

Application of Maqashid Al-Syariah in Dispute Resolution of Sharia Mortgage Default at BSI KCP Makassar Veteran

¹⁾Almaidah, ²⁾Muhammad Saleh Ridwan, ³⁾Abdul Wahid Haddade

^{1,2,3)} UIN Alauddin Makassar, Indonesia

*Correspondence Author: almaidahidha968@gmail.com

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✉ **Corresponding Author:** (1) Almaidah, (2) Department, (3) Institution of UIN Alauddin Makassar, (4) Makassar, Indonesia, (5) Email: almaidahidha968@gmail.com

ABSTRACT

Sharia Home Ownership Credit (KPR) financing plays a role in meeting the community's housing needs, but its implementation has the potential to cause default disputes when customers are unable to meet their installment obligations. Dispute resolution is not only oriented towards receivables recovery, because housing is a basic need for family sustainability. This study aims to analyze the factors causing defaults, dispute resolution mechanisms, and the application of Maqashid al-Syariah in resolving sharia mortgage defaults at BSI KCP Makassar Veteran. The research uses a qualitative field design with a sociolegal approach. Data were collected through interviews, observations, and documentation, then analyzed interactively through data condensation, data presentation, and conclusion drawn. The results of the study showed that defaults were mainly influenced by irregular income, business decline, termination of employment, illness, urgent needs, family problems, and uncooperative behavior of customers. Settlement is carried out in stages through persuasive communication, deliberation, restructuring in the form of rescheduling, reconditioning, and restructuring, formal warnings, and the sale of collateral, auction, or legal channels as the last option. These practices reflect the application of *hifz al-din*, *hifz al-nafs*, *hifz al-aql*, *hifz al-nasl*, and *hifz al-mal*. The research concludes that the BSI KCP Makassar Veteran mechanism leads to a balance between contract certainty, bank asset protection, customer protection, and family benefits. Its effectiveness requires verification of ability to pay, documentation, two-way communication, and proportional decisions in each case in a transparent, fair, and sustainable manner

ABSTRAK

Pembiayaan Kredit Kepemilikan Rumah Syariah (KPR) berperan dalam memenuhi kebutuhan perumahan masyarakat, namun penerapannya berpotensi menyebabkan sengketa gagal bayar ketika nasabah tidak dapat memenuhi kewajiban cicilan mereka. Penyelesaian sengketa tidak hanya berorientasi pada pemulihan piutang, karena perumahan merupakan kebutuhan dasar untuk keberlanjutan keluarga. Studi ini bertujuan menganalisis faktor-faktor penyebab gagal bayar, mekanisme penyelesaian sengketa, dan penerapan Maqashid al-Syariah dalam menyelesaikan gagal bayar hipotek Syariah di BSI KCP Makassar Veteran. Penelitian ini menggunakan desain lapangan kualitatif dengan pendekatan sosiolegal. Data dikumpulkan melalui wawancara, observasi, dan dokumentasi, kemudian dianalisis secara interaktif melalui kondensasi data, penyajian data, dan kesimpulan yang diambil. Hasil studi menunjukkan bahwa gagal bayar terutama dipengaruhi oleh pendapatan tidak teratur, penurunan bisnis, pemutusan pekerjaan, penyakit, kebutuhan mendesak, masalah keluarga, dan perilaku pelanggan yang tidak kooperatif. Penyelesaian dilakukan secara bertahap melalui komunikasi yang meyakinkan, musyawarah, restrukturisasi dalam bentuk penjadwalan ulang, penyesuaian, dan restrukturisasi, peringatan formal, serta penjualan jaminan, lelang, atau saluran hukum sebagai opsi terakhir. Praktik-praktik ini mencerminkan penerapan *hifz al-din*, *hifz al-nafs*, *hifz al-aql*, *hifz al-nasl*, dan *hifz al-mal*. Penelitian menyimpulkan bahwa mekanisme BSI KCP Makassar Veteran menghasilkan keseimbangan antara kepastian kontrak, perlindungan aset bank, perlindungan pelanggan, dan manfaat keluarga. Efektivitasnya memerlukan verifikasi kemampuan membayar, dokumentasi, komunikasi dua arah, dan keputusan proporsional dalam setiap kasus secara transparan, adil, dan berkelanjutan.

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1. Introduction

Sharia Home Ownership Loan (KPR) financing occupies a strategic position in meeting housing needs as well as expanding financial inclusion based on sharia principles. However, contractual relationships between banks and customers do not always run according to the contract. Decreased income, termination of employment, business interruptions, illness, and family problems can hinder installment payments and develop into default. In the context of mortgages, the consequences of disputes go beyond financial losses because the object of financing is directly related to the house as a family living space. Therefore, the settlement of defaults is inadequate if it is only directed at receivables recovery and guarantee execution. Islamic banking is required to integrate contract certainty, prudential principles, protection of bank rights, and fair treatment for customers who experience real difficulties (Anugrahita & Baidhowi, 2025). This framework is relevant for BSI KCP Makassar Veteran, where the handling of problematic financing needs to be tested not only from administrative procedures, but also from its suitability with the substantive objectives of sharia, namely the benefits and prevention of harm to the parties in a proportional, sustainable, and legally accountable manner.

Normatively, the settlement of Islamic banking disputes in Indonesia cannot be separated from sharia principles and the agreement of the parties (Usnaka, 2025). Law Number 21 of 2008 places the Religious Court as a dispute resolution forum, but still opens up other settlement spaces as long as it is agreed in the contract and does not contradict sharia principles (Heriyanto, 2020). In murabahah financing, DSN-MUI Fatwa Number 47/DSN-MUI/II/2005 provides guidelines for settlement for customers who are unable to pay, including the sale of objects or collateral at the agreed market price, the return of excess sales proceeds to customers, and the possibility of discharge of remaining debts for customers who are truly unable to afford it (Budiman & Fahlevi, 2025). These regulations show that settlement is not synonymous with repressive actions. However, formal norms do not by themselves explain the quality of bank considerations when assessing customers' abilities, good faith, and social conditions. Therefore, research on BSI KCP Makassar Veteran is important to examine the translation of these norms into deliberation, restructuring, billing, and execution as

concrete settlement stages in institutional practice.

Maqashid al-Syariah provides an analytical perspective to connect contractual rules with the purpose of human protection. This approach views the law not stopping at procedural validity, but rather directed at the realization of benefits and the avoidance of mafsadat (Putra et.al., 2026). In mortgage default disputes, hifz al-mal demands protection of bank assets and billing rights, but also protection of customer property and excess collateral value (Ghani & Tanawijaya, 2024). Hifz al-nafs is concerned with the prevention of extreme impacts that can disrupt the survival and security of families when the house is the only residence. At the same time, hifz al-din demands consistency of settlement mechanisms with akad, fatwa, and sharia ethics, while hifz al-aql and hifz al-nasl reinforce the importance of communication, financial education, and consideration of the family's future (Guspidawati & Nelli, 2025). Thus, maqashid is not a reason to arbitrarily remove contractual obligations, but rather a parameter for balancing rights, obligations, real capabilities, and social consequences in a fair manner. This perspective allows an evaluation of the bank's sequence of actions, especially the priority of deliberation and restructuring before the step of selling collateral or litigation is taken.

Previous studies have discussed defaults in sharia business law, maqashid al-Sharia theory, and criticism of the settlement of problematic financing in Islamic banking (Rahmani, 2025). Some studies emphasize that settlement needs to be based on justice, morality, deliberation, and protection of benefits (Suhaili, 2025). Other studies use maqashid as a method of legal reasoning or assessing problematic financing policies (Nashuha et.al., 2025). Although it provides a conceptual foundation, the literature has not adequately described how the purpose of sharia is operationalized in the context of home financing, which has a special character because the house is a basic need and collateral object (Royani, 2025). This study focuses on BSI KCP Makassar Veteran so that the analysis departs from specific institutional practices: factors that cause default, the process of identifying the ability to pay, the form of communication with customers, restructuring options, and the limits of the use of guarantee execution. This focus is important to distinguish between policies that are merely administratively compliant and mechanisms that realize substantive justice. With this empirical basis, the research is expected to enrich the discourse of

Indonesian sharia economic law through contextual and policy-oriented readings.

The research gap of this research lies in the limitations of studies that integrate normative dimensions, maqashid, and institutional practices in the settlement of sharia mortgage defaults. Research on defaults generally describes the consequences of breach of promises and dispute resolution pathways; maqashid research is often conceptual or methodological; while the study of banking problematic financing tends to assess restructuring from a risk management perspective. A space that has not been explored is the way in which a sub-branch office translates *hifz al-mal*, *hifz al-nafs*, *hifz al-din*, *hifz al-aql*, and *hifz al-nasl* into decisions from initial communication, deliberation, goodwill assessment, restructuring, to the final execution. The novelty of this research is in the form of a formulation of maqashid-based sociolegal reading of the practice of BSI KCP Makassar Veteran, by placing the house as a basic need as well as an object of financing. This novelty allows for a balanced assessment of the protection of customers' socio-economic conditions, not just testing document compliance or billing success. The results are expected to produce practical indicators for fair dispute resolution, transparency, and in line with sharia principles in a sustainable, systematic, and consistent manner.

This study aims to analyze the application of Maqashid al-Syariah in the settlement of sharia mortgage default disputes at BSI KCP Makassar Veteran based on Maqashid al-Syariah comprehensively and contextually on housing financing practices. In particular, the research is directed to identify the causes of default in customers; describe the stages and settlement instruments taken by the bank; and assess the suitability of these stages with Maqashid al-Syariah and the value of benefits. The achievement of this goal is expected to explain whether deliberation, persuasive collection, restructuring, sale of collateral, or litigation channels have been placed proportionately. Based on these objectives, the formulation of the research problem is: (1) what factors cause default in sharia mortgage financing at BSI KCP Makassar Veteran?; (2) what are the mechanisms and stages of sharia mortgage default dispute resolution implemented by BSI KCP Makassar Veteran?; and (3) how is the application of the principles of Maqashid al-Syariah in the settlement mechanism, especially in balancing the protection of bank assets with the protection of

survival and customer rights? This formulation emphasizes the orientation of research on practical evidence, normative assessment, and practical policy recommendations for institutions.

2. Method

This study uses a qualitative design with a type of field research and a sociolegal approach (Afandi, 2022). The design was chosen because the research not only examines sharia economic legal norms, fatwas, and contract provisions, but also examines the real application of Maqashid al-Syariah in resolving sharia mortgage default disputes. The location of the research is BSI KCP Makassar Veteran, chosen purposively because the unit handles sharia mortgage financing and the process of handling problematic customers. The research analysis unit includes the default settlement mechanism, decision-making considerations, and the suitability of bank actions with the principles of protection of religion, soul, intellect, descent, and property. Informants are determined through purposive sampling techniques based on their involvement, knowledge, and authority in financing or handling disputes. Key informants include leaders or operational officers, financing or marketing officers, remedial or collection officers if available, and mortgage customers who experience late payments. The selection of informants snowballs when needed to obtain rich, diverse data, and able to explain practices in depth and the context of institutional decisions.

Primary data were collected through in-depth interviews, non-participant observations, and tracing of relevant documents. Semi-structured interviews were conducted with question guidelines that included the cause of default, communication stages, assessment of solvency and good faith, forms of restructuring, and conditions that led to settlement on the sale of collateral or legal channels (Siregar, 2024). Observations were directed at interaction patterns, communication language, and procedures for handling problematic customers as long as the researcher obtained legitimate access. Secondary data consisted of mortgage contracts, standard operating procedures, restructuring documents that have been anonymized, non-performing financing reports, warning letters, minutes of deliberations, Islamic banking regulations, DSN-MUI fatwas, Compilation of Sharia Economic Law, and related scientific literature. All data collection is carried out after obtaining institutional permission and conscious consent from the informant. Personal identity, financing number, liability, and other

sensitive information are disguised in the records and reporting of results. These ethical steps are important to maintain the confidentiality of bank data and protect the position of customers who are facing payment difficulties during the research period and the accountability of the research process.

Data analysis is carried out interactively from the time data collection takes place through the stages of data condensation, data presentation, and conclusion withdrawal and verification (Monaro et.al., 2022). In the first stage, interview transcripts, observation notes, and documents are coded to identify the categories that cause defaults, the stages of settlement, forms of customer protection, and considerations of protecting the interests of banks. These categories are then analyzed with the Maqashid al-Shariah matrix, especially *hifz al-din*, *hifz al-nafs*, *hifz al-aql*, *hifz al-nasl*, and *hifz al-mal*, so that the assessment does not stop at procedural compliance. The credibility of the findings is maintained through triangulation of sources between bank officials, finance officers, customers, and documents; triangulation of techniques between interviews, observations, and documentation; and member checking to informants in the data section that requires clarification. The researcher also compiled an audit trail in the form of interview guidelines, code matrices, and analytical decision notes. The final results were presented in a descriptive-analytical manner to explain the suitability between the mortgage default settlement mechanism and the purpose of Maqashid al-Syariah in the context of BSI KCP Makassar Veteran in a transparent, systematic, and academically accountable manner.

3. Results and Discussion

The results of the study showed that defaults in sharia mortgage financing at BSI KCP Makassar Veteran were mainly related to a decrease in the economic capacity of customers, not solely the refusal to fulfill contract obligations. Prominent factors included irregular income, decreased business income, termination of employment, illness that reduces the ability to work, and urgent family needs. In some circumstances, family problems, including divorce, also weakened the household's ability to pay installments. Character factors or bad faith were also found, such as the use of the identity of other parties and lack of commitment to meet installments, although these factors need to be carefully distinguished from objective inability to pay. These findings show that the default category is not homogeneous. Banks need to verify the source

of difficulties, actual income conditions, prospects for economic recovery, and cooperative behavior of customers before determining settlement actions. This distinction determines the appropriateness of granting relief, restructuring, or follow-up action, and prevents the application of a uniform response to customers with social, economic, and contractual differences.

Table 1. Factors Causing Sharia Mortgage Default

No	Category Factor	Indicators of research results	Implications for the solution
1	Economic instability	Irregular income, decreased business turnover, and reduced income	It is necessary to evaluate the actual ability to pay
2	Termination of employment	Customers lose their fixed income so they cannot afford to pay installments	Requires reassessment and restructuring opportunities
3	Health conditions and urgent needs	Illness or urgent family expenses divert payment capacity	Requires communication, time flexibility, and proportionate solutions
4	Family problems	Divorce or a change in household conditions affects income and payment responsibilities	Requires individual assessment of socio-economic conditions
5	Bad character and good faith	Use of the identity of another party, neglect of installments, or uncooperative attitude	Can direct banks to further settlement actions

The dispute resolution mechanism at BSI KCP Makassar Veteran is taken in stages by prioritizing communication and financing rescue. The initial stage is carried out through gatherings, visits, and persuasive communication to identify the cause of arrears and confirm the customer's good faith. If the customer is still cooperative and has payment

prospects, the bank opens a room for deliberation and restructuring financing through rescheduling, reconditioning, or restructuring according to the evaluation of the ability to pay. Rescheduling is carried out through schedule changes or extension of installment periods, while reconditioning can include partial adjustments to financing terms. This approach indicates that settlement is indirectly directed at the termination of the contractual relationship. However, when the customer is uncooperative, does not fulfill the agreement, or does not have adequate recovery capabilities, voluntary sale of the collateral object, auction, or settlement through legal channels can be taken as a last resort. The order emphasizes the existence of a balance between efforts to save customer rights and banks' obligations to maintain financing quality, contract certainty, and operational risk mitigation in a documented and objectively evaluative process.

Table 2. Mortgage Default Dispute Resolution Mechanism

No .	Stages of completion	Forms of action	Basis of consideration
1	Identify arrears	Visits, friendships, and persuasive communication	To explore the causes of arrears and measure the good faith of customers
2	Deliberation	Negotiations on affordability and alternative settlements	Prioritizing agreements and preventing conflicts from continuing
3	Rescheduling	Rescheduling or extension of installment terms	The customer still has the ability to pay after adjustment
4	Reconditioning atau restructuring	Adjustment of financing requirements and rearrangement of payment schemes	There is a prospect of recovery of the customer's economic ability
5	Securities sales, auctions, or legal channels	Voluntary sale, security auction, or legal settlement	The customer is uncooperative or the rescue alternative is

			unsuccessful
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Based on the Theory of Maqashid al-Syariah Al-Syatibi, the practice of resolving mortgage defaults at BSI KCP Makassar Veteran is benefit-oriented. Hifz al-mal appears to be in an effort to maintain billing rights, the quality of financing assets and the opportunity for customers to maintain their homes through restructuring. Hifz al-nafs is reflected in the priority of deliberation, communication without intimidation, and the provision of leniency for customers who experience economic stress, so that the risk of losing their only place of residence does not occur immediately. Hifz al-din is carried out through references to sharia contracts and principles, including the distinction between underprivileged customers and customers who deliberately delay payments. Hifz al-aql and hifz al-nasl are realized through education about obligations, rational decision-making, and consideration of the impact of settlement on the family. Thus, restructuring and deliberation can be understood as an instrument of hajiyyah to eliminate difficulties, while delaying execution under certain conditions protects the needs of daruriyyah. The execution of the guarantee remains justified after peaceful alternatives and a proportionate assessment of the client's ability does not result in a satisfactory settlement for both parties consistently.

Table 3. Application of Maqashid al-Syariah in Default Settlement

No.	Principles of Maqashid al-Syariah	Indicators of application in dispute resolution	Makna analisis
1	Hifz al-din	Compliance with the akad, fatwa, and principle of prohibition of usury in handling arrears	Maintaining the conformity of the settlement process with sharia principles
2	Hifz al-nafs	Deliberation, persuasive communication, and prevention of intimidating acts	Protect the survival and psychological peace of mind of the client
3	Hifz al-aql	Education on rights, obligations, financing risks, and settlement options	Supporting conscious and rational decision-making
4	Hifz al-	Consideration	Reducing the

	nasl	of the sustainability of the customer's residence and family condition	socio-economic impact of disputes on families
5	Hifz al-mal	Restructuring, protection of bank rights, and execution of guarantees as the last step	Balancing the protection of bank assets and customer assets

This study uses the Maqashid al-Syariah Al-Syatibi Theory as a basis for assessing the settlement of sharia mortgage default disputes at BSI KCP Makassar veterans (Al-Amin, 2026). This theory positions sharia as an instrument to realize benefits and prevent harm, so that the legality of the contract is not seen as a measure of justice. Maqashid al-Syariah is described through the protection of religion, soul, intellect, descent, and property, which includes the needs of daruriyyah, hajiyyah, and tahsiniyyah (Amin et.al., 2024). In this study, hifz al-mal is an indicator to test the protection of billing rights, assets, and the sustainability of bank and customer financing; HEFZ al-NAFS is used to assess the impact of policies on the safety and sustainability of family housing; while HIFZ al-Din, HEFZ al-AQL, and HEFZ al-NASL are used to evaluate sharia compliance, quality of education and communication, and protection of the future of families (Hasda et.al., 2026). The theory allows for sociolegal analysis of deliberation, goodwill assessment, restructuring, billing, and guarantee execution. Thus, the study assesses whether the mechanism has balanced contractual certainty, bank prudence, substantive justice, and customer benefits in the dispute resolution stage

The findings on sharia mortgage defaults at BSI KCP Makassar Veteran show that the problem of installment payments is mainly rooted in the economic vulnerability of customers (Abdullah & Jan, 2026). Unstable incomes, declining business turnover, and termination of employment reduce the customer's ability to fulfill obligations previously agreed upon in the contract. This condition confirms that default cannot always be understood as a violation born from a desire to break a promise. In housing financing, inability to pay is often a consequence of changes in household economic conditions that occur after the contract is signed. Therefore, the bank's assessment of arrears needs to be based on evidence of current ability to pay, not just previous payment history. This perspective is

consistent with the sociolegal approach used by the research, as default status is analyzed as a legal event influenced by social and economic conditions. Thus, individual identification of causes is a prerequisite for determining proportionate settlement actions, maintaining financing quality, and avoiding unfair treatment of good-faith customers who are experiencing real difficulties.

Non-fixed income is an important factor because some customers rely on installment payments on informal work, small businesses, agriculture, fisheries, or seasonal economic activities (Adekunle, 2026). Such an income structure makes household cash flows vulnerable to changes in market demand, crop failure, production declines, and disruptions in work activities. When income falls, mortgage installments compete with food, health, education, and daily living needs. Empirically, this condition explains why late payments can occur even if customers do not intend to ignore the contract. For banks, income variation requires a feasibility assessment that does not stop at income when applying for financing, but also considers the resilience of income sources and the customer's capacity to face economic risks. At the problematic financing stage, information about income patterns must be used to distinguish between customers who still have a prospect of recovery and customers who no longer have the ability to pay. The distinction determines the relevance of rescheduling, requirements changes, or other settlement steps that are in line with the customer's real capabilities and family conditions.

Termination of employment and health problems show that defaults can arise due to risks beyond the customer's control. Job loss eliminates a major source of income, while illness can simultaneously reduce productivity and increase household expenses. In such circumstances, late installments should not be immediately equated with negligence or bad faith. Accurate assessment requires clarification on the timing of the risk, alternative sources of income, the number of family dependents, and opportunities for economic recovery. This step is important because quick action can aggravate customer conditions and expand the social impact of mortgage disputes. However, acknowledging difficult circumstances does not mean removing automatic contractual obligations. Banks remain interested in maintaining funds, asset quality, and certainty of contract execution (Gam & Liu, 2024). Therefore, research data support the need for a balance between rigorous verification and humane

response. This balance allows banks to distinguish between temporary difficulties, permanent difficulties, and intentional delays in payments, so that the policies taken have an adequate factual and juridical basis.

Family factors, especially divorce and urgent needs, also show the social dimension inherent in mortgage defaults. Changes in household structure can change the division of payment responsibilities, reduce joint income, and increase the burden of expenses (Nurhasanah et.al., 2026). Meanwhile, health needs or urgent events can force customers to prioritize expenses related to the safety of family members over installment payments. In this context, the home does not only function as an object of collateral, but as a space for protection and sustainability of family life. Therefore, the analysis of the causes of default must take into account the impact of financing decisions on family members who are not directly parties to the contract. Such an approach does not negate the bank's right to repayment, but rather encourages decision-making that considers social consequences proportionately. The results of the study show the importance of open communication so that customers can report changes in circumstances from the beginning. This openness helps banks conduct assessments before arrears develop, while providing space for realistic solutions and reducing the likelihood of disputes continuing into executive action.

In addition to external factors, the study found internal factors about customer character and behavior. The use of other parties' identities, neglect of communication, and uncooperative attitudes in fulfilling obligations indicate a different moral risk from economic inability (Sari et.al., 2025). Customers with such characteristics are not treated the same as customers who are able to show evidence of decreased income, illness, or family emergencies. This distinction is important to maintain fairness for both parties. If banks provide leniency without verification, financing rescue policies have the potential to be abused and detrimental to fund management. On the other hand, if all arrears are assumed to be bad faith, banks can ignore the reality of the difficulties of good-faith customers. Therefore, indicators of cooperative behavior need to be placed alongside economic indicators in the assessment process. These indicators can be in the form of willingness to provide information, submit a request for settlement, fulfill interim agreements, and participate in deliberations. These results confirm that the causes

of default are multidimensional, so their handling requires individual assessment, adequate documentation, and transparent decisions for customers and banks.

Analytically, the findings of the factors that cause default can be read through the Maqashid al-Syariah Al-Syatibi Theory, the relationship between *hifz al-mal* and *hifz al-nafs*. *Hifz al-mal* requires the protection of the bank's billing rights and funds, but also demands the prevention of disproportionate loss of customers' assets. *Hifz al-nafs* directs banks to consider the impact of economic hardship, illness, and job loss on family survival. At the *hajiyyah* level, the assessment of the ability to pay and restructuring functions to eliminate the narrowness without removing contract obligations. At the *daruriyyah* level, the protection of housing needs and the safety of the family is an important consideration when the execution of guarantees has the potential to have extreme impacts. This analysis does not justify customers who deliberately avoid payment, as these actions also interfere with the protection of assets and trust in transactions. Thus, Maqashid al-Shariah offers differential parameters: leniency for proven difficulties, oversight for moral risks, and proportionate decisive action for non-compliance. These parameters link empirical findings to the substantive justice, benefit, and sustainability of sharia financing as a whole.

The mechanism for resolving sharia mortgage defaults at BSI KCP Makassar Veteran shows a gradual pattern that places communication as the starting door. The bank does not directly direct disputes to auctions or litigation, but rather conducts visits, gatherings, and persuasive communication to obtain an explanation about the causes of arrears. This stage serves to test the customer's good faith while collecting information about the ability to pay, business conditions, changes in work, and family burdens. In the sociolegal approach, initial communication is important because it allows the norms of the contract to meet the social reality of the customer (Rizkia & Na'im, 2025). With adequate information, the bank can avoid decisions that rely solely on the amount of arrears or the length of delay. Deliberation also opens up space for customers to explain conditions that are not seen in the financing documents. Therefore, the effectiveness of the initial stage is not only measured by the success of the billing, but by the accuracy of the identification of the problem and the ability to build understanding. The well-documented communication stage is the basis for the choice of next course of action in a

proportionate and accountable manner for both parties.

Deliberation is a central stage in the settlement mechanism because it provides an opportunity for banks and customers to negotiate solutions based on mutual interests, not just their respective contractual positions (Ningsih, 2023). For customers, deliberation provides a channel to propose explanations and alternative payments before losing their homes. For banks, this process allows for an assessment of customer cooperation, information disclosure, and the feasibility of settlement proposals. The results of the study show that a familial approach is placed before coercive actions. However, deliberation is only effective when supported by two-way communication, evidence of financial conditions, clear deadlines, and record of agreements. Agreements that are not based on actual capabilities risk generating recurring arrears and prolonging disputes. Therefore, banks need to ensure that each outcome of deliberation is translated into operational steps that are monitored on an ongoing basis. In the context of Islamic mortgages, deliberation is not a form of waiver of collection rights, but rather a risk control instrument that encourages peaceful settlement, maintains partnership relationships, and reduces social and economic costs that may arise from the execution of proportionate early guarantees.

Financing restructuring is a rescue instrument used when customers still show good faith and have prospects to meet obligations after adjustment. At BSI KCP Makassar Veteran, these options include rescheduling, reconditioning, and restructuring. Rescheduling is oriented towards rescheduling or extending the installment period so that the payment burden is more in line with the customer's income stream. Reconditioning allows for a partial change in financing requirements, while restructuring is a more comprehensive rearrangement according to the bank's evaluation (Pujastuti et.al., 2025). The three instruments show that the settlement of defaults is not solely repressive, but also serves to restore the ability to pay. However, restructuring is not an automatic right for all customers. The decision needs to be based on document verification, payment history, source of income, collateral value, and projected ability to pay. This requirement is necessary so that the relief policy does not pose moral risks or worsen the quality of financing. Thus, the right restructuring combines the interests of customer recovery with the bank's responsibility to maintain funds and the sustainability of the Islamic

financing portfolio in a healthy and measurable manner.

If communication, deliberation, and restructuring do not result in the fulfillment of obligations, the bank takes the formal warning stage as a form of affirmation of the certainty of the contract. Warning letters are given gradually, followed by summonses or summonses when the customer does not respond to his obligations. This stage is important because it provides clear notice to customers about the status of arrears, consequences of non-compliance, and the last opportunity to convey settlement. From a governance perspective, warning letters create an administrative trail that proves that the bank has provided a decent opportunity before taking further action (Subhani & Usman, 2026). However, the warning function should not turn into pressure that ignores the customer's condition. The language, frequency, and manner of delivery need to maintain the dignity of the customer while explaining the bank's rights firmly. The cohesion between persuasive communication and formal warning suggests that settlement mechanisms require a balance between flexibility and discipline. Without a transparent formal stage, final decisions can potentially be seen as arbitrary; conversely, without humane communication, mechanisms can lose the substantive justice orientation that characterizes sharia financing in everyday institutional practice.

Voluntary sale of collateral objects, auctions, or legal channels is taken when the customer is uncooperative or the financing rescue effort is no longer feasible. This sequence is important because the execution of collateral has consequences beyond the recovery of receivables: the customer and his family have the potential to lose their homes (Pratama et.al., 2024). The results of the study show that banks first provide customers with the opportunity to sell collateral voluntarily. This option can provide room for customers to obtain a more appropriate price and maintain involvement in the settlement of obligations. If these steps are unsuccessful, an auction can be taken to cover arrears according to procedures. The use of legal channels against uncooperative customers shows that humanity does not eliminate the need for certainty and protection of bank rights. Therefore, the legitimacy of the executive action depends on proving that the communication, deliberation, warning, and restructuring stages have been taken. The tiered mechanism limits the use of coercive measures and ensures that final settlement is not carried out prematurely or without legal, ethical, and

institutional justification.

Analytically, the mechanism of deliberation, restructuring, warning, and gradual execution shows the application of the principles of *al-taysir* and *dar'u al-mafasid* in the Theory of Maqashid al-Syariah Al-Syatibi. Deliberation and restructuring meet the needs of the hajiyyah because it reduces the difficulty of payment without canceling the contractual obligations. At the same time, both protect *hifz al-mal*: the bank maintains the prospect of return on financing, while the customer gets the opportunity to maintain assets and occupancy. Formal warnings maintain contractual certainty and discipline, so that convenience does not turn into tolerance of bad faith. When all alternatives fail, the execution of a guarantee can be understood as a measure of asset protection that must still be limited by procedures, proportionality, and respect for the dignity of the customer. In housing financing, *hifz al-nafs* and *hifz al-nasl* require banks to consider the impact of loss of residence on the safety and sustainability of the family. Thus, the quality of the implementation of Maqashid is not determined by the absence of execution, but by a sequence of decisions proving that harm prevention and the search for benefits have been sought before the final action is taken for the bank, the customer, and the affected families.

The application of Maqashid al-Syariah in the settlement of mortgage defaults at BSI KCP Makassar Veteran is reflected in religious maintenance or *hifz al-din*. This principle is manifested through the main obligation to keep the settlement process within the corridor of contracts, DSN-MUI fatwas, and the principle of prohibition of usury. Research information shows that there is a distinction between customers who are really unable to pay and customers who deliberately delay payments even though they have the ability. This distinction is important because banks' responses to the two cannot be equated (Putra et al., 2026). For real insolvencies, settlement is directed at finding convenience and appropriate solutions; for deliberate delays, banks can still apply actions in accordance with the provisions of sharia and contracts. In the context of *ta'widh*, the orientation that needs to be maintained is so that the instrument does not become a source of profit from customer difficulties. Thus, *hifz al-din* serves as a boundary for all stages of collection, deliberation process, restructuring, and final action. This principle maintains the integrity of the contract while distinguishing Islamic banking from practices that

are only oriented towards financial recovery.

Hifz al-nafs or the maintenance of the soul appears in the choice of BSI KCP Makassar Veteran to prioritize a family approach, persuasive communication, and deliberation. In mortgage disputes, life protection is not only related to physical safety, but also includes the prevention of psychological stress and disruption of family survival due to disproportionate collection actions (Roslan, 2024). Research data shows that banks seek to avoid intimidating methods and open up restructuring alternatives for customers experiencing economic difficulties. This approach is relevant because mortgage arrears are often related to termination of employment, illness, business downturn, or urgent family needs. In such circumstances, collections that are solely oriented towards accelerating repayment can increase harm to customers. However, life maintenance does not mean that payment obligations are abolished or bank supervision is stopped. This principle directs banks to assess the condition of objective customers, determine appropriate forms of relief, and provide a reasonable time if there is a prospect of recovery. In this way, substantive justice is realized through humane treatment without disregarding the certainty of the bank's contract or rights.

The application of *hifz al-aql* in the settlement of defaults can be seen through the need for education and communication that allows customers to understand the legal position, obligations, and financing settlement options. Customers who are in arrears need clear information about the amount of liabilities, consequences of delays, restructuring requirements, and the possibility of selling collateral if rescue efforts fail. Information disclosure prevents customers from making decisions based on assumptions, fears, or ignorance. In a sociolegal approach, the quality of communication is also an important element because it determines whether an agreement is truly born from the understanding and participation of the parties (Makeieva, 2025). The results of the study show that persuasive communication and visits to customers can be a space to explain contextual rights and obligations. In addition, financial education can help customers prioritize payments and report difficulties early. The implementation of *hifz al-aql* is not enough if it is only informative; the bank needs to ensure that the language, documents, and alternatives presented are understandable to the customer. Thus, the decision to restructure or other settlements is based on rational, transparent, and mutually responsible

considerations.

Hifz al-nasl is implemented through consideration of the impact of dispute resolution on the customer's family. Mortgages differ from ordinary consumptive financing because the object financed is a residence that supports family security and stability. When the house becomes the only residence, the execution has the potential to have cross-generational consequences for family members who are not directly involved. Therefore, the findings on the priority of deliberation and restructuring show that there are efforts to reduce social risks before choosing an executory action. Family considerations do not mean shifting the risk to the bank, but rather require careful testing of the ability to pay, repayment alternatives, and the availability of solutions that do not cause extreme losses. This implementation also requires customers to be open about changes in family conditions so that the bank can respond in a timely manner. In the perspective of Maqashid al-Sharia, the protection of the family strengthens the reason for making the sale or auction of collateral the last option (Zuhdi et.al., 2024). Thus, settlement decisions include social consequences, not just the fulfillment of formal financial obligations in a financing contract that is fair to the family.

Hifz al-mal is a direct principle in the settlement of defaults because mortgage disputes concern the protection of the assets of the bank and customers at the same time. For banks, asset protection is realized through collection, monitoring of financing quality, warnings, verification of ability to pay, and recovery steps for outstanding obligations. For customers, the same principle requires that the house as collateral is not lost disproportionately, especially if the customer is still in good faith and has opportunities for recovery. Rescheduling, reconditioning, and restructuring policies show efforts to maintain this balance (Tinambunan et.al., 2026). Restructuring adjusts payments to the customer's income conditions, and maintains the bank's chances of obtaining a return on financing. If these efforts fail or the customer is uncooperative, voluntary sales, auctions, or legal channels remain available to protect the bank's rights. However, action must be preceded by transparent procedures and adequate opportunities for customers to complete their obligations. Thus, hifz al-mal is not interpreted as unilateral protection of bank assets, but rather as fair, measurable, and loss-prevention oriented asset management for both parties.

Analytically, the application of Maqashid al-

Sharia shows an integration between basic protection and a tiered dispute resolution mechanism. Hifz al-din ensures the conformity of the process with sharia contracts and ethics; hifz al-nafs demands a response that does not cause excessive pressure and harm; hifz al-aql encourages communication and education for conscious decisions; hifz al-nasl places family sustainability as a consideration; while hifz al-mal safeguards the rights and assets of both parties. Deliberation and restructuring represent the need for hajiyyah because it reduces payment difficulties, while the protection of vulnerable housing is related to the needs of daruriyyah. Formal warnings and final execution are needed so that the principle of convenience is not abused by customers in bad faith. Thus, the quality of maqashidi is not measured by the elimination of all consequences of default, but by the bank's ability to differentiate customer conditions, document decisions, and choose the least harmful actions. The model reinforces the character of Islamic banking as an institution that combines contractual firmness, substantive justice, and social benefit in transparent, consistent, and sustainable problematic financing resolution practices.

Conclusion

This study concludes that defaults on sharia mortgage financing at BSI KCP Makassar Veteran are mainly influenced by a decline in the customer's economic capacity, including irregular income, business decline, termination of employment, illness, urgent needs, and family problems. These factors suggest that late payments do not always reflect bad faith, so banks need to distinguish real inability to pay from deliberate avoidance of obligations. The dispute resolution mechanism is implemented gradually through persuasive communication, visits, deliberations, financing restructuring in the form of rescheduling, reconditioning, or restructuring, as well as formal warnings. Voluntary sale of collateral, auctions, and legal channels are placed as last options after unsuccessful rescue efforts or uncooperative customers. The application of Maqashid al-Shariah is reflected in the maintenance of religion through compliance with sharia contracts and principles; the preservation of the soul through a humane approach and the prevention of intimidating acts; the maintenance of reason through transparent education and communication; the maintenance of offspring through consideration of the impact on the family; and the maintenance of property through the

protection of the rights of banks and customer assets. Thus, the settlement of defaults applied leads to a balance between contractual certainty, banking prudence, substantive justice, and social welfare. However, its effectiveness depends on the verification of the ability to pay, the documentation of decisions, two-way communication, and the application of proportionate procedures in each case of fair and consistent problematic financing, transparency, sustainability, and oriented towards the common good.

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