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ASSET-BACKED SECURITIES AS AN ALTERNATIVE TO MUSLIM INVESTMENTS IN THE MAQASHID ASY-SHARIAH FRAMEWORK

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Abstract:

The advantages of asset-backed securities are many, namely that investors can invest in quality assets, there is low default due to the division of receivables into many debtors, it is suitable for investors with faster principal return needs, and the high-profit rating of asset-backed securities can increase the overall investment portfolio. This research examines the analysis of asset-backed securities (ABS) in the study of Maqashid Shariah. The method used in writing this research is library research, with data collection directed directly to the search for data and information through books, literature, or library materials, including written documents, photographs, pictures, and electronic documents. The results of this research indicate that ABS is a financial instrument in the form of a collective investment contract unit that contains a portfolio of financial assets. The practice of asset securitization in ABS transactions has several advantages and risks. ABS has participated in various state projects and is generally very useful. To unravel liquidity problems on the originator's side and at the same time present alternative instruments with low risk for investors, it can be seen that it has included Maqashid Ash-Shari'ah, namely Hifdz Al-Maal which is included in the Dharuriyyat category from the originator's side as a solution to asset liquidity and Hajiyyat from the investor's side.

Keywords: Alternative; Asset-Backed Securities; Investments; Maqashid Asy-Shariah

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INTRODUCTION

The capital market in developed countries has long been a very calculated institution for developing the country's economy. The capital market plays a significant role in a nation that shares characteristics with others. Almost every nation globally has a capital market designed to suit the demands of industry and all other entities to meet the demand and supply of capital¹. Finance is provided to businesses that use a public offering procedure to sell their shares to the general public. Investment can be interpreted as an alternative source of external financing by the company, where investment can be helpful in channeling funds to various productive sectors to increase added value to the

¹ Sunariyah, *Pengantar Pengetahuan Pasar Modal* (Yogyakarta, 2011).

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funds it owns². The capital market is also called the capital market, which is a place or system on how to fulfill the funding needs of a company.

Along with the growth of the Indonesian economy, the capital market in that country has made progress. As a result, the capital market plays a strategic function, serving as a medium- and long-term source of finance for businesses and an avenue for investors to make investments. A Sharia capital market, operated according to Sharia principles and conducts all securities trading transactions by Islamic law, was created alongside the expansion of the capital market. The Islamic capital market is based on a 1995 legal decree (Law No. 8) that regulates the financial services industry. Based on this decision, the Financial Services Authority (FSA) supervises the Islamic capital market. In 2006, regulations IX.A.13 regulated the issuance of Sharia securities. National Sharia Board Decision Number 40/DSN-MUI/X/2003 detailing the rules and regulations of the Capital Market and General Guidelines for the Implementation of Shariah Principles in the Capital Market Sector. Various assets, including Sharia shares, Sharia Sukuk, Sharia mutual funds, and the most recent instruments, Sharia asset-backed securities in the form of participation letters, are available on the capital market³.

Participation letters are new instruments traded on the capital market and backed by Sharia assets. Rules for the issue and reporting of asset-backed securities in the form of participation letters in the context of secondary home finance are governed by Financial Services Authority regulations 23/PJOK.04/2014. Sharia asset-backed securities in the form of participation letters issued by an issuer whose portfolio takes the shape of a group of receivables serve as evidence of the proportional ownership of a group of ABS holders' collective collection of receivables⁴.

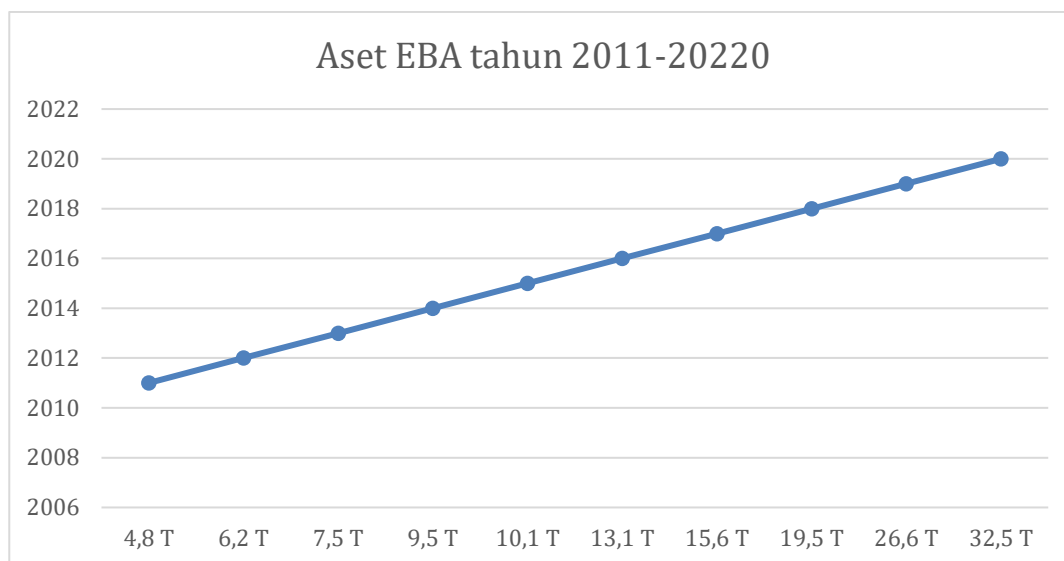
ABS was first developed in Indonesia in capital market transactions at the end of 1997 by what is known as the Asset-Backed Collective Investment Contract (ABS-CIC), which is regulated by Bapepam Number Kep-53/PM/1997 and includes Regulation No. IX. K.1 regarding CIC rules has been revised through Bapepam regulations. 2002, it became Number Kep-19/PM/2002 and Number Kep-26/PM/2003, which involved directives from the Asset-Backed CIC. According to the ruling of the Chairman of Bapepam Number Kep-28/PM/2003⁵, ABS-CIC is a contract that binds Asset-Backed Securities between an Investment Manager and a Custodian Bank, whereby the Investment Manager is authorized to manage the collective investment portfolio. The Custodian Bank is authorized to carry out collective custody. The development of assets based on ABS financial statements from 2011-2020 can be seen in Picture 1.

² Irsan Nasrullah and dkk, *Aspek Hukum Pasar Modal Indonesia* (Jakarta: Kencana Prenada Media Grup, 2004).

³ Andri Soemitra, *Masa Depan Pasar Modal Syariah Di Indonesia* (Jakarta: Prenada Media Group, 2014).

⁴ (Pub. L. No. Pasal 1 ayat 5, 2014)

⁵ Erik P Gilje, Elena Loutskina, and Philip E Strahan, 'Exporting Liquidity: Branch Banking and Financial Integration', *The Journal of Finance*, 71.3 (2016), 1159-84 <<https://doi.org/10.1111/jofi.12387>>



Picture 1. Asset Report of EBA’s financial development from 2011-2020

The Financial Services Authority (FSA) believes that the Asset-Backed Securities Participation Letter (ABS-PL) can help become one of the real sector funding options, such as housing or mortgages. ABS-PL can also be an investment option for investors to absorb the proceeds from the tax amnesty policy. The Head of Capital Market Supervisory II A FSA assessed that ABS-PL is an attractive product because of its attractive liquidity and openness to the public. If the housing development project runs smoothly, it will create a multiplier effect (domino effect) in several other business fields, such as cement, building materials, and other auxiliary materials, and the economy can progress. FSA noted that the total investment fund for ABS-PL until the end of 2016 was around 1.7 trillion rupiahs; at the end of 2015, the total was 200 billion. Head of Capital Market Supervision II A FSA is optimistic that ABS-PL investment funds will grow significantly in line with the flow of tax amnesty funds⁶.

There are many benefits of ABS; namely, investors can invest in quality assets, low default due to the division of receivable assets into many debtors, suitable for investors with the need for faster principal returns, and a high ABS profit rating can increase the overall investment portfolio. The benefits of ABS are also in several other countries, such as the United States, where it has been empirically proven to be lower in volatility and credit risk than quality securities corporations⁷. ABS has also proven to be an alternative investment choice during a crisis in several countries, such as the United States⁸. The increased liquidity, low cost of funds, increased capital adequacy, closing of the gap between the source of funds and the use of funds, early receipt of funds, opportunities to

⁶ Dinda Audriene Mutmainah, ‘Putar Roda Ekonomi Sektor Riil, OJK Dorong Investasi EBA-SP’, *CNN Indonesia*, 2016.

⁷ Securities Master Index and Lance Pan, ‘Asset-Backed Securities : Do They Belong In Corporate Accounts?’, 2004, 1–8.

⁸ Wenhui Li, Anthony Loviscek, and Miki Ortiz-Eggenberg, ‘Searching for Higher-Performance, Income-Generating Assets: A Mutual Fund Assessment on Asset-Backed Securities’, *Managerial Finance*, 48.6 (2022), 902–16 <<https://doi.org/10.1108/MF-07-2021-0338>>; Xiaoqing Eleanor Xu and Miki Ortiz-Eggenberg, ‘Student Loan Asset-Backed Securities: The Next Market in Crisis?’, *The Journal of Fixed Income*, 30.2 (2020), 22–43 <<https://doi.org/https://doi.org/10.3905/jfi.2020.1.096>>.

manage funds to increase investment returns, enhanced quality of assets/receivables which in turn increases the level of solvency, and the ability to use the information on securities yields to lessen the burden of high-interest debt are all advantages that originators also enjoy. Then, for the industry, set securities to hasten investor diversification and financial integration (financial deepening). Through integration, money may move between markets, and the effects of a shock to a local bank or other financial institution can be mitigated⁹.

In the issuance of ABS-CIC Shariah and supported by Agustianto Mingka¹⁰, Chairman of the Association of Indonesian Islamic Economists (AIIE), that the Islamic finance industry in Indonesia is useful for overcoming Islamic banks in terms of assets and liabilities for housing finance, the presence of ABS-PL is very helpful for banks sharia to obtain housing financing liquidity through the capital market through quality bank asset securities, through the issuance of Sharia ABS-PL to convert sharia bank asset securities will reduce the risk of sharia bank financing, the issuance of Sharia ABS in the form of ABS-CIC will directly and significantly support development infrastructure (toll roads, airports, ports, roads, railroads, etc.). The issuance of Sharia ABS, both ABS-CIC and ABS-PL, will enrich investment instruments and Sharia capital market products, so the issuance of Sharia ABS is expected to increase the market share of the Sharia capital market¹¹.

Compared to other financial vehicles like bonds, loans, or venture capital, asset securitization offers investors a substantially reduced investment risk. It is so because the performance of numerous debtors, as opposed to just one firm, determines the return on investment of an ABS. Various claims, including all of the assurances connected to it (perfection of security interest), guarantee the investment. Because of this, asset securitization is preferred by investors over loans from banks or businesses not only because it gives a more attractive rate of return but also because it makes the analytical process simpler¹².

In terms of supply and demand, the asset securitization market in Indonesia is still not as established as in other nations. Indonesia's only current originators are state-owned companies and banks. Housing loans continue to make up the majority of underlying assets. In contrast, future cash flows, commercial loans, and other financial assets continue to make up a tiny portion of total assets. From the demand side or investors, currently, many, both institutional investors and retail investors, are not familiar with asset securitization instruments. In this case, collaboration with relevant authorities and all market players is needed to understand the issuance of asset securitization and investment potential in asset securitization instruments so that the asset securitization market can develop better. The ABS-CIC managed fund of 4.87 trillion rupiahs, and the ABS-PL managed fund of 4.41 trillion rupiahs in 2021 are indications that asset securitization in the domestic financial market is still only developing to a very limited extent, according to Hoesen, a member of the FSA board of commissioners. Asset securitization products are still considered complicated and unfamiliar by potential investors and companies in need of capital. Febrio Kacaribu, the director of the Ministry of Finance's Fiscal Policy Agency, stated that the government has taken many steps to

⁹ Gilje, Loutskina, and Strahan.

¹⁰ Agustianto Mingka, 'Tantangan Perbankan Syariah' (Artikel diakses pada tanggal, 2016).

¹¹ Departemen Komunikasi Bank Indonesia, *Sekuritisasi Aset Sebagai Sumber Pembiayaan Alternatif*, 2021.

¹² Index and Pan.

support the asset securitization market, including socialization, the creation of an investment management firm and sovereign wealth fund (SWF), and strengthening the legal system through the Development and Strengthening Bill. Financial Industry¹³.

According to research done in 2004 by Pan and L, AAA-rated asset-backed securities provide investors with temporary similar investment returns with lower credit risk and return volatility. Over the past six years, the annual return on asset-backed securities has been five bps higher than that of corporate securities. When credit markets are unstable, returns rise to 41 bps annually. This sector is a better option for risk diversification since it has nearly 20 times as many AAA issuers as the corporate sector and ten times as much market value¹⁴.

Previous studies such as Xu and Ortiz-Eggenberg¹⁵ examine the return returns between the combined Asset-Backed Securities and other investment alternatives quantitatively. These studies also confirm that no Maqashid studies are related to Asset-Backed Securities. Afrizal¹⁶ analyzed the DSN-MUI fatwa No. 125/DSN-MUI/XI/2008 concerning collective investment contracts-asset-backed securities based on Sharia principles. Metta's¹⁷ research compares Islamic asset-backed securities with conventional asset-backed securities, Faturrahman and Handayani¹⁸ regarding policy analysis of Sharia asset-backed securities (ABS) investment instruments in Indonesia in 2015, and Muslih¹⁹ regarding the effect of asset-backed participation letters (ABS-PL) based on sharia principles, examining these studies with the various benefits generated by the ABS on all elements, of course, it is interesting to discuss and analyze because in previous studies the ABS already has fatwas and policies, but still cannot be implemented and implemented as a whole. Thus, it allows researchers to discuss and analyze how ABS (Asset Backed Securities) is viewed from Maqashid Shariah's side.

RESEARCH METHODS

This research uses a literature study approach by collecting data from written documents, graphics, photos, images, and electronic documents that can support the writing process²⁰. Secondary sources from the government's official website, the publisher of ABS-PL, in this case, MMF (Means Multigriya Financial), and several previous research findings became the research material for this research. Then the researcher

¹³ Asll Demirgug-Kunt and Ross Levine, 'The Financial System and Public Enterprise Reform', *Financial Development and Economic Growth: Theory and Experiences from Developing Countries*, 2013, 247-86.

¹⁴ Index and Pan.

¹⁵ Xu and Ortiz-Eggenberg; Li, Loviscek, and Ortiz-Eggenberg; Index and Pan.

¹⁶ Afrizal Afrizal, Marliyah Marliyah, and Fuadi Fuadi, 'Analisis Terhadap Cryptocurrency (Perspektif Mata Uang, Hukum, Ekonomi Dan Syariah)', *E-Mabis: Jurnal Ekonomi Manajemen Dan Bisnis*, 22.2 (2021), 13-41 <<https://doi.org/10.29103/e-mabis.v22i2.689>>

¹⁷ Nirupaplava Metta, Marianthi Ierapetritou, and Rohit Ramachandran, 'A Multiscale DEM-PBM Approach for a Continuous Comilling Process Using a Mechanistically Developed Breakage Kernel', *Chemical Engineering Science*, 178 (2018), 211-21 <<https://doi.org/10.1016/j.ces.2017.12.016>>

¹⁸ H Faturrahman Djamil and Nurul Handayani, 'Analisis Kebijakan Instrumen Investasi Efek Beragun Aset Syariah (Eba Syariah) Di Indonesia Tahun 2016' (Jakarta: Fakultas Ekonomi dan Bisnis UIN Syarif Hidayatullah Jakarta).

¹⁹ Muhamad Muslih and others, 'Developing Smart Workspace Based IOT with Artificial Intelligence Using Telegram Chatbot', in *2018 International Conference on Computing, Engineering, and Design (ICCED)* (IEEE, 2018), pp. 230-34 <<https://doi.org/10.1109/ICCED.2018.00052>>.

²⁰ A. Hamzah, *Metode Penelitian Kepustakaan* (Malang: Lliterasi Nusantara, 2019).

integrates the findings from some of these documents with the Maqashid ash-Shariah framework belonging to Thahir Ibn 'Assyria and Imam ash-Syathibi which mentions the five main objectives of Maqashid ash-Shari'ah: a) safeguarding religion (Hifdz Ad-din), b) guarding the soul (Hifdz An-Nafs), c) guarding the mind (Hifdz Al-'aql), d) guarding offspring (Hifdz An-nasl), and e) guarding property (Hifdz An-nasl).

RESEARCH RESULT

Asset-backed securities are defined as a type of collective investment contract that includes a portfolio of financial assets in the form of claims arising from commercial securities, leases, conditional sale and purchase agreements, installment loan agreements, credit card claims, lending, such as mortgages for homes or apartments, government-guaranteed debt securities, ways of boosting credit and cash flow, as well as equivalent financial assets and other similar contracts as stated in BAPEPAM Number 493/BL/2008 Regulation Number IX.K.1 regarding Guidelines Asset, Backed Securities Collective Investment Contract by the Chairman.

ABS is a financial instrument with regulatory complexity, especially in the form of a law that can be used as an SPV (Special Purpose Vehicle) and transfer of rights to assets. ABS itself in Indonesia is divided into two: conventional and sharia²¹. Conventional ABS is defined as previously indicated; however, Sharia ABS often takes the shape of a contract between an investment manager and a custodian bank that binds the owners of Sharia Assets Backed Securities. The Custodian Bank is also granted the ability to handle collective custody whose implementation does not contradict Sharia principles in the Capital Market, and the Investment Manager is given the authority to manage the collective investment portfolio in the ABS practice²².

The practice of asset securitization in ABS transactions has several advantages and risks. Some of these advantages and risks can be divided into two: a) advantages and risks from the originator's side and b) benefits and risks from the investor's side. The advantages from the originator side include 1) increasing liquidity, 2) cost of funds, 3) diversifying financing sources, 4) being able to cover the gap between funding sources and fund allocations, 5) receiving funds early, 6) catastrophic risk (a risk that caused by disasters) can be transferred to EBA holders, 7) improve asset quality which also increases solvency levels, and 8) can reduce the burden of high-interest debt. Meanwhile, the risks faced by the originator are the emergence of opportunity costs that must be paid and the shrinking of the company's assets. The advantages in terms of investment risk are lower than other instruments, while the risks for investors are: 1) prepayment risk or accelerated repayment, which will affect the yield that investors will receive, and 2) default risk that EBA holders must bear if the debtor is not able to pay interest and loans on time²³.

ABS has participated in various country projects. Dian Handayani, in the official portal belonging to the Indonesian Ministry of Finance, revealed that EBA has actively contributed to the construction of toll roads through asset securitization investments

²¹ Syafaruddin Harahap, 'Tinjauan Yuridis Kontrak Investasi Kolektif Efek Beragun Aset di Bank BTN' (Universitas Diponegoro, 2010); Soemitra.

²² TAUFIQURROHMAN, 'Analisis Kebijakan Instrumen Investasi Efek Beragun Aset Syariah (EBA Syariah) Di Indonesia' (UIN Syarif Hidayatullah Jakarta, 2016).

²³ Dian Handayani, 'Menilik Peran BUMN Dalam Pembangunan Infrastruktur', 2018.

issued by PT. Jasa Marga²⁴. Then, in the future discourse, Bank Indonesia, through its study team, intends to securitize financial assets for Indonesian MSME loans²⁵. It means there is a real and direct contribution from the ABS to the national economy in the macro framework.

ABS's benefits, which can affect all elements of society, encourage researchers to study ABS within the framework of Maqashid Shariah. This study only focuses on discussing Sharia ABS in the eyes of Maqashid Shariah. Although Sharia ABS has not been realized and published, ABS based on Sharia principles has been regulated through Financial Services Authority Regulation (FSAR) No. 23 of 2014 and was given a fatwa by the National Sharia council-Indonesian Ulema Council (DSN-MUI) Number 121/DSN-MUI/III/2018 concerning Asset-Backed Securities in the Form of Participation Letters (ABS-PL) based on Sharia Principles and DSN-MUI fatwas Number 120/DSN-MUI/IV/2018 concerning Securitization in the Form of Asset-Backed Securities Based on Sharia Principles. The condition that the ABS-PL has not been issued is due to several factors: a) the small number of Islamic bank assets, b) the limitations of securities regulations by banks, c) some Islamic bank financial assets that cannot be securitized, such as receivables using MMQ and IMBT contracts., d) there is no standard for preparing financing contracts between Islamic banks and customers²⁶.

DISCUSSION

ABS Syariah contains the value of religiosity in people's investment behavior. Sharia ABS according to a review of Islamic law under the Koran, Hadith, and the opinions of scholars²⁷. It can be seen more holistically in the fatwa decision of the National Sharia Council-Indonesian Ulema Council (DSN-MUI) no. 120/DSN-MUI//II/2018 concerning Securitization in the Form of Asset-Backed Securities based on Sharia Principles. ABS Shariah, in the fatwa decision, is classified as a contract that collects several contracts (al-'Uqud Al-Murakkabah), with details:

- a. The contract between the financier and the Shariah ABS issuer is wakalah bi al-ujrah.
- b. The contract between the financier (the party that buys the Shariah ABS) and the financing support party (which provides financing facilities and the securitization process) is Kafalah bi Al-Ujrah.
- c. The contract between the originator (the seller of sharia assets) and the issuer is a sale and purchase (Al-Bai' Al-Haqiqi) by making a binding agreement (Wa'd) between the originator (the seller of sharia assets) and the publisher of ABS Shariah as capital representative.
- d. The contract between the financier and the service provider (the party that processes and supervises the payment) is wakalah bi al-ujrah.

The details and descriptions above clearly show that Sharia ABS transactions are under one of the Maqashid ash-Shariah Maslahah values, namely Hifdz ad-din

²⁴ YUNITA RESMI SARI and others, *Penerapan Sekuritisasi Aset Kredit UKM Oleh Bank Indonesia* (Bank Indonesia Republik Indonesia, 2017).

²⁵ (Taufiqurrohman, 2016)

²⁶ DSN-MUI, *Fatwa Dewan Syari'ah Nasional-Majelis Ulama Indonesia No: 121/DSN-MUI/II/2018 Tentang Efek Beragun Aset Berbentuk Surat Partisipasi (EBA-SP) Berdasarkan Prinsip Syariah*, 2018, pp. 1-10.

²⁷ Taufiqurrohman.

(maintaining religion). The content of the ad-din Hifdz can be seen in transactions between several parties under the characteristics of the attitude of Ta'awun (helping each other). In addition, the value of ta'awun was adjusted to the provisions of Islamic law, which allowed all types of transactions (Mu'amalah) as long as there were no forbidden elements. This explanation makes Sharia EBA an alternative to halal investment for the Muslim community. These things are in line with the Qur'an surah An-Nisa' verse 29 and al-Ma'idah verse 2 as follows:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

"O you who believe, do not falsely consume each other's property, except in the way of business that happens with mutual pleasure between you. And do not kill yourselves; Indeed, God is Merciful to you." (QS. An-Nisa' [4:29])

...وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ

"And help each other in (doing) virtue and piety, and do not help each other in committing sins and transgressions. And fear Allah, verily Allah is severe in punishment." (QS. Al-Ma'idah [5:2])

The real implications of Shariah ABS in infrastructure and housing development are also not much different from conventional ABS. Taufiqurrahman, in his research, revealed that Shariah ABS can play a vital role in infrastructure development, especially housing infrastructure. The predictions in this study are based on the policy of building one million houses, the opportunity to issue Shariah ABSs, and the financing-to-deposit ratio (FDR), which reaches 98.96%²⁸. Sharia banking certainly requires an asset liquidation strategy in the form of asset securitization to support the stimulation program for the construction of one million houses. Based on future housing needs, the researcher views that Shariah ABS also plays a role in maintaining the quality of future generations. Therefore, the researcher views that the practice of Shariah ABS transactions is in line with one of the *maslahah* values of *Maqashid ash-Shari'ah*, namely *hifdz an-nasl* (keeping offspring).

Shariah ABS, in general, is beneficial for solving liquidity problems on the originator's side and, at the same time, presenting alternative instruments with low risk for investors; it can be seen that it contains *Maqashid ash-Shari'ah*. The content in question is *Hifdz Al-Maal*, which is included in the *Dharuriyyat* category from the originator side as a solution for asset liquidity. Thahir Ibn Asyur, in his *Maqashid Ash-Shariah*, states that investment practices that can generate returns in the future are one of the *Maqashid ash-Shari'ah* (shariah objectives). Islamic Shariah requires that there be no freezing of assets and actively encourages its people to turn these assets into things that can positively contribute to human life²⁹. These things do not conflict with the great purpose of the *Shari'ah* itself in the form of *Hifdz Al-Maal*, which encourages the

²⁸ Taufiqurrohman.

²⁹ Muhammad Thahir Ibn 'Asyur, *Maqashid Asy-Syari'ah Al-Islamiyyah* (Qatar: Wizarah al-Awqaf wa asy-Syu'un al-Islamiyyah, 2004).

protection of property and its management³⁰. Meanwhile, suppose it is included in the ash-Syathibi framework. In that case, Shariah ABS also encourages ease (Rukhsah) of liquidation difficulties from the originator's side and becomes an investment alternative with low risk for investors³¹.

The other two maslahah values in Maqashid ash-Shari'ah, namely Hifdz An-Nafs and Hifdz Al-'Aql, have not been found by researchers in the analysis of Shariah ABS transaction practices. This is because there are no direct implications of Shariah ABS transactions on mental quality or health and the quality of reason or intelligence. However, some indirect implications may be found. The analysis of these transactions can be seen in Table 1.

Table 1. Analysis of Maqashid ash-Shariah in Shariah ABS Transactions

Maqashid asy-Shariah	Shariah EBA Transactions
Hifdz ad-Din (Keeping religion)	The value of Ta'awun (helping each other and providing an alternative halal investment).
Hifdz an-Nasl (Keeping offspring)	Residential infrastructure asset securities that are useful for future generations
Hifdz al-Mal (Keeping property)	Reducing liquidity problems on the originator's side and at the same time presenting alternative instruments with low risk for investors

CONCLUSIONS

Shariah ABS is one of the financial instruments in the form of a collective investment contract participation unit that contains a portfolio of financial assets based on sharia provisions. The practice of asset securitization in Shariah ABS transactions has several advantages and risks, both for the originator and the investor. In the macro framework, ABS has significantly contributed to various country projects. The researcher concludes that Shariah ABS has at least three benefits that align with Maqashid ash-Shariah. First, Shariah ABS contains the value of ta'awun (helping each other) and becomes an alternative halal investment so that it is relevant to Hifdz Ad-din (maintaining religion). Second, Shariah ABS plays a very important role in encouraging the Securitization of useful housing infrastructure assets for future generations. It is certainly relevant to Hifdz an-Nasl (keeping offspring). Third, Shariah ABS can solve liquidity problems on the originator side and simultaneously provide low-risk alternative instruments for investors. It is also in line with Hifdz Al-mal (keeping offspring).

³⁰ Asafri Jaya Bakri, *Konsep Maqashid Syariah Menurut Iman Asy-Syatibi* (Jakarta: Grafindo Persada, 1996).

³¹ Bakri.

RECOMMENDATIONS

This research is recognized as having limited studies that only focus on the study of Maqashid Syari'ah, according to Imam Syathibi. It is evident from the limitations of researchers in revealing the three contents of Maqashid ash-Shariah in ABS Shariah, namely hifdz ad-din, hifdz an-nasl, and hifdz al-mal. The researcher recommends that future research examine ABS within the framework of Maqashid Asy-Shariah thinkers other than the two figures so that other perspectives can be found in analyzing Shariah ABS. In addition, the researcher also encourages the parties involved to actively encourage the issuance of ABS-PL in a Shariah way so that it can be used as an alternative investment for Muslims. This researcher's recommendation departs from the obstacles to access to the issuance of Shariah ABS-PL, which affect the unavailability of Shariah ABS-PL to the general public.

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