

## **Intention and Its Impact on Islamic Financial Transactions: a Phenomenological Approach to Monotheism**

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### **Abstract**

The aim of this research is to identify the impact of intentions in Islamic financial transactions at Bank Syariah Indonesia (BSI). Intention in Islamic financial transactions is a component that determines whether a behavior is good or bad. Intention in Islam indicates the validity of an action. As explained in QS. Al-Isra' verse 19 and the Hadith of the Prophet Muhammad saw which explains that intentions have an impact on a Muslim's financial transactions which will also have an impact on the organization. The research method used in this research is qualitative with a monotheism phenomenological approach. The data source uses noema and noesis data, while data analysis uses intentional analysis. The informants in this research were 4 people who represented BSI financial managers. The research results explain that intentions in Islamic financial transactions can become a collective intention at BSI. There are 3 elements in intention, namely: knowledge of faith in transactions, knowledge of sharia and feelings of *ihsan* in managing finances. This intention can animate management in managing financial transactions of Islamic entities. Intention can encourage the accountant's determination to make financial reports honestly, fairly, responsibly and comply with sharia accounting standards

**Keywords:** *Islamic Finance Intention; Tawhid Phenomenology; Honesty in Finance; Sharia Compliance; Ihsan in Finance*

## INTRODUCTION

Financial transactions in business entities can be described as blood circulation in the human body. If the financial transactions do not go well, this indicates that a business will not be able to maintain itself and the business entity will even go bankrupt. Likewise, financial transactions in sharia-managed entities must be ensured to be carried out in accordance with Islamic sharia rules. The basis for deriving the rules of Islamic law comes from the Al-Qur'an and the Hadith of the Prophet Muhammad saw. Management of sharia entity transactions must be based on the Islamic economic paradigm. Islamic economics explains that Allah SWT is the owner of everything that exists on this earth and humans are only caliphs (God's representatives) in carrying out their trust, while the trust itself is everything within human control, including sharia financial entities and transactions (Birton et al., 2015) & (Bulutoding & Sharon, 2023). This is in line with the verse of the Qur'an, namely surah Albaqarah verse 30 which reads: "...I am going to place a successive 'human' authority on earth...". In carrying out the human role as caliph, humans are certainly given the ability to think and to know, especially in carrying out sharia financial transactions. Sharia financial transaction activities are a form of muamalah carried out by humans, the important aim and purpose of which is to uphold Allah's commands. In carrying out financial transactions, the businessman has the aim and objective of upholding Islamic sharia. Hence, worship in financial transactions of sharia entities depends on the aims and objectives of carrying out these activities. The aims and objectives to be achieved are the components of intention.

Intention is a component that shapes Islamic financial transaction behavior. One of the verses that is the basis for transactions in Islam can be found in the QS. Al-Isra' verse 19 which means "But whoever desires the Hereafter and strives for it accordingly, and is a true believer, it is those whose striving will be appreciated". This verse explains the aims, objectives and intentions of an individual to apply obedience to Allah in every part of his life. This includes the aims, objectives and intentions to carry out compliance in transactions in accordance with Islamic sharia. Furthermore, this verse is reinforced by the Hadith of the Prophet Muhammad SAW narrated by Umar Bin Khattab, namely "Deeds are judged by niyyah, and each person is judged according to his niyyah." (Bukhari & Muslim) (Mahomed, 2019). Intentions in Islam play an important role in the management of an entity, especially in financial transactions. There are 2

components in forming intentions, namely sincerity for Allah and following sharia provisions (Bulutoding, Alwi, et al., 2020); (Bulutoding et al., 2018); (Bulutoding et al., 2019); (Bulutoding, Habbe, et al., 2020). All behavior in carrying out transactions must be based on sincere intentions because of Allah and follow the provisions of sharia. Sincere intentions because of Allah contain honesty, justice, truth, do not harm either party and are responsible. The intention to follow sharia provisions is not to conflict with sharia principles. Intentions that are based on Allah's pleasure will have an impact on benefits both worldly and spiritually.

However, some financial transactions carried out within Islamic entities are neither based on the sincere intentions for Allah nor follow the sharia provisions. This is what causes the implementation of financial transactions in each sharia contract to still have many disparities in it. The implementation of transactions in sharia banks still adopts the conventional banks method. This can be seen from the imbalance in the proportion of each contract distribution in sharia banks. Sharia banks distribute more *murabahah* transactions compared to other contracts because *murabahah* financing contain the most minimal risk. This gives the impression that sharia banks play it safe and do not want to bear the risks of other financing, even though the existence of sharia banks is to provide the fair and equitable protection for each financing (Siregar, 2016). Sharia transaction contracts do not fully display the basic elements of jurisprudence. Pragmatic financial management still prioritizes adaptation from conventional entities (Iswanaji & Wahyudi, 2017). In fact, the time value of money is not standardized in the *murabahah* pillars which then lead to not also considered it as part of the transaction. Even though there are several components in it that are contradictory to the Qur'an, they cannot be determined as haram or halal because it is believed that annuities can provide benefits (Ananda et al., 2021).

Several studies have discussed the concept of intention which has an impact on behavior, including research by (Bulutoding et al., 2018) which correlate morals, intentions in Islamic concepts and Muslim tax compliance behavior in Malaysia. The result of this research shows that the intention has an impact on tax compliance behavior. Furthermore, research by (Bulutoding et al., 2019) links the intentions and behavior of *muzakki* in South Sulawesi, Indonesia and found that intentions have an impact on zakat compliance behavior. Intentions have an impact on behavior in terms of the type of

behavior, type of intention, nature of behavioral intention, and personality and cognitive components (Sheeran, 2002).

Build upon the result of previous research, it shows that intentions have a big impact on behavior. The result of previous research show that intentions and behavior are so much compelling to be studied. The differences between this article and the previous are (1) previous research by (Bulutoding et al., 2018) & (Bulutoding et al., 2019) examined tax and zakat intentions and behavior based on quantitative research. (2) Research by (Sheeran, 2002) examines the intention to make an impact based on conventional views. This research offers a novelty concept, that is using a tauhid phenomenological approach in examining the impact of intentions in financial transactions at Bank Syariah Indonesia (BSI).

## METHODOLOGY

This research applies a qualitative with a monotheism phenomenological approach. This is based on the fact that phenomenological research always reveals individual experiences (me) and how to understand a particular context. This research tries to focus on something experienced by individuals that describes the relationship between the processes occurring in consciousness and the concerned objects on the process itself. In this research, the focus point is how to be concerned about intentions and their impact on Islamic financial transactions in their meaning. With a monotheism phenomenological approach, the first thing the researcher wants to achieve is to understand each point of view related to the intentions that encourage financial transaction practices within Indonesian sharia banks (BSI). This meaning by individual is then faced the meaning of sharia values based on a holistic concept of monotheism. The meaning of intention and behavior (as referred to in the context of monotheism) in this research refers to the concept of Al-Isra verse 19 and "*innamal 'amalu binniat*" as manifestations of intention (Mahomed, 2019) to achieve material and spiritual prosperity (*falah*) (Alim & Yuliana, 2020; Febi & Budiman, 2017). QS concept. Al-Isra verse 19 and the Hadith "*innamal 'amalu binniat*" are used as technology (techne) that underlies the disclosure of truth (*aletheia*). This monotheism phenomenology paradigm assumes that noema data (what is visible and what is not visible) and noesis data (what is realized through experience) is manifested in the concept of God in each sharia financial transaction. The awareness obtained in this research is

assumed to come from an understanding of the concept of sharia and monotheism that has been ingrained in the informants. This research used four informants, as can be seen in the table below:

**Table 1. List of Informants**

No	Name	Profession/Position
1	Sharia Supervisory Board (DPS)	Supervisory Board BSI
2	Branch Manager BSI	Branch Manager
3	Accounting manager	Making financial reporting
4	Teller	cashier.

They were chosen as informants for this research because they know more about financial transactions at BSI. These informants became the data source which was then analyzed by the phenomenology of monotheism. As explained by (Choudhury, 2018) in the initial stages which apply conventional phenomenology, this research analysis includes noema, noesis, epoche (bracketing), intentional analysis, and eidetic reduction to reveal the phenomenon of experiences that has been passed by the informants in regard to intentions and financial transactions. At this stage, the researcher carries out intentional analysis, that is examining how noesis (what is realized through experience) forms noema (what is seen and read), or in other words, analyzing the reasons why an action/behavior occurs. This step begins with identifying noema or what might be called textural analysis (such as the "texture" of a surface). By identifying noema in the form of the reality of phenomena related to transaction practices, researchers carry out bracketing, or place brackets, or epoche on what is captured to obtain noesis, which is the informant's understanding that arises as a result of experience (Kamayanti, 2016).

Next, eidetic reduction is carried out to reveal the overall results of phenomena appear in the field in order to obtain the essence or idea that underlies the overall pure awareness in the form of the impact of intentions on financial transactions. Then, we "hedge off" the results of the phenomenological analysis above with the analysis of monotheism (that we call as the phenomenology of monotheism as a tool of analysis). The phenomenological meaning by the informants is reviewed based on the theories or concepts of what the QS concept. Al-Isra verse 19 and the Hadith "*innamal 'amalu binniat*" and financial transactions are carried out based on Islamic values. Intention is used as a "hedge" for the meaning of monotheism

and this research takes the perspective of the QS concept. Al-Isra verse 19 and Hadith "*innamal 'amalu binniat*".

In order to gain this trust, researchers used triangulation techniques. Triangulation in this research is defined as examine data from various sources in various ways and at various times (Sugiyono, 2015: 125). Researchers chose to use the triangulation technique since it considered as a way that made it easier for researchers to eliminate differences in the field. In other words, by using this technique, researchers also hope to be able to cross-check their findings by comparing them with several sources, techniques, and time to obtain a valid data. In qualitative research, findings or data can be claimed valid if there is no difference between what the researcher reports and what actually happened to the object studied.

Source triangulation in this research was carried out by examining data obtained from several sources, specifically from several informants related to financial transactions. Technical triangulation is carried out by examining data from the same source with different techniques, that is data obtained from interviewing the informants, observation, and documentation. Time triangulation usually also affects the credibility of the data. Hence, researchers also carried out data collection techniques at different times and in different situations. Interviews were conducted repeatedly at several different times.

The final stage is summarizing the findings obtained during the field investigation process. This research extracts the meaning by informants and the value of monotheism into an Islamic financial transaction. It is hoped this based on reality-Islamic financial transactions can be used as a reference in implementing Islamic financial transactions in accordance with verses and hadith.

## RESULTS AND DISCUSSION

### **The Importance of Intention in Islamic Financial Transactions**

Intention in Islam is a very important factor as it counted as condition for the validity of worship (Mahomed, 2019). The Islamic concept understands that worship is not only related to *mahdhah* which is descended through revelation, but also *ghairu mahdhah* which is related to muamalah. Likewise, intention enacts a very important role in Islamic financial transactions. Intention determines the aims and objectives to be achieved in each behavior. As explained in QS. Al-Isra' verse 19 which means "But whoever desires the Hereafter and strives for it accordingly, and is a true believer, it is those whose striving will be appreciated". Furthermore, this verse is reinforced by the Hadith of the Prophet Muhammad SAW narrated by Umar Bin Khattab, namely "Deeds are judged by niyyah, and each person is judged according to his niyyah." (Bukhari & Muslim) (Mahomed, 2019). This verse and hadith explain about the aims, objectives, and intentions of an individual to obey Allah in every life. This includes the aims, objectives, and intentions to carry out obedience in transactions in accordance with Islamic sharia. Likewise, financial transactions must be preceded by an intention in order to implemented the aims and objectives contained in the intention to the action. Intention is a determining factor in each financial transaction. If the intentions are good, it will result a well impact on the carried out financial transactions. Otherwise, if the intention is bad, then the financial transaction is bad. Intention is the main indicator of good and bad action. Intention contains elements of the success of a behavior towards a goal in accordance with what an individual desires (Bulutoding, Alwi, et al., 2020).

### **Building the Commitment of Intention in Islamic Financial Transactions**

In building transactions that are in accordance with Islamic principles, intentions must be preceded. Without an intention, the muamalat worship cannot be carried out. Intention becomes a guide in realizing immediate (Bulutoding et al., 2018); (Bulutoding et al., 2019); (Bulutoding, Alwi, et al., 2020) financial transactions behavior within sharia entities. As the following informant's answer:

"The aim and objective of monitoring transactions at BSI is to make sure the sharia compliance can be realized...". (BSI Bank DPS).

"..., I undergo compliance audits for transactions every year, including audits of the process of implementing contracts, for example murabahah, ect and which are the being cross-checked with the manual procedure." (BSI Leader)

Based on the noesis and noema data experienced by the informants, it shows that the implementation of financial transactions is preceded by intentions, namely there are aims and objectives to be achieved in each implementation of financial transactions, for example murabahah and another akad. This can be proven by the informant's answer which explains that the supervision carried out aims to match the facts and the commitment to sharia compliance which had been planned in advance in the form of standard operating procedures (SOP) established at BSI. The intention carried out in muamalat transactions at BSI is the intention of management to build a commitment to create financial transactions so that they can manage things in line with sharia principles. As explained in the hadith "*innamal 'amalu binniat*" that practice or actions are determined by intention. What was intended by management at the beginning is proven in the BSI entity, that is ensuring that these intentions are carried out in accordance with the aims and objectives to be achieved in the operationalization of BSI. As explained in the research of (Bulutoding et al., 2019) and (Bulutoding, Alwi, et al., 2020), intention will guide an individual in carrying out an action. It can be interpreted that intention will be the guide in carrying out every transaction sincerely because of Allah and following the rules and SOPs that apply at BSI.

### **Building an Islamic Financial Transaction Model in Sharia Entities which started with Intention.**

In building an Islamic financial transaction model, it must be started from the commitment of all components served within the sharia entity. Starting from the staff to the leaders and stakeholders who transact with these sharia entities. All these components must intend to act sincerely for Allah and follow the sharia rules operationalized in the SOP. As explained by the following informants:

"In carrying out transactions..., I have to commit to myself that the purpose of me being placed in this section is a mandate and God's will at the same time. I must maintain this mandate by providing services to customers honestly, fairly, responsibly and following

the SOP well. I cannot accept bribes in serving my customers. I believe in what I am doing, that if I am sincere, then it will be a form of muamalah worship." (Teller)

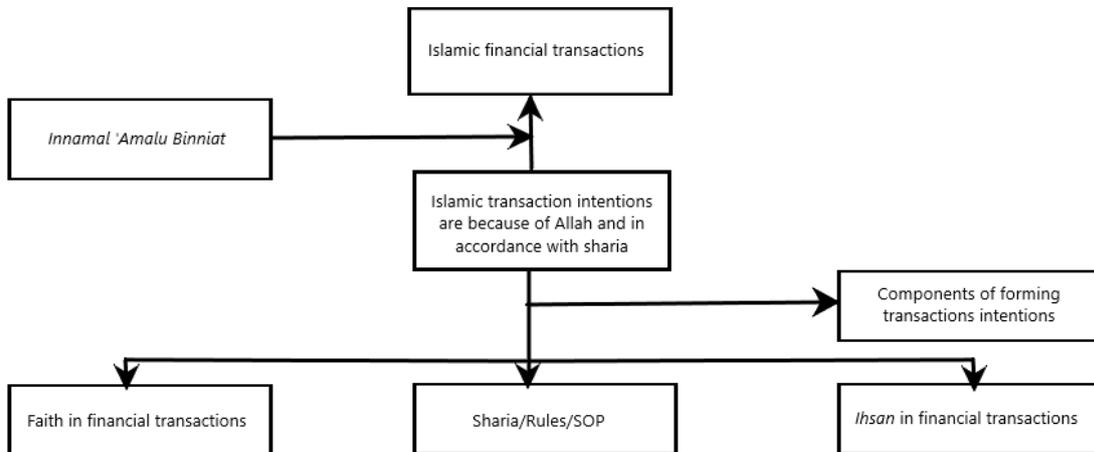
"I always post financial transactions according to its chronology in order to avoid errors in the recording process. Because if you make a mistake in posting the transaction, it will impact all account balances in the ledger. Hence, you have to be careful and be responsible because if something is posted incorrectly, it will impact the whole financial reports. (Head of Accounting)

As explained by another informant:

"Since I was assigned as an accounting officer, I have always intended to make good reports, ... I will be accountable for it later. My accountant spirit always emerges, ... I have to set an example of making financial reports honestly, responsibly, and paying attention to sharia accounting standards." (Head of Accounting).

"As far as I know, financial reports are published every year, I always ask accountants to publish financial reports on time (BSI Leader).

Based on the noesis and noema data described by the informant, the head of the accounting department and the teller, it can be interpreted that the intention is always a control that comes within the informant in carrying out their duties. Commitment to the mandate given by Allah will have an impact on implementation in carrying out tasks, especially in transactions. As explained by the teller informant, if you are sincere for Allah and follow the SOP while carrying out your duties, you will avoid errors in preparing financial reports. The meaning of trust that is understood by teller informants can encourage the implementation of transactions honestly, fairly and responsibly. The results of the informants' answers can be interpreted as meaning that intentions can be controlling and have an impact in carrying out Islamic financial transactions. Likewise, the intention experienced by the accountant informant will become the determination and motivation to make honest and responsible financial reports that are adjusted to sharia accounting standards in order to published the financial reports on time every year.

**Figure 1. Model of Islamic Financial Intentions and Transactions**

The results of this research can also be interpreted that understanding intention will guide an individual in making transactions. Individuals will perform their transactions according to their intentions. If the intention in performing transaction is sincere for Allah and follows the applicable SOP, then the transaction will be in line with the sharia rules. However, if an individual makes a transaction without sincere intentions and does not comply with the SOP, then the transaction carried out will not be in line with sharia rules. This can be interpreted as meaning that intentions must be well built because intentions will be judged by Allah according to what appears in the heart. Intentions must have a component of faith, namely the components of *aqidah*, sharia and *ihsan* (Bulutoding et al., 2018); (Bulutoding et al., 2019); (Bulutoding, Alwi, et al., 2020). The *aqidah* component in transactions is the belief about a mandate and will that come from Allah to be carried out in accordance with the rules (SOP). Furthermore, *ihsan* is a belief that must be embedded within oneself that the transactions carried out are a form of implementation of the view of the existence of Allah in every transaction, or to believe that every financial transaction carried out is always seen by Allah SWT. This is in line with QS. Al-Isra' verse 19 which means "But whoever desires the Hereafter and strives for it accordingly, and is a true believer, it is those whose striving will be appreciated". Whoever in his life wants or has a desire for the afterlife, that is what he will get and vice versa. Below is a model of the relationship between intention and action in Islamic financial transactions as depicted in Figure 1.

## CONCLUSION

Intention in Islam is an indicator of worship carried out by a Muslim. Intention is a condition for the validity of worship. If intentions in worship are adopted into intentions in financial transactions, it will become an intention and behavior that is in accordance with Islamic principles. Intention is very flexible to apply in every financial transaction since it is an inner practice. Intention can control whether an action in performing transaction is correct or not. Just like intention in worship, intention should also be used in the muamalah relationship so that all actions can be well controlled. In making a transaction, a muslim will carry it out as to what was intended. If the intention in the transaction is sincere for Allah and follows the applicable SOP, then the transaction will be in accordance with sharia rules. However, if an individual makes a transaction without sincere intentions and does not comply with the SOP, then the transaction carried out will not be in accordance with sharia rules. This can be interpreted as meaning that good intentions will be judged by Allah according to what appear in the heart. Intentions must have a component of faith, namely the components of *aqidah*, sharia and *ihsan*. The *aqidah* component in transactions is the belief about a mandate and will that comes from Allah to be carried out in accordance with the rules (SOP). Furthermore, *ihsan* is a belief that must be embedded within oneself that the transactions carried out are a form of implementation of the view of the existence of Allah in every transaction or to believe that every financial transaction performed is always seen by Allah SWT.

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