At-Tijaroh: Jurnal Ilmu Manajemen dan Bisnis Islam
Volume 10 (2), 2024: 218 - 234
P-ISSN: 2356-492X; E-ISSN: 2549-9270

MURABAHAH: A STRATEGIC SOLUTION FOR CREDIT RISK MITIGATION IN ISLAMIC BANKING

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Abstract

Murabahah, a Sharia-compliant financing instrument, is recognized as an essential tool for mitigating credit risks in Islamic banking, offering a transparent and asset-backed approach to financial transactions. Islamic banks, operating within the prohibition of interest-based systems, face significant challenges in managing credit risks while ensuring adherence to ethical and religious principles. This study explores the role of Murabahah in reducing credit risks by emphasizing its structured payment mechanisms, risk-sharing attributes, and collateral-backed nature, which collectively lower default risks and enhance transaction transparency. The novelty of this research lies in its focus on Murabahah's specific function in credit risk mitigation, an area often underexplored in existing literature. Utilizing a qualitative descriptive approach, the research analyzes how Murabahah fosters financial stability by tying financing to tangible assets, thereby minimizing uncertainty and moral hazard. The findings indicate that Murabahah effectively aligns risk management strategies with Sharia principles, offering a sustainable solution for Islamic banks to navigate financial challenges without compromising their ethical values. However, the study also identifies potential limitations, including the over-reliance on Murabahah and market-specific constraints. This research contributes to the understanding of Islamic finance by highlighting Murabahah's critical role in balancing financial stability and ethical compliance, providing practical insights for improving the risk management frameworks of Islamic financial institutions.

Keywords: Murabahah, Credit risk, Islamic Banking, Sharia Compliance, Risk Mitigation.

Received: Jan 08nd, 2025; Revised: Feb 25th, 2025; Accepted: March 27nd, 2025
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Introduction

The rapid growth of Islamic banking has indeed introduced unique challenges, particularly in credit risk management. This area is critical for ensuring financial stability and adherence to Sharia principles governing Islamic financial institutions. Credit risk, defined as the risk of loss arising from a borrower's failure to meet their financial obligations, poses a significant threat to the sustainability of Islamic banks. Unlike conventional banks, Islamic banks operate under strict ethical and religious guidelines prohibiting interest (riba) and emphasizing risk-sharing mechanisms. This necessitates the development of alternative, Sharia-compliant approaches to mitigate credit risks effectively (Mansoor et al., 2020).

One of the most widely utilized Sharia-compliant financing instruments is Murabahah, a pivotal tool in addressing credit risk management challenges. Murabahah is a trade-based contract wherein the bank purchases goods and sells them to the client at a predetermined profit margin. This structure provides transparency and links financing to tangible assets, thereby minimizing uncertainty and fostering a balanced risk-sharing relationship between financial institutions and their clients (Iman et al., 2022; Mohomed, 2016). The asset-backed nature of Murabahah is particularly advantageous as it reduces the likelihood of default by ensuring that the financing is tied to tangible assets, which can be liquidated if necessary (Akram & Rahman, 2018; Nurhidayat, 2018).

Murabahah remains the dominant mode of Islamic banking financing, accounting for 58.16% of total financing, significantly surpassing profit-sharing arrangements such as Mudharabah and Musharakah, which constitute only 41.84%, highlighting the sector's preference for asset-backed, fixed-return contracts over risk-sharing mechanisms (Japalsyah & Hakim, 2021). Despite its widespread application, the role of Murabahah in mitigating credit risks requires further exploration to understand its effectiveness and limitations fully. Furthermore, implementing Sharia business governance principles, including transparency, accountability, and compliance, is crucial in maintaining the integrity of Murabahah-based financing, ensuring its alignment with ethical and regulatory standards in Islamic banking (Moertiono et al., 2021).

Existing literature highlights various strategies for credit risk management in Islamic banking, including profit-and-loss sharing (PLS) models and trade-based financing such as Murabahah. While studies acknowledge Murabahah's contribution to reducing uncertainty and enhancing transparency, they often focus on operational aspects rather than its strategic role in mitigating credit risks (S. Alhammadi, 2022; Hachem & Sujud, 2018; Serwadda, 2018).

This oversight is significant, as a deeper understanding of Murabahah's strategic implications could lead to more effective risk management practices within Islamic banking institutions.

Trends indicate that Islamic banks increasingly rely on Murabahah for its simplicity and compliance with Sharia principles. However, this reliance raises concerns about the potential for over-dependence on a single financing model, which could limit diversification and expose banks to systemic risks (Anagnostopoulos & Abedi, 2016; Darwish, 2015; Kasim et al., 2016). The lack of diversification in financial instruments may hinder the long-term sustainability of Islamic banks and their ability to manage credit risks comprehensively. Furthermore, the operational mechanics of Murabahah, while beneficial in many respects, may not address all aspects of credit risk, particularly in volatile economic conditions (Nadina et al., 2022).

The gap in the existing literature regarding the specific mechanisms through which Murabahah mitigates credit risks within the unique framework of Islamic banking is noteworthy. While research on Murabahah is extensive, most studies primarily explore its operational mechanics or compliance with Sharia principles. Limited attention has been given to examining how Murabahah specifically mitigates credit risks, which is crucial for enhancing the resilience of Islamic financial institutions. This gap underscores the need for a more nuanced understanding of Murabahah's role in risk management and its potential to address Islamic banks' broader challenges (Ala'raj et al., 2018; Njoroge & Ngahu, 2017).

Moreover, the integration of advanced credit scoring systems, such as those employed by the Al Etihad Credit Bureau, can enhance the effectiveness of credit risk management in Islamic banking ((M. A. A. Alhammadi, 2024). These systems can streamline the processing and analysis of credit applications, allowing for faster decision-making and more robust risk management policies. Adopting such credit scoring methods with traditional Islamic financing models like Murabahah could provide a more comprehensive approach to credit risk management (Isamail, 2023; Nurhidayat, 2018).

In addition to credit scoring, implementing corporate governance frameworks and Sharia governance practices is essential for enhancing Islamic banks' credit risk management capabilities (Mansoor et al., 2020). By establishing clear guidelines and oversight mechanisms, Islamic banks can better navigate the complexities of credit risk while ensuring compliance with Sharia principles. This is particularly important in light of the unique risks associated with Islamic finance, such as Sharia non-compliance risk and equity investment risks (Hambali & Adhariani, 2022).

Furthermore, the role of regulatory bodies, such as the Islamic Financial Services Board (IFSB), is crucial in shaping Islamic banks' credit risk management landscape for Islamic banks (Akram & Rahman, 2018). The IFSB has recognized the importance of effective risk management practices and has established standards to guide Islamic financial institutions in their risk management efforts. Adhering to these standards can help Islamic banks mitigate credit risks more effectively while maintaining their commitment to Sharia compliance (Anagnostopoulos & Abedi, 2016; Hachem & Sujud, 2018).

Studies have shown that Islamic banks generally fared better than their conventional counterparts during this period, mainly due to their risk-sharing business models and adherence to ethical financing practices (Mansoor et al., 2020). This resilience underscores the potential of Islamic banking models, including Murabahah, to mitigate credit risks effectively in challenging economic environments.

This study aims to analyze the role of Murabahah in mitigating credit risks in Islamic banking, focusing on its strategic application and effectiveness as a risk management tool. The research seeks to answer the following question: How can Murabahah financing effectively mitigate credit risks in Islamic banking while addressing the operational and compliance challenges unique to Sharia principles? The expected outcomes include a comprehensive understanding of Murabahah's risk mitigation mechanisms and practical insights for improving credit risk management frameworks in Islamic banks.

This research makes a significant theoretical contribution by offering an in-depth analysis of the role of Murabahah financing in mitigating credit risk within the Islamic banking sector, and by introducing novel insights into its strategic and systemic implications. The study extends its focus beyond purely operational aspects to explore both strategic and systemic dimensions. In contrast to extant literature, which has predominantly concentrated on the technical execution of Murabahah transactions, this investigation elucidates the mechanisms through which structured payment schedules, asset-based collateralization, and price transparency effectively reduce default risk and mitigate moral hazard. Furthermore, it critically examines the limitations associated with an overreliance on a singular financing instrument, while addressing the regulatory challenges and the imperative for product diversification in contemporary Islamic finance. Employing a qualitative descriptive methodology, the study advances a novel conceptual framework that underscores the efficacy of Murabahah in reinforcing the financial stability of Islamic banks and proposes an integrative strategy incorporating technology-based risk assessment systems to enhance the efficiency of credit risk mitigation.

Methods

This study utilizes a descriptive qualitative methodology to analyze the role of Murabahah in mitigating credit risks in Islamic banking. The qualitative approach is chosen for its ability to provide a detailed understanding of the mechanisms, applications, and alignment of Murabahah with Sharia principles in addressing credit risks. The descriptive nature of the research enables the synthesis of insights from existing literature, offering a focused exploration of the effectiveness of Murabahah in reducing credit risks and enhancing financial stability.

The data for this study were collected from reputable academic journals and articles specializing in Islamic finance and credit risk management. Publications were selected based on their relevance to the topic and credibility in the field, with a preference for recent studies to reflect current trends and practices. The collected data were analyzed thematically, focusing on key aspects such as the role of Murabahah in reducing default risks, its structured mechanisms, and its practical implications for Islamic banks. This approach provides a clear and systematic understanding of how Murabahah can be applied as an effective tool for credit risk mitigation.

Result and Discussion

Credit Risk in Banking

Credit risk is a paramount concern for financial institutions, directly influencing profitability, liquidity, and long-term sustainability. It arises when borrowers fail to meet their contractual financial obligations, resulting in financial losses for banks. In conventional banking, credit risk is managed through various mechanisms, including interest-based strategies, collateral requirements, credit scoring systems, and risk-adjusted pricing models. These tools are designed to quantify, manage, and mitigate exposure to potential defaults (Mansoor et al., 2020). However, Islamic banking operates within a fundamentally different framework governed by Sharia principles, which prohibit interest (*riba*), speculative transactions (*maysir*), and excessive uncertainty (*gharar*) (Iman et al., 2022).

Islamic banks employ financing structures that emphasize asset-backed transactions, transparency, and risk-sharing to address credit risk within these constraints. The absence of interest necessitates innovative approaches that align with both ethical considerations and economic viability (Nurhidayat, 2018). Effective credit risk management is essential for maintaining the stability of Islamic financial institutions, particularly given their increasing market share and exposure to diverse economic environments. The unique characteristics of Islamic finance, such as the prohibition of interest and the emphasis on ethical investment, necessitate a rethinking of traditional credit risk management strategies (Akram & Rahman, 2018; M. A. A. Alhammadi, 2024).

Murabahah's Role in Sharia-Compliant Financing

Murabahah, a trade-based financing instrument, is one of the most widely utilized contracts in Islamic banking. It involves the bank purchasing an asset on behalf of a client and reselling it at a predetermined profit margin, with payment typically made in installments. This structure is compliant with Sharia principles, as it eliminates interest-based financing and ties the transaction to a tangible asset (Hachem & Sujud, 2018; Serwadda, 2018). Murabahah mitigates credit risk by ensuring transparency in pricing, requiring ownership transfer, and linking financing to the value of an asset. The structured payment terms and collateral-backed nature of Murabahah reduce the risk of default, as they align with the client's financial capacity and establish clear accountability (Anagnostopoulos & Abedi, 2016; Kasim et al., 2016).

The ethical and risk-sharing principles inherent in Murabahah enhance trust between the bank and the client, fostering a sustainable financial relationship. The transparency in pricing and the requirement for collateralization serve to reduce information asymmetry, which is often a significant factor in credit risk (Darwish, 2015). Additionally, the structured nature of Murabahah contracts allows for better alignment of payment schedules with the cash flow of clients, further mitigating the risk of default (Nadina et al., 2022).

Studies on Murabahah and Credit Risk Mitigation

A growing body of literature highlights the critical role of Murabahah in addressing credit risk in Islamic banking. For instance, (Mukit et al., 2021) argue that Murabahah minimizes default risks by requiring the collateralization of assets and enforcing clear payment schedules. This study underscores the importance of transparency in Murabahah contracts (Nawi et al., 2019) and finds that Murabahah enhances credit risk management by mitigating uncertainties and aligning transactions with tangible economic activities (Njoroge & Ngahu, 2017). The study also highlighted the over-dependence on Murabahah, which could limit product diversification and expose banks to systemic risks, especially during economic downturns (Ala'raj et al., 2018; Isamail, 2023). This observation is crucial, as it indicates that while Murabahah is effective in managing credit risk, reliance on a single financing model may not be sustainable in the long term.

In contrast, a study by Ferhi (Ferhi, 2018) pointed out that while Murabahah effectively mitigates short-term credit risks, its application is constrained by external market factors, such as regulatory limitations and the availability of suitable assets for financing. This indicates a need for banks to complement Murabahah with other Sharia-compliant instruments to ensure comprehensive risk management (Hambali & Adhariani, 2022). The findings suggest that a diversified approach to financing could enhance the resilience of Islamic banks against market fluctuations and regulatory changes.

While existing studies acknowledge Murabahah's contribution to credit risk management, they predominantly focus on its operational aspects, such as compliance with Sharia principles, profitability, and customer satisfaction. Few studies have explored Murabahah's strategic role as a credit risk mitigation tool within the broader framework of Islamic banking. Furthermore, limited research has examined how Murabahah addresses systemic risks or adapts to evolving economic challenges, such as market volatility or regulatory changes (Hamid & Janor, 2018). This gap highlights the need for a more nuanced understanding of Murabahah's potential to serve as a holistic risk management mechanism.

The existing literature provides valuable insights into the mechanisms and benefits of Murabahah but reveals significant gaps in addressing its strategic implications for credit risk mitigation. Previous studies have largely overlooked the dynamic interplay between Murabahah and broader economic factors, such as regulatory environments, customer preferences, and market diversification. This research seeks to bridge this gap by investigating Murabahah's effectiveness in managing credit risks at both institutional and systemic levels while considering the unique operational and compliance challenges Islamic banks face (Jedidia, 2020; Nugroho et al., 2021).

By building upon these theoretical and empirical foundations, this study aims to contribute to the ongoing discourse on credit risk management in Islamic banking, offering practical insights for optimizing Murabahah's application. The findings are expected to enhance the understanding of Murabahah's dual role in fostering financial stability and ethical banking, providing a robust framework for addressing credit risk in Sharia-compliant financial institutions (Arif & Rahmawati, 2018; Berniz et al., 2023).

The existing literature on Murabahah and credit risk management reveals significant gaps that warrant further investigation. While numerous studies have examined the operational aspects of Murabahah, there is a lack of comprehensive research focusing on its strategic implications for credit risk mitigation. Specifically, the interplay between Murabahah and external market factors, such as regulatory changes and economic volatility, remains underexplored (Ferhi, 2018; Miah & Sharmeen, 2015). Moreover, the potential for Murabahah to be integrated with other Sharia-compliant financial instruments to create a more diversified risk management strategy has not been adequately addressed. This oversight is critical, as the reliance on a single financing model may expose Islamic banks to systemic risks, particularly during economic downturns (Pappas et al., 2016; Tabash, 2018).

This research aims to fill these gaps by providing a detailed analysis of Murabahah's effectiveness in managing credit risks within the broader context of Islamic banking. By examining the strategic role of Murabahah and its interaction with external factors, this study seeks to offer insights that can enhance the resilience and sustainability of Islamic financial institutions (Syamlan & Jannah, 2019; Utami et al., 2020).

Murabahah has emerged as a cornerstone in Islamic banking for mitigating credit risks, leveraging its asset-backed model to establish a secure and compliant foundation for financial transactions. This strategy ensures financing is directly associated with tangible resources, providing a secure framework for transactions while adhering to Sharia principles. that strengthens risk management by grounding transactions in real economic assets. This method ensures that financing is linked to identifiable and tangible resources, minimizing speculative activities and securing the financial institution against undue risks.

1. Asset-backed financing

   The reliance on tangible assets fosters confidence among stakeholders, as these assets can be liquidated if necessary. The ability to liquidate assets in case of non-performance serves as a protective measure for financial institutions, thereby fostering a sense of security among investors and customers alike (Hanifa, 2024; Prasetyo, 2024).

2. Reduction in Default Risks:

   Structured repayment plans tailored to the financial capacity of clients significantly mitigate the likelihood of defaults. By aligning payment schedules with clients' income flows, Islamic banks can reduce financial stress on borrowers and enhance repayment reliability. Transparent agreements on payment terms and margins reinforce trust and reduce disputes, contributing to smoother financial operations and stronger relationships between the bank and its clients. By ensuring that financing is secured against tangible goods, Islamic banks can reduce the likelihood of defaults, as the assets can be repossessed and sold to recover outstanding debts. This aspect is particularly important in the context of Islamic finance, where the prohibition of riba (interest) necessitates alternative risk management strategies (Alam et al., 2022; Zamroni, 2023).

3. Minimization of Moral Hazard**:**

Murabahah reduces moral hazard by mandating ownership transfer and requiring transparent disclosure of costs and profit margins. This framework ensures that both parties—the bank and the client—share responsibility for the transaction's success. The emphasis on ethical behavior aligns with Sharia principles, promoting accountability and reducing the risk of opportunistic actions.

Moral hazard, a situation where one party engages in risky behavior because they do not bear the full consequences of that risk. One of the primary ways that Murabahah financing mitigates moral hazard is through the establishment of clear contractual obligations. In Murabahah agreements, the terms of the financing, including the profit margin and repayment schedule, are explicitly defined. The structured repayment plans in Murabahah financing are designed to match the financial capacity of the borrowers. When borrowers are not overwhelmed by their repayment obligations, they are less likely to default or take actions that could jeopardize their financial standing (Corso, 2021; Fajarini, 2023).

4. Challenges in Operational Implementation**:**

One of the foremost challenges in the operational implementation of Murabahah financing is ensuring compliance with regulatory frameworks and Sharia principles. Islamic banks must navigate complex regulations that govern their operations while adhering to the principles of Islamic finance, which prohibit usury (riba) and excessive uncertainty (gharar) (Norrahman, 2023). The requirement for transparency in pricing and profit margins is critical; however, achieving this transparency can be difficult in practice. For instance, the seller must disclose the cost of goods and the profit margin clearly, which can lead to disputes if not managed properly (Faisal et al., 2023; Norrahman, 2023).

5. Market-Specific Constraints**:**

One of the significant constraints in the implementation of Murabahah financing is the perception of Islamic banking among potential clients. Many consumers, particularly those from non-Muslim backgrounds, may view Islamic banking as exclusive to Muslims, which can limit its appeal and market reach (Gilani, 2015). The competitive landscape also presents challenges for Murabahah financing. Islamic banks often compete with conventional banks that offer a wider range of products and services, often with more attractive terms due to their established market presence and financial resources (Meslier et al., 2017). The dual banking system, where both Islamic and conventional banks operate, can create a competitive disadvantage for Islamic banks, particularly in terms of pricing and product diversity (Meslier et al., 2017).

Impication

Murabahah has become a cornerstone in Islamic banking, offering a framework for mitigating credit risks by anchoring financial transactions in tangible assets, ensuring compliance with Sharia principles and promoting financial stability. This asset-backed model fosters confidence among stakeholders by enabling liquidation of assets in case of non-performance, reducing default risks through structured repayment plans aligned with clients' financial capacities, and minimizing moral hazard via transparent cost disclosures and ethical behavior standards. However, its implementation faces challenges such as regulatory compliance, transparency in pricing, and market-specific constraints, including limited appeal among non-Muslim consumers and competition with conventional banks. These challenges underline the need for Islamic banks to diversify their financing portfolios, enhance operational transparency, and collaborate with regulators to create supportive policies. Theoretically, this approach enriches the academic understanding of Islamic finance, while practically, it encourages more effective integration of diverse financial instruments, and managerial implications emphasize process improvements and regulatory collaboration to ensure Murabahah's scalability and resilience in competitive markets. The following table highlights the key academic insights into Murabahah's role in mitigating credit risks and its strategic implications:

Table 1: Academic Insights on Murabahah's Role in Credit Risk Mitigation and Strategic Implications

Aspect	Findings	Implications
Asset-backed Financing	Relies on tangible assets to reduce risks.	Ensures financial stability and Sharia compliance.
Default Risk Reduction	Structured repayment plans reduce defaults.	Improves repayment reliability and client relationships.

Minimization of Moral Hazard	Transparency and ownership transfer promote accountability.	Encourages ethical behavior and reduces opportunistic risks.
Operational Challenges	Regulatory compliance and transparency are complex.	Requires stronger frameworks and regulatory collaboration.
Market Constraints	Limited appeal to non-Muslim clients; competition exists.	Broadens market strategies and diversifies offerings.

The data analyzed by the researcher

Discussion

Murabahah, as a widely utilized financial instrument in Islamic banking, serves as an effective risk mitigation mechanism by providing asset-backed financing with structured repayment terms. However, its inherent nature as a fixed-profit contract deviates from the profit-and-loss sharing (PLS) paradigm central to Islamic economic principles. This has raised concerns regarding the extent to which the predominance of Murabahah aligns with the broader objectives of Sharia and whether it compromises the ethical integrity and halalness of Islamic banking products.

From a jurisprudential perspective, Murabahah remains unequivocally compliant with Sharia law, as it is structured as a trade-based contract rather than an interest-bearing loan. The process involves an Islamic financial institution acquiring an asset and reselling it to the client at a disclosed markup, thereby ensuring transparency and eliminating elements of riba (usury) and gharar (excessive uncertainty). The permissibility of Murabahah is well-established within Islamic legal rulings, particularly those issued by authoritative bodies such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI. These institutions have repeatedly affirmed that Murabahah remains a legitimate financial instrument within Islamic banking when executed by proper contractual stipulations.

Despite its legal permissibility, the concern surrounding Murabahah is not its intrinsic validity but rather its disproportionate reliance on the Islamic banking industry. The theoretical framework of Islamic finance envisions an economic system that promotes equitable risk-sharing and financial justice, primarily through PLS contracts such as Mudarabah and Musharakah. These structures align with Islamic principles by fostering a partnership between financiers and entrepreneurs, ensuring that profits and losses are equitably distributed based on actual economic performance. However, in practice, PLS contracts are fraught with structural challenges, including asymmetric information, adverse selection, and moral hazard. As a result, Islamic banks, operating within a highly competitive and risk-averse financial landscape, gravitate towards Murabahah due to its structured payment schedule and lower default risk.

The dominance of Murabahah within Islamic banking raises legitimate concerns regarding whether Islamic financial institutions are merely replicating conventional debt-based financing under a Sharia-compliant facade. This over-reliance on Murabahah, while beneficial for risk management, could potentially undermine the distinctiveness of Islamic banking by limiting its contribution to financial inclusivity and economic justice. Critics argue that the extensive use of Murabahah restricts the transformative potential of Islamic finance, reducing it to a system that prioritizes commercial viability over the broader ethical and economic objectives enshrined in Islamic jurisprudence.

Islamic banks should diversify their portfolios with a wider range of Sharia-compliant instruments to reinforce the credibility of Islamic financial products. Promoting equity-based financing, such as Mudarabah and Musharakah, enhances genuine risk-sharing partnerships. Hybrid structures like Murabahah-Musharakah help balance risk-sharing and credit risk. Additionally, alternative contracts like Istisna' and Ijarah should be encouraged for project and asset financing to lessen reliance on debt-like options instruments.

The regulatory landscape also plays a pivotal role in shaping the trajectory of Islamic banking practices. Institutions such as the Islamic Financial Services Board (IFSB) have recognized the need for greater inclusion of risk-sharing contracts to ensure a balanced financial ecosystem. Regulatory frameworks must evolve to incentivize Islamic banks to integrate PLS models within their financing portfolios while maintaining prudent risk management standards. This can be achieved through policy reforms that encourage banks to allocate some of their financing to equity-based instruments supported by effective governance structures and risk assessment mechanisms.

Conclusion

The literature on Murabahah and credit risk management in Islamic banking underscores the importance of this financing model while highlighting the need for further research into its strategic implications. The rapid growth of Islamic banking presents both opportunities and challenges in the area of credit risk management. While Murabahah serves as a vital tool in addressing these challenges, a more comprehensive understanding of its role in mitigating credit risks is necessary. The existing literature highlights the need for further exploration of Murabahah's strategic implications, the integration of advanced credit scoring systems, and the importance of corporate governance frameworks. By addressing the identified gaps, this study aims to contribute to a more comprehensive understanding of how Murabahah can be optimized as a tool for credit risk mitigation in Sharia-compliant financial institutions.

To develop Islamic banking risk mitigation studies focusing on Murabahah, future research should explore risk-adjusted Murabahah pricing models that incorporate client creditworthiness, market conditions, and sector-specific risks. Unlike fixed markup structures, these models would allow Islamic banks to structure profit margins based on real-time risk assessments while maintaining Sharia compliance. Additionally, studies should investigate Murabahah with structured collateralization, where financed assets are dynamically monitored, and risk exposure is minimized through tiered collateral requirements. This approach would provide better security for Islamic banks while offering clients more flexible repayment structures. Future studies should also examine liquidity risk mitigation strategies for Murabahah, such as Sharia-compliant securitization of Murabahah receivables, enabling Islamic banks to improve liquidity without resorting to conventional debt instruments. These targeted studies will provide Islamic banks with more resilient Murabahah structures that align with Sharia principles while mitigating financial risks effectively.

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