



Tadrij Method in Hajj Fund Management by Badan Pengelola Keuangan Haji (BPKH) in Indonesia: A Study of Islamic Economic Law

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Abstract:

Background: The governance of Hajj funds in Indonesia, administered by the *Badan Pengelola Keuangan Haji* (BPKH), represents a complex intersection between Islamic legal norms and modern financial management. Although formally regulated under Law No. 34/2014 and reinforced by Majelis Ulama Indonesia (MUI) Fatwa No. 09/Ijtima' Ulama/VIII/2024, practical challenges remain in ensuring that investment decisions and governance mechanisms consistently reflect Sharia principles. This tension highlights the need for an adaptive approach that reconciles normative compliance with institutional and market realities.

Objective: This study aims to examine how the *Tadrij* approach can be operationalized in Hajj fund management as a strategic framework to strengthen Sharia compliance while maintaining financial performance and institutional stability.

Method: The research employs a qualitative descriptive design, using institutional data from BPKH financial management reports and relevant regulatory documents. Data are analyzed through a normative-empirical approach, integrating legal interpretation with contextual evaluation of governance practices.

Findings: The study finds that the application of *Tadrij* enables a phased and adaptive integration of *Maqāṣid al-Shari'ah* into Hajj fund governance. This gradual approach reduces potential conflicts between strict legal compliance and investment efficiency, while reinforcing transparency and accountability as core institutional pillars. In addition, continuous engagement with Sharia scholars and periodic policy evaluation are essential in ensuring that governance practices remain aligned with Islamic legal and ethical standards.

Conclusion: Implementing a *Tadrij*-based framework enables BPKH to navigate the dynamic demands of modern financial management without compromising Sharia principles. This approach not only safeguards pilgrims' interests but also strengthens public trust in the institution.

Implication: This study contributes to the development of Islamic economic governance by positioning *Tadrij* as a practical and scalable model for institutional reform in Sharia-based public fund management. Practically, it offers policy-relevant insights for regulators and Islamic financial institutions seeking to balance legal compliance, financial sustainability, and stakeholder trust in complex economic environments.

Keywords: BPKH; Hajj; Islamic Economic Law; *Tadrij*.

Introduction

The financial management of Hajj in Indonesia, overseen by the Hajj Fund Management Agency (BPKH), plays a pivotal role in ensuring alignment with Islamic law while responding to the steadily increasing demand for Hajj services. However, the governance of Hajj funds has become a subject of growing public and academic scrutiny, particularly regarding transparency, accountability, and the Sharia-compliance of investment practices. Empirical tensions have emerged as the accumulation of large Hajj funds driven by long waiting lists and advance payments from prospective pilgrims necessitates their productive management, often through diverse financial instruments that may raise concerns regarding risk, return, and religious legitimacy. In addition, recent regulatory developments, including the enactment of Law No. 34/2014 on Hajj Financial Management and subsequent implementing policies, have significantly transformed the institutional landscape of Hajj fund governance in Indonesia. While these reforms aim to enhance efficiency and professional management, they have also generated debate over the extent to which financial optimization strategies align with the ethical and jurisprudential foundations of Islamic finance. This evolving policy environment highlights a critical gap between normative expectations of Sharia compliance and the practical realities of large-scale fund management.

Despite a growing body of literature on Islamic financial governance, limited scholarly attention has been devoted to examining how BPKH negotiates these competing demands in practice. Therefore, this study seeks to analyze the financial management of Hajj funds in Indonesia by focusing on the intersection between regulatory frameworks, institutional practices, and Islamic legal principles. By doing so, it aims to contribute to a more nuanced understanding of the challenges and implications of managing religious public funds within a modern financial system. Each year, Hajj funds accumulate significantly, requiring effective management strategies to maintain transparency and accountability.¹ As of 31 December 2023, Hajj funds reached IDR 169 trillion.² BPKH uses the *siyasah shar'iyah* approach, focusing on investments in Islamic banks and Sukuk, which are in line with Islamic law and aim to improve the welfare of pilgrims.³ In addition, the institution's investment strategies, including gold and corporate sukuk, are designed to avoid prohibited practices such as

¹ Roymon Panjaitan and Echan Adam, "Transparency of Hajj Fund Accountability: Performance of Financial Statements and Investment Optimization," *AKRUAL: Jurnal Akuntansi* 14, no. 1 (2022): 47–62, <https://doi.org/10.26740/jaj.v14n1.p47-62>.

² BPKH, "Dokumen BPKH: Laporan Keuangan BPKH 2021 Dan 2022 (Audited), Laporan Keuangan BPKH 2023 (Unaudited), Laporan Keuangan BPKH Semester I 2024 (Unaudited), Renstra BPKH 2022-2027," BPKH, 2024, 2022–27.

³ Hulwati Hulwati et al., "Hajj Fund Investment Management in Indonesia," *At-Tijarah: Jurnal Ilmu Manajemen Dan Bisnis Islam* 8, no. 1 (2022): 1, <https://doi.org/10.24952/tijarah.v8i1.5189>.

riba and gharar, ensuring that the funds are used beneficially for the community.⁴ Overall, integrating transparent financial practices and strategic investments is essential to optimizing Hajj fund management and supporting the needs of Indonesian pilgrims.⁵

BPKH, established under Law No. 34/2014, plays an important role in managing and investing Hajj funds for the benefit of prospective pilgrims and the wider ummah. The BPKH's investment strategy, analyzed through optimal portfolio construction, aims to maximize returns while complying with regulatory constraints, thereby balancing risk and reward.⁶ In addition, the institution's benefits program, which includes social assistance and infrastructure development, is designed to improve people's welfare and reduce poverty.⁷ However, there is an urgent need for financial literacy among Indonesian Muslims regarding the cost of Hajj, as many remain unaware of the actual costs involved.⁸ This lack of awareness can hinder effective monitoring of Hajj fund management, emphasizing the importance of continuous education and transparency in financial practices.⁹ Overall, the BPKH initiative reflects a commitment to financial management in accordance with Islamic law, prioritizing the interests of the community.¹⁰

MUI Fatwa No. 09/Ijtima' Ulama/VIII/2024 introduces substantial changes to the governance and financial management of Hajj funds by BPKH, particularly in ensuring stricter adherence to sharia principles in fund utilization and benefit distribution. One of the most critical regulatory shifts concerns the limitation. In practice, the gradual elimination of cross-subsidization mechanisms, whereby investment returns from the collective Hajj fund were previously used to subsidize the costs of departing pilgrims. The fatwa emphasizes that the benefits generated from fund investments must be allocated in a proportionate, just, and directly attributable manner to the rightful fund owners (prospective pilgrims), thereby challenging the sustainability of earlier subsidy-based schemes.

The recent regulatory changes and MUI fatwas have significant implications for the governance framework of Badan Pengelola Keuangan Haji (BPKH). The prohibition of cross-subsidization from investment returns requires BPKH to strengthen transparency in fund segregation, improve accountability in investment decisions, and develop alternative financing models that are fully aligned with Islamic law. As a consequence, pilgrims may face higher direct Hajj costs, while BPKH becomes more dependent on investment performance and more cautious in selecting

⁴ Sulistyowati Sulistyowati, "Hajj Fund Investment Development Strategy Sharia Investment Management Perspective," *EL DINAR: Jurnal Keuangan Dan Perbankan Syariah* 10, no. 2 (2022): 2, <https://doi.org/10.18860/ed.v10i2.16318>.

⁵ Panjaitan and Adam, "Transparency of Hajj Fund Accountability," 2022.

⁶ Dina Fitriasia Septiarini et al., "The Best Investment Scenario for Hajj Fund Management in Indonesia," *The Journal of Muamalat and Islamic Finance Research*, June 1, 2024, 162–73, <https://doi.org/10.33102/jmifr.552>.

⁷ Efri Andini and Nur Fatwa, "Implementation of the Value Management of The Benefit of The People's Endowment Fund Through The BPKH Benefit Program (Case Study of BPKH Benefit Partners - BAZNAS RI)," *Syarikat: Jurnal Rumpun Ekonomi Syariah* 7, no. 1 (2024): 186–93, [https://doi.org/10.25299/syarikat.2024.vol7\(1\).10051](https://doi.org/10.25299/syarikat.2024.vol7(1).10051).

⁸ Susi Indriani Sarka et al., "The Urgency of Financial Literacy in Hajj Funds Management for Indonesian Muslims," *Journal of Islamic Economics and Finance Studies* 5, no. 1 (2024): 1, <https://doi.org/10.47700/jiefes.v5i1.7302>.

⁹ Dian Safitri and Nurul wulandari Putri, "Mosque Accounting Management as a Solution to Transparency and Public Accountability at the Al-Barokah Mosque, Tegal Regency," *International Journal of Economics, Business Management and Accounting (IJEBA)* 6, no. 2 (2024): 2, <https://doi.org/10.59890/ijebma.v6i2.2274>; Sarka et al., "The Urgency of Financial Literacy in Hajj Funds Management for Indonesian Muslims."

¹⁰ Andini and Fatwa, "Implementation of the Value Management of The Benefit of The People's Endowment Fund Through The BPKH Benefit Program (Case Study of BPKH Benefit Partners - BAZNAS RI)," 2024.

low-risk, sharia-compliant investment instruments. This development highlights an important gap in existing studies on Hajj financial management, which have generally focused on institutional efficiency and investment optimization rather than the ethical and operational implications of recent fatwas. The new regulations require BPKH to reevaluate previous subsidy practices and redesign its governance system to ensure compliance with sharia principles, particularly in relation to transparency and responsible fund allocation.

The study also emphasizes that the proposed investment strategy is based on a synthesis of recent literature on sharia-compliant investments rather than original portfolio modeling. Based on these studies, BPKH is encouraged to prioritize sharia-compliant equities and apply rigorous valuation methods, including fundamental analysis and risk-adjusted performance assessment, to optimize investment returns while remaining within regulatory and ethical constraints. Accordingly, the contribution of this article is conceptual and analytical in nature. It seeks to integrate insights from prior empirical research with the evolving regulatory framework governing Hajj finances, particularly in light of recent policy and fatwa developments.¹¹

By doing so, the paper positions itself not as an empirical portfolio study, but as a theoretically informed evaluation of investment strategies that are both financially sound and aligned with sharia principles.¹² This shift is critical to maintaining public trust and ensuring the sustainability of Hajj financing.¹³ The management of Hajj funds by BPKH through a *wakālah* (agency) contract represents a significant institutional shift toward the productive utilization of these funds for broader societal benefit while remaining anchored in the principles of Islamic law. In this study, *wakālah* is defined as a fiduciary contractual arrangement in which BPKH acts as an agent (*wakīl*) entrusted by prospective pilgrims (*muwakkil*) to manage and invest their funds in a transparent, accountable, and strictly sharia-compliant manner. Operationally, this principle is examined through indicators such as the clarity of mandate, the segregation of funds, disclosure practices, and the accountability mechanisms governing investment decisions.

In addition, the study adopts the framework of *maqāṣid al-sharī'ah* (the higher objectives of Islamic law) as an analytical lens to evaluate the extent to which Hajj fund management promotes public welfare (*maṣlahah*). Specifically, the analysis is guided by key dimensions of *maqāṣid*, including the protection of wealth (*ḥifẓ al-māl*), the preservation of faith (*ḥifẓ al-dīn*) through sharia-compliant investments, and the promotion of social benefit. These dimensions are operationalized through indicators such as risk management practices, compliance screening of financial instruments, equitable distribution of investment returns, and the avoidance of elements prohibited in Islamic finance (e.g., *riba*, *gharar*, and *maysir*). By explicitly defining and applying these concepts, the study provides a more systematic evaluation of how BPKH's

¹¹ Bakhrul Huda, "Analisis Keabsahan Penyaluran Harta Zakat Dalam Bentuk Al-Qardh al-Hasan: Studi Atas Materi Ijtima' Ulama Komisi Fatwa MUI 2021," *Management of Zakat and Waqf Journal (MAZAWA)* 3, no. 2 (2022): 66–86, <https://doi.org/10.15642/mzw.2022.3.2.66-86>.

¹² Diky Saputro and Resi Ariyasa Qadri, "Optimizing Hajj Fund Investments Through Valuation Analysis Of Sharia-Compliant Stocks," *Journal of Law, Administration, and Social Science* 4, no. 2 (2024): 2, <https://doi.org/10.54957/jolas.v4i2.758>; Septiarini et al., "The Best Investment Scenario for Hajj Fund Management in Indonesia."

¹³ Mulyono Jamal et al., "Hajj Financing Models: Fiqh Analysis of Payment Contracts for Hajj Funds at the Ministry of Religious Affairs in Indonesia," *Ulul Albab: Jurnal Studi Dan Penelitian Hukum Islam* 7, no. 2 (2024): 2, <https://doi.org/10.30659/jua.v7i2.28677>.

governance and investment strategies align with both contractual obligations and broader ethical objectives of Islamic finance.

This approach allows BPKH to invest across various sectors, including the halal industry, which has strong growth potential given Indonesia's large Muslim population.¹⁴ The emphasis on public interest and transparency is crucial, as funds should be managed in line with the *maqāṣid al-sharī'ah*, ensuring that financial activities promote social welfare.¹⁵ In addition, the use of wakalah agreements requires strict adherence to Islamic Law, ensuring that all investments are ethical and profitable.¹⁶ BPKH's role in facilitating social assistance and infrastructure development through these funds highlights the importance of effective governance and risk management in Shariah-compliant finance.¹⁷

Investing in Hajj funds provides significant benefits, particularly by improving efficiency and subsidizing pilgrims' costs, while adhering to the principles of Islamic Law. BPKH is tasked with establishing a governance system that balances economic returns with adherence to Islamic law, particularly given the potential of Hajj funds to support broader community benefits, such as education and social facilities.¹⁸ In addition, using rigorous risk management and strategic asset allocation can optimize returns, with studies showing an expected return of 8.50% with manageable levels of risk.¹⁹ However, BPKH must address the challenges posed by the new fatwa, ensuring that investments remain productive and aligned with the *maqāṣid al-Sharī'ah*.²⁰ Overall, effective management of Hajj funds can generate significant benefits for both the institution and the ummah, fostering trust and enhancing the experience.²¹

The implications of BPKH's investment policy are critical to ensuring compliance with the principles of Islamic Law while safeguarding the pilgrims' funds. BPKH, established under Law No. 34/2014, aims to increase benefits for Muslims through various programs, including social assistance and infrastructure development.²² To align its investment strategy with Islamic Law, BPKH could utilize stock valuation methodologies that adhere to the principles of Islamic finance, as demonstrated in studies analyzing Sharia-compliant stocks.²³ In addition, compliance

¹⁴ Fathur Rahman et al., "Analisis Peluang Investasi Dana Haji Pada Industri Halal Di Indonesia," *Journal of Economic, Bussines and Accounting (COSTING)* 7, no. 2 (2024): 3851–63, <https://doi.org/10.31539/costing.v7i3.9028>.

¹⁵ Samsudin et al., "Hajj Funds Management Based on Maqāṣid Al-Sharī'ah; A Proposal for Indonesian Context," *AL-IHKAM: Jurnal Hukum & Pranata Sosial* 18, no. 2 (2023): 2, <https://doi.org/10.19105/al-lhkam.v18i2.7268>.

¹⁶ Muhaimin et al., "Use of Hajj Funds for Infrastructure Development: A Review of Deposit Contract and Use of Hajj Funds," *Journal of Law and Sustainable Development* 11, no. 10 (2023): e852–e852, <https://doi.org/10.55908/sdgs.v11i10.852>.

¹⁷ Andini and Fatwa, "Implementation of the Value Management of The Benefit of The People's Endowment Fund Through The BPKH Benefit Program (Case Study of BPKH Benefit Partners - BAZNAS RI)," 2024; Saputro and Qadri, "Optimizing Hajj Fund Investments Through Valuation Analysis Of Sharia-Compliant Stocks."

¹⁸ Hulwati Hulwati et al., "Unveiling the Benefits of Hajj Funds Investment in Indonesia," *Share: Jurnal Ekonomi Dan Keuangan Islam* 12, no. 1 (2023): 1, <https://doi.org/10.22373/share.v12i1.16082>.

¹⁹ Aini Masruroh et al., "Optimizing Hajj Fund Management through Strategic Asset Allocation in Islamic Finance Instrument," *Signifikan: Jurnal Ilmu Ekonomi* 12, no. 2 (2024): 2.

²⁰ Samsudin et al., "Hajj Funds Management Based on Maqāṣid Al-Sharī'ah; A Proposal for Indonesian Context," 2023; Saputro and Qadri, "Optimizing Hajj Fund Investments Through Valuation Analysis Of Sharia-Compliant Stocks."

²¹ Hulwati et al., "Unveiling the Benefits of Hajj Funds Investment in Indonesia," 2023.

²² Andini and Fatwa, "Implementation of the Value Management of The Benefit of The People's Endowment Fund Through The BPKH Benefit Program (Case Study of BPKH Benefit Partners - BAZNAS RI)," 2024.

²³ Saputro and Qadri, "Optimizing Hajj Fund Investments Through Valuation Analysis Of Sharia-Compliant Stocks."

with fatwas, such as those from the National Islamic Law Board, is essential to avoid community polemics and ensure legal compliance.²⁴ The integration of ethical and sustainability constraints in investment decisions is also important, as highlighted by fuzzy portfolio optimization models.²⁵ As such, a balanced approach is required for BPKH to navigate these complexities effectively.

BPKH plays a pivotal role in managing Hajj funds in accordance with the principles of Islamic law, as mandated by Law No. 34/2014, which emphasizes prudence, transparency, and accountability.²⁶ In operationalizing this mandate, BPKH employs various sharia-compliant financial contracts, such as *wakālah* and *muḍārabah*, to facilitate the management and investment of funds for prospective pilgrims. Furthermore, BPKH is encouraged to channel investments into the halal industry, which offers substantial opportunities given Indonesia's large Muslim population, thereby enabling sustainable returns while maintaining compliance with Islamic financial principles.²⁷ The institution's performance is also supported by the application of stock valuation techniques to optimize investments in sharia-compliant equities.

Nevertheless, several challenges persist, including limited institutional coordination with the Ministry of Religious Affairs and ongoing concerns about public trust and transparency in governance. Despite the growing body of literature on Hajj fund governance, Islamic investment strategies, and *maqāṣid al-sharī'ah*-based financial management, existing studies tend to focus either on regulatory frameworks, institutional performance, or portfolio optimization in isolation. There remains a limited integrative analysis that examines how contractual mechanisms, investment strategies, and *maqāṣid*-based principles interact within the evolving regulatory context of Hajj fund management, particularly in light of recent policy developments and fatwas that have reshaped governance practices. This gap indicates the need for a more comprehensive analytical framework that bridges normative Islamic principles with practical financial management.

In this context, the central research problem of this study is how BPKH can effectively manage Hajj funds that are simultaneously compliant with Islamic legal principles, responsive to regulatory changes, and financially optimal. Accordingly, this study is guided by the following research questions: (1) How are sharia contracts such as *wakālah* and *muḍārabah* operationalized in the governance of Hajj funds? (2) How are investment strategies, particularly in sharia-compliant equities, formulated and evaluated within regulatory constraints? and (3) to what extent does BPKH's financial management align with the objectives of *maqāṣid al-sharī'ah*?²⁸ The objective of this study is to provide a comprehensive analysis of Hajj fund management by integrating regulatory, financial, and ethical dimensions within a unified framework. This study contributes to the literature by offering a conceptual and analytical synthesis that links

²⁴ Ijlat Setiawan and Abrizen Justa, "Analisis Kesesuaian Praktek Pembiayaan Musyarakah KSPPS BMT AL-FATH Menurut Fatwa No. 08/DSN-MUI/IV/2000," *Journal of Fiqh in Contemporary Financial Transactions* 2, no. 2 (2024): 2, <https://doi.org/10.61111/jfct.v2i2.666>.

²⁵ Moad El Kharrim, "Quantitative Framework for Shariah-Compliant Multi-Period Fuzzy Portfolio Optimization: A Sustainable Approach to Ethical Investing," *Journal of Islamic Accounting and Business Research* ahead-of-print, no. ahead-of-print (2024), <https://doi.org/10.1108/JIABR-02-2024-0052>.

²⁶ Muhammad Aziz Zakiruddin, "The Bureaucracy and Financial Management of Hajj in Indonesia: An Analysis of the Legal Standing and Institutional Structure of the Badan Pengelolaan Keuangan Haji (BPKH)," *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi Dan Keagamaan* 10, no. 2 (2024): 2, <https://doi.org/10.29300/mzn.v10i2.3006>.

²⁷ Jamal et al., "Hajj Financing Models."

²⁸ Rahman et al., "Analisis Peluang Investasi Dana Haji Pada Industri Halal Di Indonesia."

sharia contractual governance, *maqāṣid*-based evaluation, and investment strategy, thereby addressing the fragmentation found in prior research.²⁹ In doing so, it seeks to advance scholarly understanding of how Islamic public funds can be managed in a modern financial system while maintaining both economic efficiency and normative legitimacy.³⁰

Method

Research Design and Approach

This study employs a qualitative doctrinal–empirical legal research design, integrating normative legal analysis with qualitative content analysis of institutional documents. It is framed as a policy-regulatory case study focusing on the governance of Hajj fund management by BPKH. This design allows for a comprehensive examination of how Islamic legal principles are articulated within regulatory frameworks and subsequently operationalized in institutional practices. The epistemological stance of this research is interpretive–normative. The interpretive dimension seeks to understand how Shariah compliance is constructed and represented within legal and organizational texts. In contrast, the normative dimension evaluates the extent to which these practices align with Islamic legal principles, particularly those derived from *maqāṣid al-sharī‘ah*. This dual orientation ensures that the analysis not only describes institutional practices but also critically assesses their conformity with Islamic legal objectives.

Data Sources and Unit of Analysis

This study relies exclusively on document-based data. Primary data are derived from official documents issued by BPKH, including annual reports, governance frameworks, investment policy guidelines, and financial disclosures. Secondary data consist of statutory regulations and religious rulings, such as Law No. 34 of 2014 on Hajj Financial Management and MUI Fatwa No. 09/Ijtima' Ulama/VIII/2024, as well as relevant academic literature. The unit of analysis is defined at multiple levels to capture both legal and institutional dimensions. These include regulatory clauses contained in legal texts, policy statements outlining governance and investment strategies, financial instruments, and contractual mechanisms such as *wakālah* and *muḍārabah*, and indicators of Shariah compliance, particularly transparency, accountability, and risk-sharing practices. This multi-layered unit of analysis enables a nuanced understanding of how Islamic law is embedded within both regulatory provisions and operational policies.

Analytical Framework: Operationalizing *Tadrīj*

In this study, *Tadrīj* (gradualism) is presented as a theoretical and analytical framework rather than a method of data analysis. Conceptually, *Tadrīj* refers to the progressive, context-sensitive application of Islamic legal principles. Within the context of Hajj fund management, it is understood as a model for examining how Shariah principles are incrementally integrated into modern financial governance systems. The operationalization of *Tadrīj* is conducted through a structured analytical process that begins with identifying the presence of Shariah principles within regulatory and institutional documents. This is followed by classifying implementation

²⁹ Saputro and Qadri, “Optimizing Hajj Fund Investments Through Valuation Analysis Of Sharia-Compliant Stocks.”

³⁰ Samsudin et al., “Hajj Funds Management Based on Maqāṣid Al-Sharī‘ah; A Proposal for Indonesian Context,” 2023.

forms into varying levels of integration, ranging from symbolic acknowledgment to substantive application. The final stage involves evaluating the degree of alignment between these practices and the objectives of Islamic law, particularly in terms of safeguarding wealth (*hifz al-māl*), ensuring transparency, and promoting public benefit (*maṣlahah*). Through this approach, *Tadrīj* functions as a coherent lens for assessing the gradual institutionalization of Islamic law within BPKH.

Data Analysis Procedures

The data are analyzed using qualitative content analysis, informed by the analytical framework of Miles and Huberman but developed further through explicit coding procedures. The analysis begins with a systematic review of documents, during which relevant textual units are identified and coded. The coding process combines deductive and inductive approaches. Deductive codes are derived from established Islamic legal principles, including *maqāṣid al-sharīah*, transparency, accountability, and risk-sharing, while inductive codes emerge from patterns observed within the data. Following coding, the data are organized into thematic categories and displayed in analytical matrices to facilitate pattern recognition and comparison across documents. These themes are then interpreted in relation to both regulatory frameworks and Islamic legal principles. Particular attention is given to how *maqāṣid al-sharīah* are reflected in policy provisions and financial practices, allowing for a deeper evaluation of Shariah compliance beyond formal or symbolic adherence. The final stage of analysis involves concluding an iterative process of verification, ensuring that interpretations are consistently grounded in the data and aligned with the theoretical framework.

Validity and Analytical Rigor

To ensure the credibility and rigor of the findings, this study applies source triangulation within a document-based framework. This involves systematically comparing multiple types of documents, including regulatory texts, institutional policies, and scholarly interpretations, to validate the consistency and reliability of the findings. Given that the research is based solely on document analysis, method triangulation is not employed, and no claims are made beyond the scope of document-based evidence. Instead, rigor is reinforced through transparent coding procedures, systematic categorization, and continuous cross-referencing between data sources and analytical constructs. This approach ensures that the findings are both methodologically sound and analytically robust within the chosen research design.

Results

Regulatory and Institutional Foundations of Hajj Fund Management

The analysis of Law No. 34 of 2014 on Hajj Financial Management demonstrates that the governance of Hajj funds is institutionally anchored in the principles of prudence, transparency, accountability, and Shariah compliance. Several key provisions explicitly mandate that Hajj funds must be managed in accordance with Islamic law while ensuring optimal benefits for pilgrims. These legal clauses establish the foundational obligation for Badan Pengelola Keuangan Haji (BPKH) to balance financial performance with religious legitimacy. Further examination of MUI Fatwa No. 09/Ijtima' Ulama/VIII/2024 reveals a more detailed operationalization of Shariah compliance, particularly regarding permissible financial instruments, risk-sharing mechanisms, and the prohibition of speculative investments. The fatwa reinforces the requirement that all investment activities must avoid elements of *gharar* (uncertainty), *maysir* (gambling), and *riba* (usury), while encouraging participation

in the halal sector. These regulatory frameworks collectively shape a governance model in which compliance is not merely declarative but embedded within institutional rules and financial decision-making processes.

Governance Transformation and Institutional Adaptation

The findings indicate that BPKH has undergone a gradual transformation in its governance structure, reflecting a stronger alignment with both regulatory mandates and Shariah principles. Initially, the institutional framework emphasized financial accumulation and operational stability. However, subsequent developments—particularly following the issuance of recent fatwas have led to a more structured integration of Shariah oversight mechanisms. This transformation is evident in the strengthening of supervisory functions, including the role of the Shariah supervisory board, as well as the increasing formalization of compliance procedures within investment decision-making. Governance documents show a shift toward more explicit articulation of accountability standards, including periodic reporting, disclosure practices, and internal evaluation mechanisms. At the same time, BPKH has expanded its communication strategies to enhance public trust. Transparency is increasingly emphasized through the publication of financial reports and policy explanations, indicating a move toward more participatory and accountable governance.

Investment Allocation and Portfolio Restructuring

An important dimension of change can be observed in the allocation of Hajj fund investments. The analysis of BPKH reports suggests a gradual rebalancing of the investment portfolio toward instruments that are more explicitly aligned with Islamic financial principles.

Table 1. Investment Allocation Trends and Shariah Compliance Orientation

Investment Category	Initial Orientation	Recent Trend of Allocation	Shariah Compliance Orientation
<i>Islamic Deposits</i> (Banking)	Dominant, low-risk	Remains significant but relatively reduced	Fully compliant (low risk, stable returns)
<i>Sukuk Bonds</i> (Islamic)	Moderate allocation	Increasing proportion	Strong compliance supports state financing
<i>Direct Investments (Halal)</i>	Limited exposure	Gradually expanded	Promotes <i>maṣlaḥah</i> and real sector growth
<i>Equity Participation</i>	Selective and cautious	Carefully increased with screening	Conditional compliance (screened stocks)

Source: Developed by the author based on research findings and data analysis

This restructuring reflects an effort to optimize returns while maintaining strict adherence to Shariah principles. The increasing allocation toward *sukuk* and halal sector investments demonstrates a strategic shift toward instruments that combine financial productivity with religious legitimacy. At the same time, risk management considerations remain central, particularly in maintaining liquidity for Hajj operational needs.

Operationalization of Shariah Compliance

The implementation of Shariah principles within BPKH extends beyond formal adherence to fatwas to include operational practices. The findings show that compliance is realized through the application of specific contractual mechanisms such as *wakālah* (agency contracts) and *muḍārabah* (profit-sharing arrangements), which govern the relationship between fund managers and investment partners. In

addition, internal governance documents indicate that Shariah compliance is integrated into decision-making procedures through screening processes, risk assessments, and continuous monitoring. This includes evaluating investment instruments against Shariah criteria and ensuring that financial returns are generated through permissible activities. The role of the Majelis Ulama Indonesia (MUI) is particularly significant in this context, as its fatwas serve as a normative reference for both policy formulation and operational execution. The alignment between regulatory requirements and institutional practices suggests a coherent framework of Shariah governance.

Gradual Institutionalization of *Tadrīj* in Policy and Practice

The concept of *Tadrīj* (gradualism) is reflected empirically in the phased evolution of BPKH's governance and investment practices. Rather than being implemented as an abstract principle, *Tadrīj* manifests in a sequence of institutional adjustments that respond to regulatory developments and socio-economic considerations.

Table 2. Phases of Development in Policy and Institutional Transformation

Phase of Development	Policy Characteristics	Institutional Implication
<i>Initial Phase</i>	Focus on fund accumulation and regulatory compliance	Establishment of a basic governance framework
<i>Transitional Phase</i>	Introduction of Shariah screening and fatwa alignment	Strengthening of supervisory and compliance functions
<i>Consolidation Phase</i>	Expansion of halal investment and transparency measures	Integration of Shariah principles into core strategy
<i>Adaptive Phase</i>	Enhanced communication and public accountability	Greater responsiveness to societal expectations

Source: Developed by the author based on research findings and data analysis

This phased development illustrates how *Tadrīj* operates as a practical governance model. The gradual integration of Shariah principles allows BPKH to maintain institutional stability while adapting to increasingly complex regulatory and economic environments. It also facilitates public acceptance by enabling stakeholders to adjust to evolving policies over time.

Implications for Transparency, Accountability, and Public Benefit

The findings suggest that the combined application of regulatory compliance, Shariah principles, and gradual institutional adaptation contributes to a more transparent and accountable system of Hajj fund management. The emphasis on disclosure, reporting, and stakeholder communication reflects a commitment to good governance. At the same time, the alignment with *maqāṣid al-sharī'ah* ensures that financial practices are oriented toward the broader public good (*maṣlahah*). At the same time, challenges remain, particularly in balancing investment optimization with risk management and maintaining public trust in a dynamic economic environment. Nevertheless, the evidence indicates that the gradual, structured application of Islamic law, guided by *Tadrīj*, provides a viable framework for managing Hajj funds that is both economically effective and compliant with religious principles.

Discussion

Tadrīj, Maqāṣid al-Sharī'ah, and the Complexity of Contemporary Governance

This study demonstrates that Islamic law, through the framework of maqāṣid al-sharī'ah, is fundamentally aimed at promoting human welfare and preventing harm in social, economic, and governance contexts. Welfare in this perspective encompasses not only material interests but also moral and spiritual dimensions through the protection of essential human needs. Unlike previous studies that mainly viewed maqāṣid as a normative framework, this research highlights its practical and dynamic application within institutional governance, particularly in the management of Hajj funds by Badan Pengelola Keuangan Haji (BPKH). The findings reveal that the application of Tadrīj (gradualism) in Hajj fund management functions not only as a theological principle but also as a pragmatic governance strategy. Tadrīj is implemented through phased policy adaptation, gradual restructuring of investment portfolios, and progressive alignment with sharia compliance standards. This expands earlier scholarship by showing that gradualism operates as a policy sequencing mechanism in contemporary public financial administration rather than merely as a historical feature of Islamic legislation.

However, the study also identifies important tensions within the implementation of maqāṣid-based governance. The gradual reallocation of Hajj fund benefits helps maintain financial stability and reduce institutional risk, but it may also create intergenerational inequalities by shifting financial burdens and benefits between different groups of pilgrims. These findings challenge the assumption that maqāṣid-oriented policies always produce uniformly beneficial outcomes, emphasizing instead that public welfare often involves balancing competing interests and unavoidable trade-offs. The research further highlights the complexities of applying Islamic legal principles within modern financial systems. While Islamic law provides flexibility through concepts such as tashrī' and 'urf, this adaptability can generate interpretive differences and inconsistencies in implementation. The compatibility between sharia principles and modern financial governance therefore emerges not as automatic, but as the result of continuous negotiation among regulatory requirements, market realities, and religious norms.

In addition, this study contributes to filling a gap in the literature regarding the institutionalization of maqāṣid al-sharī'ah in state-managed financial institutions. Unlike most previous studies focusing on Islamic banking and private finance, this research demonstrates how maqāṣid principles are operationalized within public Hajj fund administration through governance systems, investment policies, and accountability mechanisms. The findings also show that these processes are shaped by political, economic, and social considerations rather than purely normative ideals. Finally, the study emphasizes the importance of dialogue among scholars, regulators, and society in shaping Hajj fund governance. Public participation can strengthen legitimacy and trust, but it may also create tensions between community expectations, strict sharia compliance, and long-term financial sustainability. Consequently, Tadrīj should be understood not merely as a facilitative theological principle, but as a context-dependent governance mechanism that mediates between financial efficiency, regulatory compliance, and ethical legitimacy within complex institutional environments.

BPKH and Hajj Fund Management: Challenges and Opportunities

BPKH plays a crucial role in optimizing the management of Hajj funds sourced from prospective pilgrims' deposits under Law No. 34/2014. Effective management of

these funds is essential not only to support Hajj operations but also to provide broader social benefits, including education, social welfare, and disaster relief. To maximize returns and improve services, BPKH is encouraged to adopt modern financial systems, strengthen transparency and accountability, and implement productive investment strategies. The management of Hajj funds also presents major challenges in balancing compliance with Islamic law and the principles of good governance. With Hajj funds reaching approximately IDR 145.7 trillion in 2020, BPKH must ensure careful oversight to avoid corruption and mismanagement. The use of wakalah contracts, sharia-compliant investments such as Islamic banking and Sukuk, and the implementation of risk management strategies based on Good Corporate Governance are considered essential to maintaining public trust and ensuring the effective use of funds for pilgrims' welfare.

MUI Fatwa No. 09/Ijtima' Ulama/VIII/2024 emphasizes that Hajj fund management must prioritize transparency, accountability, ethical investment, and public benefit. In line with *maqāṣid al-sharī'ah*, BPKH is expected to invest not only for financial returns but also for community welfare through support for religious, educational, and social facilities. Productive investments that avoid *riba* and *gharar* are therefore central to BPKH's strategy. The implementation of the *Tadrīj* (gradual) method offers an important framework for improving Hajj fund management. Through phased and systematic policy implementation, BPKH can strengthen financial governance, improve reporting standards, and enhance public understanding of policies such as changes in Hajj travel costs. This gradual approach also allows BPKH to diversify investments into various sharia-compliant instruments, including Sukuk, Islamic stocks, and mutual funds, while maintaining liquidity and financial security.

Continuous evaluation and improvement are also necessary to ensure compliance with MUI fatwas and Islamic ethical principles. The use of SISKOHAT can support transparency and real-time monitoring of fund allocation and utilization. In addition, public education and communication regarding Hajj fund management are important to strengthen trust, accountability, and community support. By promoting Islamic values such as *hisbah*, ethical oversight, and social solidarity, BPKH can build stronger public confidence and improve the sustainability of Hajj fund management for the benefit of pilgrims and society.

Implementation of the *Tadrīj* Method in Hajj Fund Management

The application of the *Tadrīj* (gradual implementation) method in Islamic law plays an important role in the management of Hajj funds by BPKH. This approach supports gradual and sustainable policy implementation while ensuring compliance with Islamic principles, particularly in response to challenges addressed in MUI Fatwa No. 09/Ijtima' Ulama/VIII/2024. BPKH invests Hajj funds mainly in Islamic banking and Sukuk to avoid prohibited elements such as *riba* and *gharar* while maximizing benefits for pilgrims and the wider community. Transparency, accountability, and ethical governance are central to BPKH's management strategy, especially as Hajj funds and benefit values continue to increase significantly. The management of these funds is guided by *maqāṣid al-sharī'ah*, emphasizing public welfare, protection of wealth, and fairness in financial practices. Strategic allocation of funds, including possible investments in infrastructure projects that directly benefit pilgrims, must also consider public approval and community interests.

The growing number of Hajj registrants and the increasing waiting list, projected to exceed 5.7 million regular pilgrims by 2027, require more efficient and accountable management systems. Law No. 34/2014 mandates BPKH to manage and

invest Hajj funds ethically and in accordance with sharia principles so that investment returns directly benefit pilgrims and support broader social welfare programs. To address operational challenges, BPKH is encouraged to implement strategic management approaches such as the Balanced Scorecard (BSC) and effective queue management systems. These approaches can improve organizational performance, financial management, customer service, and pilgrims' satisfaction while ensuring fair access to Hajj services amid the growing demand for pilgrimage registration in Indonesia.

Table 3. BPKH Strategic Plan Data 2022-2027³¹

No	Assumption	2023	2024	2025	2026	2027
1	Loan Interest Rate	4,30%	4,25%	3,30%	3,40%	3,80%
2	Regular Quota (thousand people)	229	241a	221	221	221
3	Special Quota (thousand people)	18	19a	17	17	17
4	Number of New Registrants	350	385	422	459	495
	- Regular (thousand people)	342	375	412	448	483
	- Special (thousand people)	8	10	10	11	12
5	Number of Waiting Pilgrims	5.129	5.253	5.419	5.616	5.846
	- Regular (thousand people)	5.009	5.143	5.320	5.526	5.765
	- Special (thousand people)	120	110	99	90	81
6	Benefit Value	10	11,5	12,9	14,5	16,4
7	VA against NM (%)	21	20	35	40	45

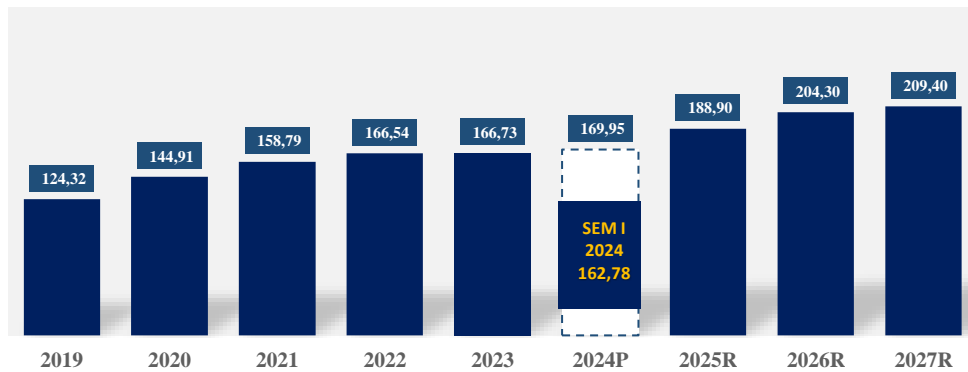
Source: Developed by the author based on projected data and policy assumptions

The number of Hajj applicants in Indonesia is projected to continue increasing significantly between 2023 and 2027. New applicants are expected to rise from 350 thousand to 495 thousand people, while regular waiting pilgrims are projected to increase from 5.009 million to 5.765 million. At the same time, special waiting pilgrims are expected to decline from 120 thousand to 81 thousand. The value of Hajj fund benefits is also projected to grow from IDR 10 trillion to IDR 16.4 trillion, alongside an increase in the proportion of Virtual Account (VA) benefits from 21% to 45%. The growing scale of Hajj funds creates major challenges for BPKH in maintaining compliance with Islamic law and relevant fatwas. To address these challenges, BPKH invests funds in sharia-compliant instruments such as Islamic banking and Sukuk while ensuring investments avoid prohibited elements like *riba*, *gharar*, and *maysir*. These investments are intended to subsidize Hajj costs and improve the welfare of pilgrims.

The implementation of *maqāṣid al-sharī'ah*, particularly ethical, equitable, and socially beneficial financial management, is considered essential in governing Hajj funds. Strong sharia governance, transparency, accountability, and effective financial risk management are necessary to maintain public trust and ensure the sustainability of Hajj fund management. Through diversified investments and improved governance, BPKH is expected to develop a sustainable and fully sharia-compliant Hajj fund management system.

³¹ BPKH, "Dokumen BPKH: Hasil Olah Data Dari Renstra 2022-2027 Mencakup Rangkuman Asumsi Dan Hasil Proyeksi," BPKH, 2024.

Figure 1. Development Of BPKH Managed Funds ³²
Managed Funds (Trillion IDR)



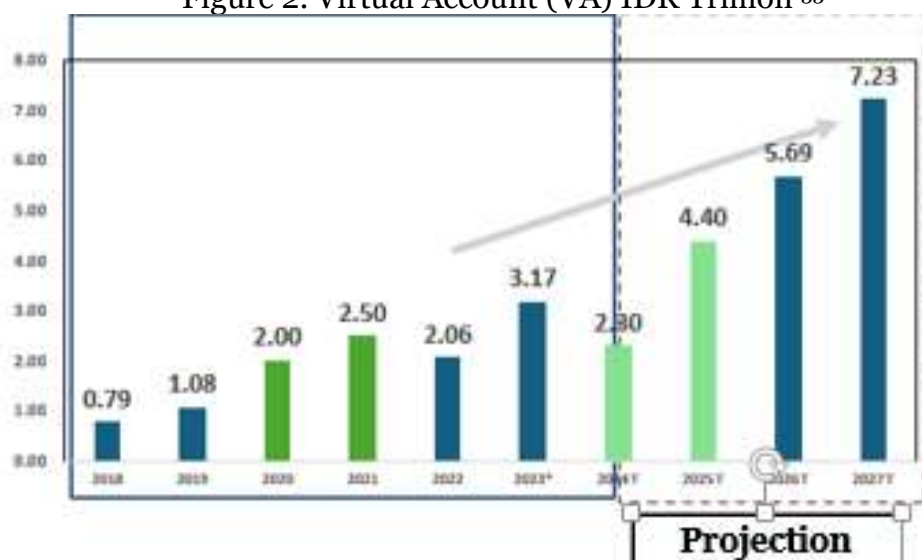
Source: Developed by the author based on projected data and policy assumptions

The funds managed by Badan Pengelola Keuangan Haji (BPKH) have shown consistent growth, increasing from IDR 124.32 trillion in 2019 to IDR 166.73 trillion in 2023, with projections reaching IDR 209.40 trillion by 2027. This growth reflects BPKH's efforts to optimize Hajj fund management sustainably for the benefit of pilgrims and the wider community. BPKH manages these funds through investments primarily allocated to Islamic banking and Sukuk, while also exploring other sharia-compliant investments such as gold-based assets. This strategy aims to generate productive and safe returns while maintaining compliance with Islamic law by avoiding *riba* and *gharar*. Transparency, accountability, strategic risk management, and proper asset allocation are emphasized to ensure that investment returns can subsidize Hajj costs and improve pilgrims' welfare.

The investment management approach is closely linked to Islamic economic principles and *maqāṣid al-sharī'ah*, especially *hifẓ al-māl* (protection of wealth). Since 2018/2019, BPKH has implemented policies rooted in the Qur'an, Hadith, and MUI fatwas to ensure ethical and fair financial practices. Studies also suggest that sharia-compliant portfolio management can achieve competitive returns while maintaining financial efficiency and ethical standards. BPKH has also increased Virtual Account (VA) allocations for prospective pilgrims as part of a gradual and flexible policy aligned with distributive justice in Islamic economics. The VA balance rose from IDR 0.79 trillion in 2018 to IDR 3.17 trillion in 2023, with projections reaching IDR 7.23 trillion by 2027. This increase reflects BPKH's commitment to maximizing benefits for pilgrims through sustainable and transparent financial management while ensuring compliance with Islamic legal principles.

³² BPKH, "Pengelolaan Keuangan Haji BPKH," 2024, 2022–27.

Figure 2. Virtual Account (VA) IDR Trillion ³³



Source: Developed by the author based on projected data and policy assumptions

The gradual application of the law, as emphasized in the *Tadrīj* method, is crucial for effective policy implementation, especially in encouraging community adaptation. Starting with basic policies that are easy to understand allows communities to build understanding and resilience before facing more complex regulations. Research shows that public engagement significantly increases the effectiveness of adaptation policies by empowering communities to understand risks and actively participate in decision-making.³⁴ Social resilience is also strengthened when local governments incorporate community input, enabling responses better suited to the specific challenges in each area.³⁵ This approach not only addresses immediate needs but also fosters a sense of ownership and identity within communities, which is essential for long-term adaptation and transformation.³⁶ Therefore, a gradual introduction of the policy with strong public engagement is crucial for successful adaptation to the new legal framework.³⁷

The long-term plan formulated by BPKH for the payment of deposits of the Hajj Implementation Fee (BPIH) and Special BPIH aims to improve equity in the distribution of investment benefits to the virtual accounts of prospective pilgrims who are still waiting for their turn to depart. This initiative started in 2021 and is projected to continue until 2040. The basis of this policy is the effective management of Hajj

³³ BPKH, “Dokumen BPKH: LK BPKH 2018-2022, Nilai Pembulatan. Renstra BPKH 2022-2027,” BPKH, 2024, 2022–27.

³⁴ Farzaneh Shaikh Khatibi et al., “Can Public Awareness, Knowledge and Engagement Improve Climate Change Adaptation Policies?,” *Discover Sustainability* 2, no. 1 (2021): 18, <https://doi.org/10.1007/s43621-021-00024-z>.

³⁵ Elena A. Korosteleva and Irina Petrova, “What Makes Communities Resilient in Times of Complexity and Change?,” *Cambridge Review of International Affairs* 35, no. 2 (2022): 137–57, <https://doi.org/10.1080/09557571.2021.2024145>.

³⁶ David Schlosberg et al., “Adaptation Policy and Community Discourse: Risk, Vulnerability, and Just Transformation,” *Environmental Politics* 26, no. 3 (2017): 413–37, <https://doi.org/10.1080/09644016.2017.1287628>.

³⁷ Mhairi Campbell et al., “ADAPT Study: Adaptation of Evidence-Informed Complex Population Health Interventions for Implementation and/or Re-Evaluation in New Contexts: Protocol for a Delphi Consensus Exercise to Develop Guidance,” *Public Health, BMJ Open* 10, no. 7 (2020): e038965, <https://doi.org/10.1136/bmjopen-2020-038965>.

funds, which not only sustains operational costs but also provides significant benefits to the wider community.³⁸ Hajj funds are strategically invested in productive opportunities that comply with Islamic law and national regulations to ensure maximum returns.³⁹ In addition, the increase in the Bipih fee reflects the government's commitment to maintaining this benefit for future pilgrims, while addressing the imbalance that has occurred since 2018.⁴⁰ Overall, the BPKH approach aims to optimize the financial management of Hajj funds, thereby improving the quality of services provided to the ummah.⁴¹

Table 4. Overview of Benefit Value Allocation ⁴²

Year	Benefit Allocation	
	VA	BPKH
2021	27%	73%
2022	18%	82%
2023	20%	80%
2024	23%	77%
2025	25%	75%
2026	28%	72%
2027	31%	69%
2028	34%	66%
2029	37%	63%
2030	40%	60%
2031	43%	57%
2032	46%	54%
2033	49%	51%
2034	52%	48%
2035	55%	45%
2036	58%	42%
2037	61%	39%
2038	64%	36%
2039	67%	33%
2040	70%	30%

Source: Developed by the author based on projected data and policy assumptions

The management of Hajj funds by BPKH demonstrates a gradual policy shift aimed at improving fairness, sustainability, and compliance with Islamic principles. Initially, BPKH received a larger portion of investment benefits from Hajj funds, but over time the allocation increasingly favors prospective pilgrims (VA). By 2040, pilgrims are projected to receive 70% of the benefit value, while BPKH receives 30%, reflecting efforts to provide greater long-term benefits to pilgrims while maintaining fund stability. The reduction of subsidies for pilgrims departing after long waiting periods is intended to create a more equitable distribution of benefits, aligned with

³⁸ Hulwati Hulwati et al., "Unveiling the Benefits of Hajj Funds Investment in Indonesia," *Share: Jurnal Ekonomi Dan Keuangan Islam* 12, no. 1 (2023): 1, <https://doi.org/10.22373/share.v12i1.16082>; Siska Lis Sulistiani et al., "Indonesia Hajj Fund Investment," April 23, 2022, 230–33, <https://doi.org/10.2991/assehr.k.220407.045>.

³⁹ Sulistiani, Nurrachmi, and Saripudin, "Indonesia Hajj Fund Investment"; Muhammad Syahrullah, "Manajemen Investasi Keuangan Haji Sebagai Upaya Meningkatkan Kualitas Pelayanan," *Jurnal Islamika* 5, no. 2 (February 16, 2023): 1–7.

⁴⁰ Hendrizal et al., "Policy Analysis For the Determination of BIPIH For Indonesian Hajj Pilgrims in 2023," *Ilomata International Journal of Social Science* 4, no. 2 (2023): 267–77, <https://doi.org/10.52728/ijss.v4i2.731>.

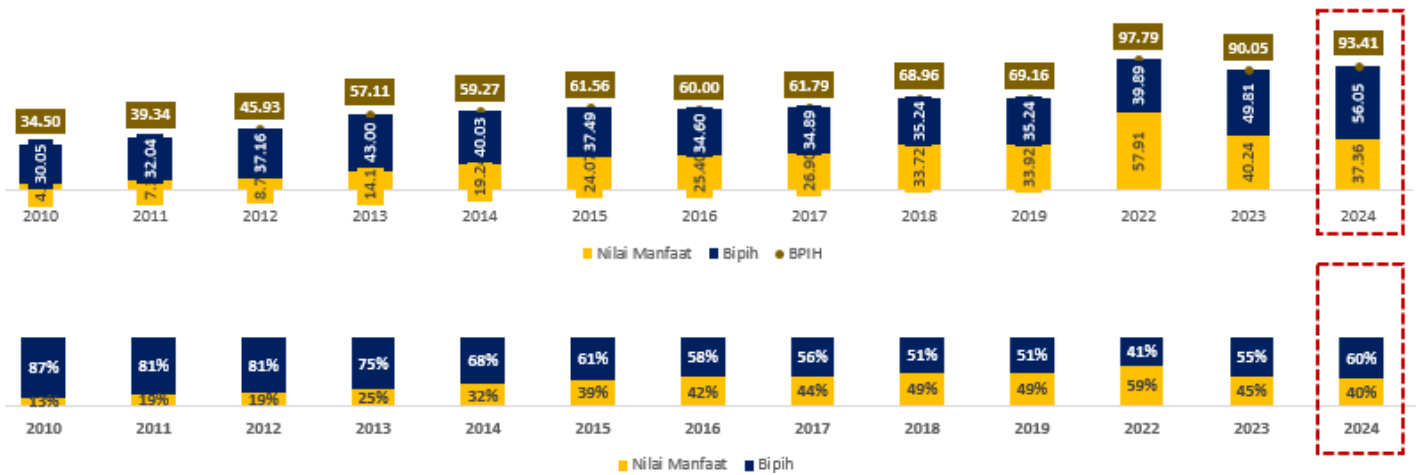
⁴¹ Syahrullah, "Manajemen Investasi Keuangan Haji Sebagai Upaya Meningkatkan Kualitas Pelayanan."

⁴² BPKH, "Dokumen BPKH: Gambaran Alokasi Nilai Manfaat," BPKH, 2024.

maqasid al-shariah, particularly protection of wealth. These reforms respond to rising Hajj costs, limited pilgrimage quotas from Saudi Arabia, and the need for a fair administrative system. Financial practices related to Hajj funding are also expected to comply with Islamic principles to ensure accountability and transparency.

Periodic evaluation of BPKH’s fund management is considered essential to maintain compliance with Islamic law and improve public trust. With Hajj funds reaching IDR 145.7 trillion in 2020, BPKH continues to optimize investments through Islamic banking and Sukuk while utilizing systems such as SISKOHAT to strengthen transparency and accountability. In 2024, the Indonesian government revised the composition of BPIH, requiring pilgrims to cover 40% of the total cost while 60% is funded through BPKH’s investment returns. This adjustment reflects changing economic conditions and policy developments in Saudi Arabia. Data from 2010–2024 also show that pilgrims’ direct financial contributions (Bipih) have gradually increased, while the proportion covered by benefit values has declined, indicating a growing financial responsibility borne by pilgrims.

Figure 5. BPIH, Bipih, and its Components in 2010-2024 ⁴³
(in Million Rupiah)



Source: Developed by the author based on projected data and policy assumptions

Figure 6 shows the projected cost of organizing the BPIH, the value of benefits, and the initial and final deposits of Hajj pilgrims for the period 2022 to 2027. In the graph, the BPIH is represented by blue bars, while the benefits value is shown by yellow bars. Significant changes are observed from 2023 to 2027, with both the BPIH and the value of benefits increasing, especially in 2025 and 2026. The figure also highlights the distribution of benefits, with equal value to all pilgrims, both departed and waiting, in accordance with MUI Fatwa No. 09/2024.

⁴³ BPKH, “Dokumen BPKH: Bidang Keuangan BPKH, 2023 – Hasil Kesepakatan Pemerintah Dengan DPR,” BPKH, 2024.

Figure 6. BPIH, Bipih, and its Components by Considering MUI Fatwa No.09/2024⁴⁴



Source: Developed by the author based on projected data and policy assumptions

MUI Fatwa No. 09/2024 emphasizes that investment returns from pilgrims' initial deposits may only be used to support pilgrims' departures, while the distribution of benefit values must be shared fairly among both departing pilgrims and those still on the waiting list⁴⁵. This policy aims to ensure sustainability and justice in Hajj fund management by BPKH.⁴⁶ Public education and socialization regarding Hajj fund management and sharia principles are also considered essential to strengthen public understanding, financial literacy, and trust in BPKH.⁴⁷ The findings indicate that strategic investments in sharia-compliant instruments such as Sukuk and Islamic banking not only fulfill religious requirements but also improve the quality of services provided to pilgrims.⁴⁸ The implementation of the *Tadrīj* (gradualism) method further strengthens public confidence because it demonstrates that financial management is conducted progressively in accordance with Islamic principles.⁴⁹ Transparency, accountability, and effective financial reporting also contribute significantly to increasing public trust and supporting the optimization of Hajj fund management⁵⁰.

This study further shows that *Tadrīj* functions as more than a theological principle;⁵¹ it acts as a practical governance mechanism that enables gradual policy adaptation within modern financial systems.⁵² Through phased investment restructuring and gradual alignment with sharia standards, BPKH can balance regulatory complexity, market volatility, and institutional stability without causing major disruptions to the Hajj fund system. However, the implementation of *Tadrīj* also creates important tensions and trade-offs. While gradualism supports financial

⁴⁴ BPKH, "Pengelolaan Keuangan Haji BPKH," 2024.

⁴⁵ Efri Andini and Nur Fatwa, "Implementation of the Value Management of The Benefit of The People's Endowment Fund Through The BPKH Benefit Program (Case Study of BPKH Benefit Partners - BAZNAS RI)," *Syarikat: Jurnal Rumpun Ekonomi Syariah* 7, no. 1 (2024): 1, [https://doi.org/10.25299/syarikat.2024.vol7\(1\).10051](https://doi.org/10.25299/syarikat.2024.vol7(1).10051).

⁴⁶ Samsudin et al., "Hajj Funds Management Based on Maqāṣid Al-Sharī'ah; A Proposal for Indonesian Context," *AL-IHKAM: Jurnal Hukum & Pranata Sosial* 18, no. 2 (2023): 2, <https://doi.org/10.19105/al-lhkam.v18i2.7268>.

⁴⁷ Suara Muhammadiyah, "Pengelolaan Keuangan Haji Berkelanjutan," *Suara Muhammadiyah*, September 28, 2024, <https://www.suaramuhammadiyah.id/read/pengelolaan-keuangan-haji-berkelanjutan>.

⁴⁸ Salwa Afronisa Aulia et al., "Sosialisasi Literasi Dan Lembaga Keuangan Syariah Pada Masyarakat Desa Sukabungah," *Al-Ihsan: Journal of Community Development in Islamic Studies* 3, no. 1 (May 24, 2024): 57–67.

⁴⁹ Sulistyowati, "Hajj Fund Investment Development Strategy Sharia Investment Management Perspective."

⁵⁰ Arif Setyawan et al., "Analysis of Optimization Model of Hajj Financial Investment Portfolio in BPKH RI (Haji Financial Management Agency of the Republic of Indonesia)," *Jurnal Ekonomi Dan Perbankan Syariah* 8, no. 1 (2020): 1, <https://doi.org/10.46899/jeps.v8i1.173>.

⁵¹ Budiantoro et al., "Islamic Wealth Management."

⁵² Roymon Panjaitan and Echan Adam, "Transparency of Hajj Fund Accountability: Performance of Financial Statements and Investment Optimization," *AKRUAL: Jurnal Akuntansi* 14, no. 1 (2022): 47–62, <https://doi.org/10.26740/jaj.v14n1.p47-62>.

stability and reduces investment risk, it may also raise concerns regarding the equitable distribution of benefits among different groups of pilgrims. In addition, the transition toward fully sharia-compliant investments may limit short-term financial optimization, highlighting the challenge of balancing ethical legitimacy, financial efficiency, and long-term sustainability. The findings suggest that the application of *maqāṣid al-sharī'ah* and *Tadrīj* in Hajj fund management is not a purely ideal or linear process. Instead, it involves continuous negotiation among competing priorities, including sharia compliance, institutional efficiency, financial sustainability, and public welfare.

Policy Implications

The findings carry important implications for the development of public Islamic financial governance. The operationalization of *Tadrīj* as a policy sequencing framework suggests that regulatory authorities and financial institutions should adopt a phased approach to Shariah compliance, particularly in contexts characterized by complex financial instruments and evolving market conditions. Such an approach allows for institutional learning, risk adjustment, and stakeholder adaptation, thereby enhancing the feasibility and sustainability of policy implementation. At the same time, the gradual reallocation of benefits highlights the need for greater transparency in communicating how financial decisions affect different stakeholder groups. Policymakers must therefore strengthen mechanisms of accountability, particularly regarding benefit distribution and investment risk exposure. Without clear communication and robust oversight, gradual policy shifts may generate perceptions of inequity or reduce public trust. These findings suggest that effective Islamic financial governance requires not only adherence to Shariah principles but also the development of institutional frameworks that can manage the social implications of financial decision-making.

Study Limitations

This study is subject to several limitations that should be acknowledged. The analysis relies primarily on institutional and regulatory documents, which may limit the ability to verify performance metrics or capture informal governance dynamics independently.⁵³ The absence of interview data or field-based observation also constrains the depth of insight into decision-making processes within the institution. As such, the findings should be interpreted as reflective of formal policy and documented practices rather than the full spectrum of institutional behavior. Future research could address these limitations by incorporating empirical data from stakeholders, including policymakers, financial managers, and pilgrims, to provide a more comprehensive understanding of implementation dynamics.

Conclusion

The management of Hajj funds by BPKH requires a strategic approach that ensures compliance with Islamic law principles while maintaining transparency and accountability. By applying the principle of *Tadrīj*, BPKH can implement investment policies gradually, providing space for the community to adapt without causing an excessive burden. On the other hand, continuous dialogue between the ulama and the

⁵³ Muzayyidatul Habibah, "Implementasi Maqashid Syariah Dalam Merumuskan Tujuan Laporan Keuangan Bank Syariah," *AKTSAR: Jurnal Akuntansi Syariah* 3, no. 2 (2020): 2, <https://doi.org/10.21043/aktsar.v3i2.8414>; Mohammad Monzur-E-Elahi and Md Mahmudul Alam, "Application of Maqasid Al-Shariah and Rules of Shariah in Managing Wealth and Financial Transactions," preprint, OSF, January 26, 2022, <https://doi.org/10.31219/osf.io/ueavm>.

community plays an important role in adjusting the application of sharia to evolving social conditions. With these steps, BPKH can not only improve the effectiveness of Hajj fund management but also ensure benefits for people in this world and the hereafter.

This study contributes to the advancement of Islamic legal and financial scholarship by repositioning Tadrij from a predominantly juristic concept into a policy-relevant analytical framework within public fund administration. By demonstrating how gradualism is operationalized through investment restructuring, governance adaptation, and benefit allocation mechanisms, the research extends the application of maqāṣid al-sharī'ah beyond normative evaluation into the domain of institutional practice. In doing so, it highlights that the realization of Islamic legal objectives is inherently contingent, involving negotiation between ethical principles, financial constraints, and socio-political considerations.⁵⁴ This perspective not only enriches existing debates on Islamic financial governance but also opens new avenues for examining how classical legal concepts can inform contemporary policy design in complex institutional settings.

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⁵⁴ Mohammad Kabir Hassan et al., "Towards the Implementation of Monetary Management in Islamic Economic System Based on Recent Developments," *International Journal of Islamic Economics and Finance (IJIEF)* 4, no. 2 (July 30, 2021): 177–206; Sugiyarti Laela, "Dynamic Strategic-Fit Dan Kinerja: Studi Pada Perbankan Syariah," *Jurnal Akuntansi dan Keuangan Indonesia* 11, no. 1 (June 30, 2014), <https://scholarhub.ui.ac.id/jaki/vol11/iss1/2>.

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