



Contents list available at: <https://journal.unesa.ac.id>
al-Uqud: Journal of Islamic Economics
Journal homepage: <https://journal.unesa.ac.id/index.php/jie>



The role of Islamic leadership in Baitul Maal Wat Tamwil in managing *Qardhul Hasan* funds: A systematic literature review

Arie Prasetyo^{1*}, Akhmad Kusuma Wardhana²

¹Department of Islamic Economy, Faculty of Economics and Business, Airlangga University, Surabaya, Indonesia

²Faculty of Environmental Management, Prince of Songkla University, Hatyai Campus, Thailand

Article Info

Paper type:

Review Paper

Keywords:

Baitul maal wat tamwil; Economic activity; Islamic leadership; *Qardhul Hasan*; Sustainability.

Article history:

Received: 02 January 2026

Revised: 15 July 2026

Accepted: 30 August 2026

Available online: 09 September 2026

Abstract

This study analyzes the role of Islamic leadership in the distribution of qardhul hasan financing by Baitul Maal wat Tamwil (BMT) in Indonesia. This study uses secondary data in the form of papers on the role of Islamic leadership, qardhul hasan financing, and BMT. The sample was filtered through metadata screening downloaded from Scopus, totaling 81 documents from 2006-2026 from a population of approximately 195 documents. Metadata was analyzed using a bibliometric method before the papers were analyzed using a systematic literature review (SLR). The findings indicate that Islamic leadership plays an important role in the effective management of Sharia-based social funds. Values such as amanah (trust), justice, and maqāṣid al-sharī'ah (objectives of Islamic law) shape an employee work culture oriented towards social benefits. Islamic leaders are able to implement three main strategies: business assistance for borrowers experiencing repayment difficulties, extending debt payments based on the principle of justice, and investing qardhul hasan funds into productive waqf for healthy businesses. These strategies may contribute to mitigating non-performing financing risks and strengthening the social function of BMTs.

*Corresponding author: ari.prasetyo@feb.unair.ac.id

Please cite this article in APA style as:

Prasetyo A., & Wardhana A. K. (2026). The role of Islamic leadership in Baitul Maal Wat Tamwil in managing *Qardhul Hasan* funds: A systematic literature review. *Al-Uqud : Journal of Islamic Economics*, 10(1), 18–33 <https://doi.org/10.26740/al-uqud.v10n1.p18-33>

Introduction

Sharia Microfinance Institutions, particularly *Baitul Maal wat Tamwil* (BMT), have a strategic role in providing access to financing in accordance with sharia principles for small and medium-sized communities (Wulandari, 2018). The main problem faced by BMT institutions in

Indonesia is the relatively high non-performing loan (NPL) rate, which weakens the effectiveness of the institution in distributing financing to small and medium-sized communities (Walida & Syarofi, 2022). This condition not only reduces the capacity of BMTs to carry out their socio-economic functions, but also reduces public trust in the institution. Meanwhile, credit-based financing (*qardhul hasan*) and interest-free financing that emphasizes the principles of fairness and mutual assistance can reduce the burden on customers. However, the successful management of *qardhul hasan* funds depends heavily on the management through Islamic leadership of the institution. Leadership quality is crucial because leaders influence all aspects of a BMT (Darma & Handoyo, 2022).

Islamic leadership in BMTs plays a crucial role as a moral and spiritual foundation, ensuring that funds are managed in accordance with Sharia principles (Rosyidi et al., 2024). By instilling the values of trust, justice, and social concern, Islamic leadership can improve the institution's well-being while strengthening public trust. *Qardhul hasan*-based financing managed by Islamic leadership has been proven to be more oriented toward social benefits than mere profit (Yamin et al., 2020). This makes *qardhul hasan* relatively free from the risk of bad debts and has become the focus of increasingly extensive academic research and publications in the international literature.

Despite the growing interest in the field of Islamic microfinance and leadership, a few critical gaps remain. Previous studies mostly focused on isolated empirical measurements, such as the impact of Islamic leadership on general employee performance in commercial banks (Pireh, 2022) or single-case evaluations of micro-credit distribution (Meager, 2022; Nakano & Magezi, 2020). Existing review studies have not mainly focused on how to integrate faith-driven leadership mechanisms to specifically mitigate repayment risks and ensure the long-term viability of non-profit *qardhul hasan* funds within BMTs. Most available literature remains fragmented across disparate methodologies without an overarching strategic framework. To address this gap, this study conducts a systematic literature review (SLR). The screening of the previous studies uses a bibliometric method. To ensure analytical focus and alignment with the objectives of its methodology and findings, this paper addresses three research questions below:

RQ1: What are the trends of subtopics in previous studies, affiliations with top citations, and methodological distributions in Islamic leadership and management of *qardhul hasan* global studies?

RQ2: How do key thematic clusters (such as trust, justice, and *maqāṣid al-sharī'ah*) define the intellectual structure of Islamic leadership, and how does *qardhul hasan* utilization compare across commercial banks, pawnshops, and BMTs?

RQ3: What specific managerial and risk-mitigation strategies (namely business mentoring, fair debt restructuring, and productive waqf transformation) do Islamic leaders in BMTs implement to reduce Non-Performing Loan (NPL) risks and ensure social-financial sustainability?

The theoretical contribution of this study is that it establishes a novel conceptual model connecting Islamic leadership values directly to risk-mitigation behaviors and social fund sustainability. On the other hand, the practical contribution of this study lies in the evidence-based policy guidelines and strategic solutions for BMT practitioners, regulators, and researchers seeking to optimize non-profit social financing mechanisms without compromising institutional resilience. On the other hand, this study contributes to the achievement of Sustainable Development Goal (SDG) 8: Economic growth by creating mutual welfare in society through inclusive financing.

Literature Review

Qardhul Hasan

Qardh (loans) are an integral component of the conventional banking and financial system. Profit-seeking financial institutions can hardly function without the provision of accepting and advancing *qardh*, albeit under different names, garbs, and forms (Asni et al., 2025). Although the involvement of *qardh* is crucial in almost all interest-based financial instruments, Islamic Financial Institutions (IFIs) strive to avoid using the term "*qardh*" for their products. For IFIs, the underlying reason behind their abstention from the term "*qardh*" is their fear of engaging in usury (*riba*). Financing transactions using the *qardhul hasan* contract are considered easy and flexible, and can have a positive impact on the recipient. Although they carry a relatively high risk of repayment (Hasan et al., 2025). However, because of the concept of *at-tabarru'* in the *qardhul hasan* contract, the lender or institution providing *qardhul hasan* financing must have a willing and sincere attitude if the funds are not returned on time or are not returned at all (Febianto & Ashany, 2012).

Islamic Leadership in Financial Institutions

Islamic leadership is a determining factor in maintaining the sustainability of Islamic financial institutions such as *Baitul Maal wat Tamwil* (BMT). Leaders who adhere to Islamic values such as trustworthiness, justice, and social concern not only serve as decision-makers but also as moral role models for all managers and customers. A study by Zaim et al., (2024) shows that Islamic leadership is able to increase public trust in Islamic financial institutions through supervision of sharia-compliant financial transactions. In the context of managing *qardhul hasan* funds, Islamic leadership serves as a risk management mechanism and reinforces social orientation. Previous research suggests that *qardhul hasan* financing managed under Islamic leadership is relatively free from bad debts because it is based on a spirit of mutual assistance and shared responsibility (Husti & Mahyarni, 2019). Leaders who instill religious values and social ethics can direct institutions to channel funds to groups that truly need them, such as the poor, Micro-Small-Medium Enterprises (MSMEs), or individuals with urgent needs, so that funding is more targeted (Ren et al., 2024).

BMT as an MSME Financing Institution

Baitul Maal wa Tamwil (BMT) is a micro-scale financing institution to support local economic welfare (Ascarya et al., 2023). BMTs cannot be run solely by management, as is the case with banks with large assets, or non-sharia financial institutions that do not adhere to the principles of maqashid sharia, because the primary goal of BMTs is to assist local MSMEs, not simply to seek profit. Therefore, Islamic leadership is a determining factor in ensuring that fund management, particularly through the *qardhul hasan* instrument, is carried out in accordance with sharia principles while simultaneously being oriented towards community empowerment (Mariyanti & Mahfudz, 2016).

Methodology

Data collection technique

This study used a qualitative method by synthesizing previous studies to reach the answer needed, namely a systematic literature Review (SLR). Before all of the previous studies used for synthesis were downloaded from Google Scholar, this study downloaded a list containing all papers related to the topic of this study through the Scopus website. Scopus is selected as a data source because it maintains the quality of global indexing of journals and provides neat data sources of documents published in journals indexed by Scopus (Martín-Martín et al., 2021).

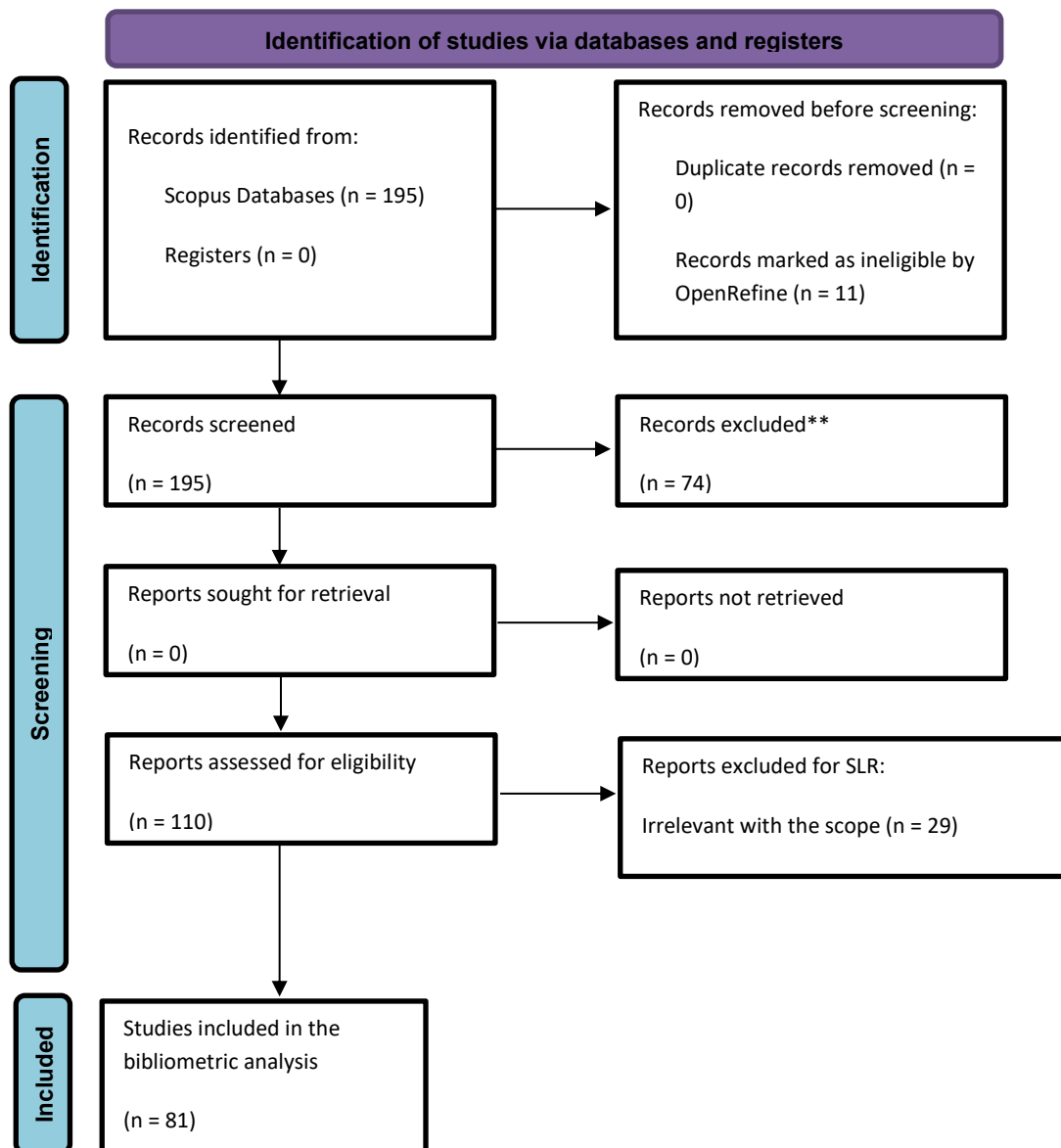


Figure 1. Flowchart of sample collection and screening with PRISMA

A total of 195 documents were found after entering the query (*TITLE-ABS-KEY ("Islamic leadership") OR TITLE-ABS-KEY ("qard hasan")*). Then, only documents in the form of articles, published in journals, and using English were downloaded as a CSV file. This left approximately 121 documents listed in the metadata from 2006 to 2026. The data was then entered into a CSV file containing abstract and keyword information, citation information, and bibliographical information. The data was then cleaned to remove duplicate keywords within a single paper using Bibliomagika (Ma & Sukmana, 2025). Data eliminated about 11 documents. Before being analyzed using SLR, the data were analyzed using bibliometric methods using the Vosviewer application to determine keyword trends frequently used by authors in previous studies discussing *qardhul hasan* and leadership. Furthermore, the bibliometric method can identify the number of citations and the affiliations of authors with the most citations (Battour et al., 2024). The most frequently used keywords were identified through images generated by

the Vosviewer application, which depicts the keyword types from previous studies in the form of colored circles of varying sizes and colors.

Each circle is connected to the others, like a nervous system (Zulfiqar et al., 2024). After identifying the most frequently used keywords, they were analyzed using 81 downloaded papers as samples for this study. This study then conducted a synthesis to identify the public's dilemma regarding BMTs and *qardhul hasan*, as well as the obstacles in implementing *qardhul hasan* in BMTs. The solutions to address each obstacle faced by BMTs implementing *qardhul hasan*. From the 195 documents included in metadata files in the form of CSV downloaded from Scopus, this study implements strict inclusion criteria to ensure relevance to the topic and quality of the synthesis results. The inclusion criteria are peer-reviewed journal articles published between 2006 and 2026, documents written in English, directly addressing Islamic leadership, *qardhul hasan* financing, or BMTs. The exclusion criteria are conference papers, book chapters, and non-English publications. The next step of screening is based on methodological transparency and thematic relevance, with papers lacking sufficient detail on leadership mechanisms or *qardhul hasan* applications removed (Fikri et al., 2022). After duplicate elimination and scope filtering, 81 papers met all criteria and were included in the SLR synthesis.

Data Analysis Techniques

To ensure the robustness of the method, this study uses RevMan software for synthesizing the 81 selected papers within the Systematic Literature Review (SLR). RevMan is designed for systematic reviews in health sciences and provides structured workflows that are equally applicable to social science, including the economic field (Maulida et al., 2023). The synthesis process began with importing bibliometric metadata from Scopus into RevMan, where each study was coded following its type (quantitative, qualitative, conceptual, mixed-method, or historical) (Zhang et al., 2023). The next step involved categorizing papers into thematic clusters based on recurring keywords such as Islamic leadership, trust, justice, *maqāṣid al-sharī'ah*, and risk management. RevMan's analytical functions were then used to generate comparative tables and forest plots, allowing the authors to visualize the strength of evidence and identify convergence or divergence across studies. This structured workflow ensured that the review moved beyond descriptive summaries toward an integrated synthesis of findings (Idan et al., 2024).

The first step in synthesizing papers using RevMan is importing data. The records of bibliometric uploaded into RevMan. Then the second step is paper coding, where each paper was classified by methodology and relevance to the research questions. The third step is grouping and clustering the previous studies, where studies were organized into thematic categories reflecting leadership values and *qardhul hasan* practices. The fourth step is evidence synthesis, where RevMan's comparison tools were applied to integrate findings across heterogeneous designs (Tian et al., 2020). The last step is interpreting the results. Outputs such as tables and plots were analyzed to answer the three research questions. Through this process, RevMan enabled the authors to consolidate fragmented literature into a coherent conceptual model, directly linking Islamic leadership values to risk-mitigation strategies and social-financial sustainability in BMTs. This transparent workflow strengthens the analytical focus of the study and ensures alignment between objectives, methodology, findings, and conclusions (Desse et al., 2021).

Result

General characteristics in previous studies

Previous research on qardhul hasan and BMTs has shown variations in citations, author affiliations, and the distribution of methods used. By understanding these general patterns, researchers can assess the quality and relevance of the literature and identify potential research gaps. These general characteristics also serve as the foundation for bibliometric analysis and Systematic Literature Reviews (SLRs), resulting in more focused studies linking publication trends to current issues such as Islamic leadership in BMTs, the risk of bad debts, and the role of *qardhul hasan* in empowering MSMEs.

Table 1. Author affiliation with the theme of *Qardh* and *Qardhul Hassan*

Organization	Documents	Citations	Total Link Strength
University of Darussalam Gontor, Ponorogo, Indonesia	4	106	4
Tazkia Islamic Institute, Bogor, Indonesia	3	76	3
International University of Monaco, Monaco	1	69	1
Texas A&M University–Central Texas, United States	1	69	1
Department Of Social and Cultural Anthropology, Vu University Amsterdam, Amsterdam, Netherlands	1	64	0
Department of Management, University of Indonesia, Depok, Indonesia	2	57	2
Graduate School of Management, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia	1	52	1
Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia	1	52	1
Faculty Of Business, Bond University, Gold Coast, Australia	1	49	1
Griffith University, Gold Coast, Qld, Australia	1	49	1
Department of Economics, Airlangga University, Surabaya, Indonesia	1	48	1
Department of Islamic Economics, Faculty of Economics and Business, Airlangga University, Surabaya, Indonesia	3	48	1
Department of Islamic Economics, Muhammadiyah University of Yogyakarta, Yogyakarta, Indonesia	1	48	1
Faculty of Business and Management, Universiti Sultan Zainal Abidin, Terengganu, Malaysia	1	46	0
International Islamic University Malaysia, Kuala Lumpur, Malaysia	2	46	2
IAIN Salatiga, Salatiga, Indonesia	2	42	2
Pelita Harapan University, Indonesia	2	42	2
Institute Of Islamic Banking and Finance, IIUM, Kuala Lumpur, Malaysia	1	41	1

Durham University, Giga German Institute of Global and Area Studies, United Kingdom	1	39	0
KENMS Management Centre, International Islamic University Malaysia, Kuala Lumpur, Malaysia	1	39	0
Asia Research Institute, National University of Singapore, Singapore	1	38	1
Faculty of Arts and Humanities, Syarif Hidayatullah State Islamic University Jakarta, Tangerang, Indonesia	1	38	1
Southeast Asian Social Inquiry, School of Humanities and Social Sciences, The University of New South Wales, Canberra, Australia	1	38	1

Source: Data processed by Vosviewer

Table 1 shows that the University of Darussalam Gontor is the author affiliated with the highest number of citations, at 106. This indicates that their research is widely read by other academics and cited as a research reference in developing Islamic finance studies based on *qardhul hassan*. The second most citation-heavy institution is the Tazkia Islamic Institute in Bogor, with three papers and 76 citations. In addition to Indonesia, several international universities, such as the International University of Monaco and Texas A&M University, Central Texas, also have high citations, despite the small number of papers. Topics related to the development of scientific knowledge on the *qardhul hassan* contract, BMT as an Islamic financial institution, and the implementation of leadership that adheres to Islamic law are of interest to international institutions. This strengthens the global relevance of the *qardhul hassan* contract as an Islamic financial instrument oriented towards social justice. For research analysis, this table is useful for identifying academic centers active in the study of *qardhul hassan* and assessing the quality of their contributions through the number of citations.

Meanwhile, Table 2 below shows the research methods most frequently used in previous studies. Quantitative methods such as SEM-PLS and regression with all its variations are the most commonly used. Nearly half of all studies used quantification to assess the effectiveness of Islamic leadership implementation in managing *qardhul hasan* financing at BMTs. This is due to the focus that *qardhul hasan* and leadership remain within the economic realm and are directly related to financial transactions (Muslim & Widayatsari, 2019).

Table 2. Papers classification based on the method

Method	n	Percentage
Quantitative (Survey, SEM/PLS, Regression)	38	47%
Qualitative (interview, case study, narrative analysis)	17	21%
Conceptual (literature review, Philosophical analysis)	14	17%
Mixed Method	7	9%
Historical study	5	6%

Source: Authors' own work

Content Analysis

Figure 2 shows that the keywords frequently used by authors are Islamic leadership, trust, justice, *maqāsid al-sharī'ah*, risk management, and social responsibility. These keywords emphasize that Islamic leadership is not only a normative aspect, but also a managerial instrument that influences the behavior of BMT employees. The effect is the creation of a work

<i>Maqāṣid al-Sharī'ah</i> /Yellow	Big	Connected with social responsibility	space for extending debt payments to remain fair without usury. Fulfilling the objectives of sharia, namely the welfare of the people, where Islamic leadership directs <i>qardhul hasan</i> funds to become productive waqf for healthy businesses.
Risk Management/Purple	Small–Medium	Connected with trust, ethics	Controlling the risk of bad credit where Islamic leadership turns risk into a development opportunity through restructuring.
Social Responsibility	Currently	Connected with maqāṣid al-sharī'ah	Social responsibility where Islamic leadership ensures that <i>qardhul hasan</i> becomes an instrument for empowering MSMEs and poor communities.
Human Resource Development	Small	Connected with training, ethics	Employee development where Islamic leadership guides employees to be able to provide creative solutions (mentoring, restructuring, productive endowments).
Ethics	Currently	Connect with Islamic leadership	Islamic ethics strengthen employee integrity where Islamic leadership instills honesty and sincerity in managing BMT funds.

Source: Data processed by authors

The synthesis of 81 papers using the SLR approach provides a comprehensive overview of how Islamic leadership influences the management of *qardhul hasan* funds within BMTs. However, this section expands on the objectives, methods, and findings of the most influential studies to strengthen clarity. For example, [Pitchay et al., \(2021\)](#) conducted a quantitative survey across Islamic financial institutions, demonstrating that leadership grounded in trust and justice significantly increases public confidence in sharia-compliant transactions. Similarly, [Shahabi et al., \(2020\)](#), and [Asni et al., \(2025\)](#) show that financing using the *qardhul hasan* contract under Islamic leadership reduces risk becoming non-performing loan by fostering shared responsibility among borrowers. These studies, along with others, highlight the methodological diversity in the field, ranging from regression-based analyses to qualitative interviews, and collectively reinforce the argument that Islamic leadership is both a normative and managerial instrument in sustaining BMT operations.

Table 4. Top ten most influential studies on Islamic leadership and *qardhul hasan*

Study	Objective	Method	Key Findings	Citations
Pitchay et al., (2021)	Assess leadership's effect on trust in Islamic finance	Quantitative survey	Leadership values increase public trust	106
Asni et al., (2025)	Examine <i>qardhul hasan</i> risk management	Case study	Shared responsibility reduces bad debts	76

Rahmawati et al., (2020)	Explore leadership and institutional reputation	Conceptual analysis	Visionary leadership strengthens BMT resilience	69
Aderemi & Ishak, (2023)	Targeted fund distribution	Qualitative interviews	Leadership directs funds to genuine needs	64
Ascarya et al., (2023)	Integrate cash waqf with BMT financing	Mixed-method	Cash waqf enhances sustainability	57
Herianingrum et al., (2024)	Leadership in MSME empowerment	Conceptual	Leadership ensures maqāṣid compliance	52
Rosyidi et al., (2024)	Leadership and helping behavior	Quantitative survey	Leadership improves employee engagement	49
Udin (2024)	Leadership and work ethics	Regression analysis	Leadership boosts job satisfaction	48
Jatmiko et al. (2023)	Leadership and intangible value creation	Case study	Productive waqf enhances social value	46
Muhammad (2020)	Leadership in local economic welfare	Historical study	BMTs improve grassroots welfare	42

Source: Data processed by Vosviewer

To provide readers with a clearer understanding of the most impactful contributions, Table 4 below lists the top ten studies ranked by citation counts and total link strength. This table not only identifies the publications that have shaped the discourse on Islamic leadership and *qardhul hasan* but also situates them within the broader findings of this review. For instance, the highly cited work of University of Darussalam Gontor scholars emphasizes the integration of *maqāṣid al-sharī'ah* into leadership practices, while studies from Tazkia Islamic Institute focus on empirical testing of leadership's effect on financial resilience.

Discussion

Qardhul hasan in financial institutions

A study by Aderemi & Ishak, (2023), shows that the implementation of *qardhul hassan* by the Central Bank as the lender of last resort has positive impacts, such as increased Gross Domestic Bruto (GDP), increased employment, and decreased unemployment. However, financing under the *qardhul hassan* scheme is quite rare in Indonesia. Based on research conducted by Febianto & Ashany, (2012), financing using *qardhul hassan* in Indonesian Islamic banking accounts for one of the lowest proportions of financing compared to other financing options. In fact, financing using *qardhul hassan* contracts tended to decline from 2018 to 2022, reaching Rp 37.5 billion (KNEKS, 2023).

This is due to the relatively low demand for *qardhul hassan* financing in Indonesia. Furthermore, the significant liquidity risk means that the composition of financing with *qardhul hassan* is very limited in Indonesia (Riswandi, 2015). However, *qardhul hassan* is still used by Islamic banking in Indonesia in financing and distributing funds to customers, in addition to using *murabahah* and *mudharabah* contracts, which are generally widely used. As a form of transaction that can alleviate poverty due to its convenience, *qardhul hassan* transactions also have a *wa'ad* (condition) agreed upon between the Islamic financial institution and the customer. If one party violates the agreed *wa'ad*, the injured party is entitled to compensation. In accordance with sharia principles, compensation can only be applied to sharia banking products that use *murabahah*, *qardh*, *ijarah*, *istishna*, and *salam* contracts (Darmini & Nugraheni, 2018).

In addition to Islamic banking, microfinance institutions such as rural banks (BPR) and rural credit institutions (Sharia rural bank) also play a crucial role in providing financing to the community, particularly the poor in rural areas. A study shows that although the intermediation efficiency of these two institutions is still limited, they are quite effective in their production function. Furthermore, Sharia rural bank offers financing services under the *qardhul hasan* contract, i.e., interest-free loans, thus providing greater value than Sharia rural bank in providing equitable financial access to rural communities. This role strengthens *qardhul hasan*'s position as a relevant social instrument at the grassroots level, while also confirming that interest-free financing practices can be a more inclusive alternative for low-income communities (Wulandari, 2018). Sharia pawnshops also use the *qardhul hassan* contract to provide loan services to their customers. Mulazid & Astriana, (2019) explains that in addition to financing using *murabahah* and *mudharabah* contracts, Sharia pawnshops also provide loan services using the *qardhul hassan* contract. Although the lender is not required to request collateral or security for the loan under the *qardhul hassan* contract, Sharia pawnshops still require collateral or security as a preventative measure. This is done by pawnshops to prevent customers from misusing the contract or agreement agreed upon with the *qardhul hassan* (Aderemi & Ishak, 2023).

Islamic leadership on BMT's *Qardhul Hasan* funds

Based on the research results in Figure 2 and Table 3, it can be concluded that the impact of Islamic leadership on the distribution of *qardhul hasan* financing by BMTs can be seen from several key aspects. First, Islamic leadership provides a solution when creditors experience payment difficulties; BMT leaders direct employees to provide business assistance to improve customers' economic conditions and maintain business operations. This aligns with studies on helping behavior and work engagement, which are influenced by Islamic leadership in the context of MSMEs (Qasim et al., 2022)

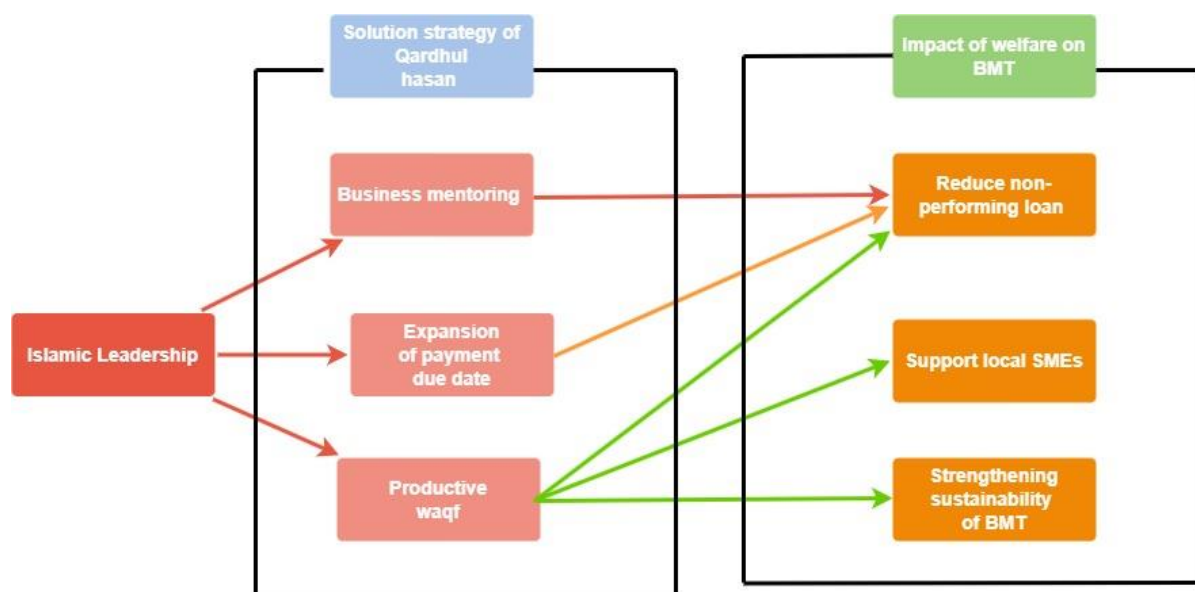


Figure 3. The influence of Islamic leadership towards BMT-based financing *qardhul hassan*

Second, Islamic leadership ensures that debt repayment extensions are based on the principle of justice, so that customers are not burdened with usury and still have the opportunity to improve their financial condition. A study by Udin (2024), shows that Islamic leadership

combined with Islamic work ethics increases employee job satisfaction and motivation, which in turn strengthens commitment to providing fair financial solutions (Bagis et al., 2025). Third, visionary Islamic leadership can direct a portion of *qardhul hasan* funds to be invested as productive waqf for healthy businesses. This strategy not only strengthens the sustainability of the institution but also creates broader social value, as demonstrated by research on intangible value creation by Muslim CEOs (Jatmiko et al., 2023), and receipt of zakat funds for *qardhul hasan* micro-credit (Asni et al., 2025). Thus, Islamic leadership makes BMTs, even though they are small, play a significant role in improving the welfare of the local economy through socially oriented, fair, and sustainable *qardhul hasan* financing (Muhammad, 2020).

Conclusion

Based on the research findings above, it can be concluded that Islamic leadership values can influence employee management and social financing mechanisms in BMTs. Leaders oriented toward the principles of trustworthiness, fear of God, and sincerity are able to transform operational challenges into sustainable solutions. Through three main approaches, such as business assistance for borrowers experiencing repayment difficulties, extending debt payments based on principles of justice, and transforming *qardhul hasan* funds into productive waqf for healthy businesses, The reviewed literature suggests that these approaches may contribute to the sustainability of BMT social financing while mitigating the risk of non-performing financing.

The practical implications of the findings above for policymakers is they can draw on the evidence to design supportive regulations and frameworks that encourage faith-driven leadership practices in microfinance institutions, thereby improving financial inclusion and reducing poverty. Customers, particularly MSMEs and low-income groups, benefit from *qardhul hasan* financing managed under Islamic leadership because it provides fair, interest-free access to capital. Despite its contributions, this study has several limitations. This study relies heavily on published papers in journals indexed by Scopus, which may exclude the real cause-and-effect relationship using primary data. Moreover, this study focuses only in Indonesia context, which could restrict generalizability to other regions where BMTs operate under different socio-economic conditions. Further studies could expand the scope by incorporating cross-country comparison into longitudinal data to assess leadership impacts over time, and integrating primary data collection to validate the conceptual model proposed here.

Author's Contributions (CRediT Taxonomy)

Arie Prasetyo: Conceptualization, Methodology, Writing – original draft.

Akhmad Kusuma Wardhana: Data curation, Formal analysis.

All authors have read and approved the final version of the manuscript.

Acknowledgements

The authors gratefully acknowledge PASINBIS UNAIR for providing the facilities and support necessary for conducting this research.

Declarations

Ethical considerations

First, the review was limited to journal articles indexed in Scopus, which may have excluded relevant studies available in other databases and grey literature. Second, the review synthesizes secondary evidence and therefore cannot establish causal relationships between Islamic leadership and financing outcomes. Third, its emphasis on the Indonesian BMT context may

limit the generalizability of the proposed framework to other institutional and socio-economic settings.

Use of artificial intelligence (AI)

The authors declare that no generative artificial intelligence (AI) tools were used in the preparation, analysis, or writing of this manuscript.

Conflict of Interest

The authors declare no conflicts of interest.

Funding

This research did not receive any financial support.

References

- Aderemi, A. M. R., & Ishak, M. S. I. (2023). Qard Hasan as a feasible Islamic financial instrument for crowdfunding: Its potential and possible application for financing micro-enterprises in Malaysia. *Qualitative Research in Financial Markets*, 15(1), 58–76. <https://doi.org/10.1108/QRFM-08-2021-0145>
- Ascarya, A., Sukmana, R., Rahmawanti, S., & Masrifah, A. R. (2023). Developing cash waqf models for Baitul Maal wat Tamwil as integrated Islamic social and commercial finance. *Journal of Islamic Accounting and Business Research*, 14(5), 699–717. <https://doi.org/10.1108/JIABR-09-2020-0267>
- Asni, F., Yusli, Y., & Zulkifli, M. I. (2025). Empowering asnaf entrepreneurs: A sustainable zakat framework through microcredit financing–qard hasan in Malaysia. *Journal of Islamic Accounting and Business Research*. <https://doi.org/10.1108/JIABR-11-2024-0442>
- Bagis, F., Adawiyah, W. R., Tubastuvi, N., D., & Umairroh, J. P. M. (2025). Beyond religion: Applying Islamic spiritual well-being to improve ethical behavior in modern organizations. *Journal of Cultural Analysis and Social Change*, 10(2), 2030–2039. <https://doi.org/10.64753/jcasc.v10i2.1901>
- Battour, M., Ratnasari, R. T., Ahmi, A., Sukmana, R., & Hendratmi, A. (2024). The current state of published literature on halal tourism and hospitality: A bibliometric review. *Journal of Islamic Marketing*, 15(4), 963–989. <https://doi.org/10.1108/JIMA-02-2023-0054>
- Darma, E. S., & Handoyo, S. F. L. (2022). The role of Baitul Maal Wat Tamwil financing and business coaching on business development and welfare improvement of micro traders in traditional markets. *Journal of Accounting and Investment*, 23(2), 379–397. <https://doi.org/10.18196/jai.v23i2.15462>
- Desse, T. A., Wakil, K., Mc Namara, K., & Manias, E. (2021). Impact of clinical pharmacy interventions on health and economic outcomes in type 2 diabetes: A systematic review and meta-analysis. *Diabetic Medicine*, 38(6), e14526. <https://doi.org/10.1111/dme.14526>
- Febianto, I., & Ashany, A. M. (2012). The impact of Qardhul Hasan financing using Zakah funds on economic empowerment (Case study of Dompot Dhuafa, West Java, Indonesia). *Asian Business Review*, 1(1), 15–20.
- Fikri, A. R., Ratnasari, R. T., Ahmi, A., & Kirana, K. C. (2022). Market orientation and business performance: The mediating role of total quality management and service innovation among Moslem fashion macro, small and medium enterprises in Indonesia. *Journal of Islamic Accounting and Business Research*, 13(8), 1234–1252. <https://doi.org/10.1108/JIABR-12-2021-0321>

- Hasan, R., Hassan, M. K., & Miah, M. D. (2025). A Qard Hassan (benevolent loan) crowdfunding model for refugee finance. *Global Policy*, 16, 38–45. <https://doi.org/10.1111/1758-5899.13473>
- Herianingrum, S., Alan Nur, M., Rusgianto, S., Hapsari, M. I., Huseyin, E., Firmansyah, F., & Febriyanti, A. R. (2024). Gravity model of trade approach: What drives Indonesia's seafood export and its halal market potency in OIC (Organization of Islamic Cooperation) countries. *Journal of Islamic Marketing*, 15(8), 2016–2035. <https://doi.org/10.1108/JIMA-07-2023-0226>
- Husti, I., & Mahyarni, M. (2019). Islamic leadership, innovation, competitive advantages, and performance of SMEs in Indonesia. *East Asia*, 36(4), 369–383. <https://doi.org/10.1007/s12140-019-09325-7>
- Idan, R., Imna, S., Amin, M., Abdul-Rahman, A., & Ghazali, M. F. (2024). Governance and insolvency risk in banking: A systematic literature review. *Asian Journal of Accounting and Governance*, 21, 109–130. <https://doi.org/10.17576/ajag-2024-21-08>
- Jatmiko, W., Haidlir, B. M., Azizon, A., Laksmono, B. S., & Kasri, R. (2023). Intergenerational analysis of cash waqf behavior: Lessons learned from Indonesia. *Journal of Islamic Accounting and Business Research*. 15(4):590-618. <https://doi.org/10.1108/JIABR-03-2022-0086>
- KNEKS. (2023). *Master plan industri halal Indonesia 2023–2029*. KNEKS.
- Ma, Y., & Sukmana, R. (2025). Takeaways from Islamic social finance and sustainable development goals discourse: Review and bibliometric analysis on future directions for zakat, waqf and Islamic microfinance. *Journal of Islamic Accounting and Business Research*. <https://doi.org/10.1108/JIABR-06-2024-0227>
- Mariyanti, T., & Mahfudz, A. A. (2016). Dynamic circular causation model in poverty alleviation. *Humanomics*, 32(3), 275–299. <https://doi.org/10.1108/H-02-2016-0016>
- Martín-Martín, A., Thelwall, M., Orduna-Malea, E., & Delgado López-Cózar, E. (2021). Google Scholar, Microsoft Academic, Scopus, Dimensions, Web of Science, and OpenCitations' COCI: A multidisciplinary comparison of coverage via citations. *Scientometrics*, 126(1), 871–906. <https://doi.org/10.1007/s11192-020-03690-4>
- Maulida, A. Z., Risdiana, R., & Purnomo, A. (2023). Performance of Indonesia's sharia capital market for the 2022 period. *Journal of Islamic Economics and Philanthropy*, 5(4), 97–113. <https://doi.org/10.21111/jiep.v6i2.9369>
- Meager, R. (2022). Aggregating distributional treatment effects: A Bayesian hierarchical analysis of the microcredit literature. *American Economic Review*, 112(6), 1818–1847. <https://doi.org/10.1257/aer.20181811>
- Muhammad, H. (2020). Islamic corporate social responsibility: An exploratory study in Islamic microfinance institutions. *Journal of Asian Finance, Economics and Business*, 7(12), 773–782. <https://doi.org/10.13106/jafeb.2020.vol7.no12.773>
- Mulazid, A. S., & Astriana, N. (2019). The effect of mulia, ar-rum, Sharia-Compliant Bank of Indonesia's Certificate, inflation and BI rate on sharia pawnshop's income in Indonesia. *I-ECONOMICS: A Research Journal on Islamic Economics*, 5(2), 142–163. <https://doi.org/10.19109/ieconomics.v5i2.5000>
- Muslim, M. B., & Widayatsari, A. (2019). Political economy from the perspective of Ibn Khaldun. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, 11(1). <https://doi.org/10.15408/aiq.v11i1.13341>
- Nakano, Y., & Magezi, E. F. (2020). The impact of microcredit on agricultural technology adoption and productivity: Evidence from randomized control trial in Tanzania. *World Development*, 133, 104997. <https://doi.org/10.1016/j.worlddev.2020.104997>

- Pireh, M. (2022). COVID-19 pandemic and Islamic social finance products in Iran. In M. K. Hassan, A. Muneeza, & A. M. Sarea (Eds.), *Towards a post-Covid global financial system*. 243–259. https://doi.org/10.1108/978-1-80071-625-4_2021_013
- Pitchay, A. A., Eliz, N. M. A., Ganesan, Y., Mydin, A.-A., Ratnasari, R. T., & Thaker, M. A. M. T. (2021). Self-determination theory and individuals' intention to participate in donation crowdfunding. *International Journal of Islamic and Middle Eastern Finance and Management*, 15(3):506-526. <https://doi.org/10.1108/IMEFM-08-2020-0424>
- Qasim, M., Irshad, M., Majeed, M., & Rizvi, S. T. H. (2022). Examining impact of Islamic work ethic on task performance: Mediating effect of psychological capital and a moderating role of ethical leadership. *Journal of Business Ethics*, 180(1), 283–295. <https://psycnet.apa.org/doi/10.1007/s10551-021-04916-y>
- Rahmawati, T. Y., Dewi, M. K., & Ferdian, I. R. (2020). Instagram: Its roles in management of Islamic banks. *Journal of Islamic Marketing*, 11(4), 841–861. <https://doi.org/10.1108/JIMA-11-2018-0213>
- Ren, Q., Li, W., & Mavros, C. (2024). Transformational leadership and sustainable practices: How leadership style shapes employee pro-environmental behavior. *Sustainability*, 16(15), 6499. <https://doi.org/10.3390/su16156499>
- Riswandi, D. (2015). Pembiayaan Qardul Hasan di Bank Syariah Mandiri Kota Mataram. *Istinbath: Jurnal Hukum Islam IAIN Mataram*, 14(2).
- Rosyidi, L. N., Sukoco, B. M., Mawardi, I., & Aslan, H. (2024). Market orientation and change capability on an Indonesian sharia banking performance: The moderating effect of leadership religiosity. *Journal of Islamic Marketing*, 16(3): 955–975. <https://doi.org/10.1108/JIMA-07-2024-0287>
- Shahabi, V., Azar, A., Razi, F. F., & Shams, M. F. F. (2020). Simulation of the effect of COVID-19 outbreak on the development of branchless banking in Iran: Case study of Resalat Qard-al-Hasan Bank. *Review of Behavioral Finance*, 13(1): 85–108. <https://doi.org/10.1108/RBF-06-2020-0123>
- Tian, W., Jiang, W., Yao, J., Nicholson, C. J., Li, R. H., Sigurslid, H. H., Wooster, L., Rotter, J. I., Guo, X., & Malhotra, R. (2020). Predictors of mortality in hospitalized COVID-19 patients: A systematic review and meta-analysis. *Journal of Medical Virology*, 92(10), 1875–1883. <https://doi.org/10.1002/jmv.26050>
- Udin, U. (2024). Ethical leadership and employee performance: The role of Islamic work ethics and knowledge sharing. *Human Systems Management*, 43(1), 51–63. <https://doi.org/10.3233/HSM-220197>
- Walida, B., & Syarofi, M. (2022). Management of Eid al-Fitr saving fund in Baitul Maal wat Tamwil. *Airlangga Journal of Innovation Management*, 3(1), 92–100. <https://doi.org/10.20473/ajim.v3i1.36751>
- Wulandari, P. (2018). Enhancing the role of Baitul Maal in giving Qardhul Hassan financing to the poor at the bottom of the economic pyramid: Case study of Baitul Maal wa Tamwil in Indonesia. *Journal of Islamic Accounting and Business Research*, 10(3), 382–391. <https://doi.org/10.1108/JIABR-01-2017-0005>
- Yamin, M., Risnita, & Zulhimma. (2020). The influence of madrasah principal leadership, organizational communication, and teacher commitment to madrasah effectiveness in MAN Jambi Province. *International Journal of Progressive Sciences and Technologies (IJPSAT)*, 23(2), 96–107. <http://doi.org/10.52155/ijpsat.v23.2.2301>
- Zaim, H., Erzurum, E., Zaim, S., Uluyol, B., & Seçgin, G. (2024). The influence of Islamic leadership on work performance in service industry: An empirical analysis. *International Journal of Ethics and Systems*, 40(1), 127–152. <https://doi.org/10.1108/IJOES-12-2021-0242>

- Zhang, Q., Xu, H., Wang, Y., Jiang, J., Xue, Q., & Qiu, Z. (2023). Efficacy of cognitive behavioral therapy for reducing pain susceptibility and increasing social engagement in patients with chronic low back pain: A systematic review and meta-analysis. *Medicine*, 102(45), e35269. <https://doi.org/10.1097/md.00000000000035269>
- Zulfiqar, U., Abbas, A. F., Aman-Ullah, A., & Mehmood, W. (2024). A bibliometric and visual analysis of revisit intention research in hospitality and tourism. *Journal of Tourism Futures*, 1–29. <https://doi.org/10.1108/JTF-01-2024-0013>