

# Islamic Family Budgeting

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**Abstract:** One of the wife's roles is as a financial manager in the household. A wife is required to be able to organize financial income and expenditure of families in a balanced way and the whole family's needs can be fulfilled properly. Using the research library, this paper aims to become a reference for how to manage a household budget in accordance with Islam. The focus of the Islamic family budget is to prioritize the fulfillment of the needs of dharuriyyat, tahsiniyyat and hajjiyyat for the preservation of the five elements of maqashid shariah i.e. religion, life, mind, lineage and wealth, and to manage the spending and consumption according to Islamic principles i.e. halal and thayyib, not being wasteful and extravagant, and balancing between world consumption and afterlife. By practicing Islamic religious teachings it can motivate the wife as a home financial manager to manage household finances carefully, thriftily and prudently to create family welfare in accordance with Islam.

## 1 INTRODUCTION

One of the wife's roles is as a financial manager in the household. A wife is required to be able to organize financial income and expenditure of families in a balanced way and the whole family's needs can be fulfilled properly.

In Islam, a Muslim has three kinds of needs according to Ghazali (Sukadi, 2011), the need for Al-Dharuriyyah which is a basic requirement for the sake of preserving human life. Second, Al-Hajjiyyah i.e. the needs of pleasure or comfort and refinement of Al-Dharuriyyah. Finally, Al-Tahsiniyyah which is the need for luxury and refinement of secondary needs.

Humans do consumption in order to fulfill their needs. According to Hidayat (2010), the purpose of consumption in Islam is to realize the worldly and ukhrawi maslahah. Worldly maslahah is fulfillment of basic human needs such as food, beverages, clothing, housing and health. Ukhrawi maslahah is implementation of religious obligations such as prayer and hajj. Means eating and drinking in order to worship Allah SWT.

According to Al-Ghazali (Karim, 2007), welfare (maslahah) of a people depends on the search and the maintenance of the five basic purposes: religion (din), life or soul (nafs), family or lineage (nasl),

property or wealth (maal), and highbrow or intellect ('aql). It focused on the appropriate claim that revelation is "goodness of this world and the hereafter (maslahat al-din wa al-dunya) is its main purpose".

The Qur'an reminded humans not to drift and be immersed in a materialistic and hedonistic life. It does not mean that Islam prohibits humanity from enjoying the life of the world. Allah SWT has given everything to us, but Allah SWT also reminds us not to spend too much and be excessive. Included in the israf is human character who always wants to exchange and replace the consumed tool, but the function and quality of the old item is still good (Hidayat, 2010).

Especially women or mothers play a role as a financial controller in the household and have great potential to behave consumptively in terms of shopping for all household needs and personal needs. They tend to have difficulty distinguishing between what one needs and what one wants. Therefore it is necessary for the wife to be efficient in managing the family finances and consumption in order to meet all the needs of the family. For that Islam regulates how to set the family budget to be balanced between expenditure and family income, and also balanced between the needs of the world and the hereafter. The authors want to discuss in this

paper how to set up a family budget according to the perspective of Islam.

## 2 LITERATURE REVIEW

### 2.1 The Role of Women as Finance Managers

In taking a financial decision it is often associated with psychological problems. Mc's research (Kenna, Karen and Linder in Ika, 2011), concerns the relationship of psychological types with financial decision making in that financial decision making primarily determines household expenses, and psychological factors often form the basis of a foothold. As a result, the family financial management is not based on the rules of financial management in general, but based on the psychological condition of the managers. These psychological conditions include lifestyles, the values adopted today, trust and character (personality traits). According to some researchers, one of them is Jung (in Ika, 2011) the whole personality or 'psyche', composed of a number of different but interacting systems. The most important systems are the ego, the personal unconscious and the complexes, the collective unconscious and the archetypes, persona, anima and animus, and shadows. So, a woman who has the responsibility as a financial manager must have good personality traits, included in this is to set the ego.

According to Kenyon and Borden (2004) in a scientific article published by the University of Arizona, finance management in a household must include creating a budget, setting debt reduction goals, setting saving goals, and developing a spending plan. None of this is in any way contrary to Islamic financial management principles or any of the principles of financial management. Of course, it is advisable that women who become good wives manage full or part of household finances and carry out these steps in the order of financial management so as to minimize the occurrence of financial chaos in the household.

### 2.2 Needs

According to Al-Syathibi, human needs consist of three levels (Muflih, 2006), namely:

- Dharuriyat needs (primary).  
Dharuriyat needs is a unity that can not be separated. If ignored it will damage the order

of human life. Dharuriyat is a fundamental basis for guaranteed human survival. The scope of the dharuriyat needs includes five kinds, namely matters relating to the maintenance of religion, soul, mind, lineage and wealth.

- Hajjiyat needs (secondary).  
Hajjiyat needs is meant to complement the needs of dharuriyat. Hajjiyat needs can be fulfilled when the needs of dharuriyat are fulfilled.
- Tahsiniyat needs (tertiary) or Kamaliyat (complementary).  
Tahsiniyat needs is the complement of the pleasures of life. These needs can be met when dharuriyat and hajjiyat have been fulfilled properly.

In essence, it seeks to preserve the five maqashid sharia to gain a comprehensive overview of sharia goals.

Wants is a fulfilled requirement other than the main need. Wants comes from human desires demanding to be fulfilled and unlimited.

### 2.3 Consumption Behavior in an Islamic Perspective

Consumption behavior in Islamic perspective teaches about how to consume correctly according to the teachings of Al-Qur'an and hadith so as to provide clear instructions about consumption, so that human consumption behavior becomes directed (Hidayat, 2010). For humans in fulfilling their needs in life and sometimes consumption behavior it is also a habit in the fulfillment of one's wants. Consumption behavior in accordance with Islam will guarantee a fair human life and peace in the world and the hereafter.

According to Muflih, (2006), consumption of a Muslim consumer is not only for the material only, but also the form of zakat and alms. For alms is mentioned as many as 62 times in the Qur'an, which is a very important sign in Islam because this consumption expenditure will strengthen the social joints of society.

### 2.4 Utilization of Property

According Hidayat (2010: 136-140) regarding how to use the treasure there are 3 ways, namely:

- Not wasteful and not stingy. (QS.Al-Israa':26-27)
- Should be careful and wise, and use common sense in utilizing treasures.

- Distributed through the instruments provided for in Islam like the alms, infaq, grants, sacrifice, zakat, wakaf. (Surah At-Tawbah: 41).

All the animate will definitely die. We do not know when we will die. Death may pick us up at any time. For that, a 1/3 of treasures that we have is for when we give out charity as we prepare for kahirat while a 1/3 of property is to meet our needs and a 1/3 of treasures is to prepare us that we need to continue living (investment). While the 1/3 of property we gave to charity will not be lost, even exhausted by Allah SWT and will be doubled starting 10 times even up to 700 times.

### 3 RESEARCH METHODOLOGY

The research methodology used in this study is the descriptive qualitative method based on library research. According to Zed (2004), library research is a series of activities related to library data collection methods, including reading, recording and processing research material. It is a study that utilizes the source library to obtain the research data.

## 4 RESULT AND DISCUSSION

### 4.1 Consumption in Islam

Hidayat (2010: 234) argues about some principles of Islamic consumption including:

#### 1. Halal and thayyib

Halal food will have an impact on one's faith, because by consuming illicit food, surely he is a friend of Satan. And Satan is the main enemy of the human race. Halal and kosher foods should also thayyib like the opinion of Mannan (1997) that the food should be good and suitable to eat, should be clean and useful because cleanliness is part of the faith and clean food will also make the body become healthy. So it can be consumed as halal food and thayyib, meaning that besides the food being halal, it must also be good for human life, for example it is good for the health of the body.

#### 2. Not extravagant and excessive.

Islam orders not to overdo and waste in every act including consuming Allah provision. Allah reminds people not to spend too much and excessively according to the word of Allah in the letter of Al-An'aam verse 141.

#### 3. Consumption Balance.

Consumption balance is an allocation of income that should pay attention to consumption in social activities such as zakat, infaq, and shadaqah (Hidayat 2010: 239). In Islamic economics every income is used to meet consumption (C), ZIS (Zakat, Infaq, Shadaqah) and saving (Nafik, 2009: 27). The mathematical equation can be written as follows:

$$Y = C + ZIS + S$$

Y : Income      ZIS : Zakat, Infaq, Shadaqah  
C : Consumption S : Saving (Nafik, 2009).

## 4.2 Islamic Financial Management

Sunandar (in Inggriani, 2015) states that the financial management of the Muslim family is very important in helping to create a harmonious family and able to support Islamic daily activities and daily life. In fiqh, the family economy must be borne by the husband. If the wife earns, then pengasilan can be used for herself and if used to suffice the family then the value is shadaqah. Good household financial management always maintains a balance (tawāzun) between the amount of family income and the amount of expenditure. Islam teaches to always be qonā'ah when family income is not so great and trying to optimize spending posits well.

The expenditure items in a house according to Imam al-Ghazali in sequence are ZIS (Zakat, Infaq, Shadaqah), pay the debt, save, then the routine shopping. Imam Ghazali puts household spending in the last order because according to him the size of an expenditure depends on personal habits and desires. ZIS is dealing with the world and the afterlife and if not accomplished will bring misery to the world and the hereafter. So it is with the debt, so if the debt is paid late then the person will pay a fine, interest, and be terrorized by the debt collector. And if they die it still leaves the debt that has not been resolved so it will be the responsibility of his family or offspring to pay it off; it will burden the heir or abandoned family. But if not paid by the family or not blessed by the lender it will cause losses in the afterlife.

Therefore the priority of allocation of household expenditure according to Islamic shariah according to Al-Ghazali consists of at least 4 main posts, that is:

1. For zakat (minimum 2.5% should reach above 5%)
2. Debt expenditure (maximum 2.5%)
3. Savings/investments and protection/insurance (minimum 20%)

4. Current needs allocation/monthly routine expenditure (maximum 5%)

### 4.3 Women as Finance Managers in Islam

According to 'Allal Al-Faisy in Nursidin (2012) Maqashid syariah is the desired goal of the Shar'ah and the secrets set by Allah on every law. While the essence of maqashid syariah is to realize the good and at the same time to avoid harm, or to benefit and to reject harm, or in other words to achieve the benefit, since the purpose of establishing the law in Islam is to create benefits in order to preserve Allah's purposes.

As a muslimah who understands religion and has a good religious insight, a servant should perform the role of khalifah of Allah by keeping well the trust given by Him. Maqashid syariah as the purpose of achieving mutual benefit and must be applied in family life. According to Sunandar in Inggriani (2015), Muslim family financial management is very important in helping to create a harmonious home and being able to support the Islamic activities and everyday Islamic living. One way of achieving Maqashid Syariah for the sake of realizing mutual prosperity is through family finance and the managerial skills of the housewife.

Islamic family financial management based on Islamic principles has a positive effect on the achievement of maqashid syariah in the family. Implementation in achieving maqashid syariah can be seen from the fulfillment of education for the child, control of household expenditure, having real assets as investment form, the establishment of harmonious life among family members, hygiene and physical health of all family members, and routine expenditure of zakat, infaq, shadaqah. The wife in managing household finances should pay attention to the five aspects of the maqashid syariah in the form of preserving the religion, the soul, the intellect, the heredity and the wealth. As a home finance manager, the important aspect is to carefully plan finance, organize the household cash well, evaluating or actuating household cash for shopping as needed and on the right way, and controlling expenditure incurred by evaluating good religious knowledge will support the achievement of maqashid syariah and will be easy for financial managers in implementing them according to religious teachings. By practicing the religion in life, it is believed that it would be easier to carry out everything without any major obstacles. By practicing religious teachings it motivates the wife

as a home financial manager to manage household finances carefully, thriftily and prudently.

## 5 CONCLUSIONS

The focus of Islamic family budget is to prioritize the fulfillment of the needs of dharuriyyat, tahsiniyyat and hajiyyat for the preservation of the five elements of maqashid syariah i.e. religion, life, mind, lineage and wealth, and how to manage the spending and consumption according to Islam i.e. halal and thayyib, not being wasteful and extravagant, and balancing between world consumption and afterlife. By practicing Islamic religious teachings it can motivate the wife as a home financial manager to manage household finances carefully, thriftily and prudently to create family welfare in accordance with Islam.

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