) shows that weak disclosure practices contribute to higher financing risk in profit-sharing schemes. Similarly, (Febriany et al., 2025) find that information asymmetry significantly reduces the effectiveness of mudharabah contracts. Consequently, Islamic banks tend to shift toward more certain and controllable contracts such as murabahah, which are perceived to involve lower risk (Sodik & Ridwan, 2023).

Reducing Agency Problems through Transparency (Tabligh)

Efforts to mitigate agency problems in Islamic banking can be achieved through the implementation of transparency (tabligh), a core value in Islamic economics. In

this context, transparency refers to the disclosure of relevant information regarding business performance, financial statements, and the use of funds by customers to the bank. Such openness helps reduce information asymmetry, thereby enabling more effective monitoring and better decision-making by financial institutions. Empirical evidence indicates that greater transparency in financing contracts significantly reduces moral hazard and enhances trust between banks and customers (Utami, 2023). Moreover, consistent disclosure practices have been shown to improve financing quality and reduce the risk of non-performing financing (Febriany et al., 2025).

In the context of murabahah, transparency is reflected in the clear disclosure of cost prices and profit margins, ensuring fairness and certainty in transactions. Meanwhile, in mudharabah, transparency is essential for accurate profit reporting, which is critical to ensuring equitable profit-sharing in accordance with Sharia principles. Strengthening transparency mechanisms is therefore crucial in addressing agency conflicts and enhancing the effectiveness of Islamic financing contracts.

The Importance of Amanah in Agency Relationships

In addition to transparency, the value of amanah (trustworthiness) plays a critical role in mitigating agency conflicts in Islamic banking. Amanah reflects honesty, accountability, and integrity in managing entrusted funds, which are essential in reducing opportunistic behavior and strengthening contractual relationships. In mudharabah contracts, where banks delegate full control of funds to customers, trustworthiness becomes a key mechanism to minimize moral hazard and ensure fair profit (Sari et al., 2025).

Recent studies confirm that amanah is a fundamental ethical principle in Islamic banking that directly influences trust and governance quality. Research shows that amanah serves as a core foundation in Islamic financial practices, emphasizing responsibility and integrity in fund management. Furthermore, empirical findings indicate that trust significantly contributes to the sustainability and reliability of Islamic banking systems, as higher trust levels strengthen customer relationships and institutional stability. Additionally, the absence of amanah in financial practices may lead to manipulation and reduced accountability, thereby increasing agency-related risks. Strengthening ethical values such as amanah, combined with transparency, therefore becomes essential in reducing information asymmetry, minimizing moral hazard, and improving the overall effectiveness of Islamic banking operations (Haryani et al., 2025).

CONCLUSION

Based on the literature review, it can be concluded that agency problems in Islamic banking remain a significant issue, particularly in profit-sharing contracts such as mudharabah. Agency problems arise due to information asymmetry and moral hazard between banks and customers, where customers possess more complete information regarding business conditions and may engage in opportunistic behavior. As a result, mudharabah is associated with higher agency risk compared to murabahah, leading to its relatively lower utilization in practice.

In contrast, murabahah involves relatively lower agency risk due to the certainty of profit margins and a more transparent transaction structure. Nevertheless, potential conflicts may still occur, particularly in the form of customer non-compliance with payment obligations. Therefore, both murabahah and mudharabah remain subject to agency challenges that must be effectively managed.

Efforts to reduce agency problems can be undertaken through the implementation of tabligh (transparency) and amanah (trustworthiness) in the relationship between banks and customers. Transparency reduces information asymmetry through improved disclosure and monitoring, while amanah fosters trust and integrity in contract execution. Accordingly, strengthening Islamic ethical values alongside improved governance practices is essential to creating a more just and efficient Islamic banking system.

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