Reconceptualising *Al-Gharimin* in Islamic Social Finance: From Classical Debt Relief to A Maqasid-Driven Personal Financing Framework

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ABSTRACT

This study reconceptualises the classical notion of *al-gharimin* (debtors) by bridging its juristic foundations with contemporary practices in Islamic social finance. Drawing upon classical tafsir and fiqh literature, *al-gharimin* is traditionally defined as individuals burdened with debt arising from legitimate needs, encompassing both personal hardship and public welfare obligations. However, this classical framework remains primarily relief-oriented, focusing on the settlement of existing debts rather than addressing the broader dynamics of financial vulnerability in modern contexts. Using a qualitative approach based on semi-structured interviews with key zakat institutions in Malaysia, this study finds that the operational interpretation of *al-gharimin* has evolved significantly. Contemporary practices extend beyond actual indebtedness to include anticipated financial distress arising from essential needs such as healthcare, disaster recovery, and basic living expenses. Despite this expansion, zakat interventions remain largely assistance-based, characterised by one-off disbursements that do not adequately address long-term financial sustainability. Building on these findings, the study proposes a Maqasid-Driven Personal Financing Framework that repositions *al-gharimin* as a dynamic indicator of financial vulnerability rather than a static debt category. By integrating the principles of *Maqasid al-Shariah* into eligibility assessment, financing structures, monitoring mechanisms, and outcome evaluation, the framework offers a structured alternative to conventional debt-based personal financing. This study contributes to the literature by providing a theoretically grounded and empirically informed reconceptualisation of *al-gharimin*, offering a novel pathway for transforming zakat institutions into proactive agents of financial empowerment and socio-economic sustainability.

Keywords: *Al-Gharimin*; Islamic social finance; Zakat institutions; Maqasid al-Shariah; Personal financing; Financial vulnerability; Shariah-compliant finance; Socio-economic empowerment.

INTRODUCTION

The increasing reliance on personal financing in contemporary economies has raised significant concerns regarding financial vulnerability, over-indebtedness, and the ethical implications of debt-based systems. In many contexts, personal loans—often structured around interest-bearing mechanisms—have become a primary tool for managing both essential and non-essential expenditures. This trend has not only intensified financial instability among vulnerable groups but also raises fundamental questions about the compatibility of such systems with Islamic principles that prohibit *riba* and promote socio-economic justice (Islamic finance). Scholars have long argued that Islamic financial systems should prioritise risk-sharing, social welfare, and equitable wealth distribution rather than debt proliferation (Chapra, 2000; Siddiqi, 2004).

Within the framework of Islamic social finance, instruments such as zakat, waqf, and sadaqah have traditionally played a redistributive role in addressing poverty and economic inequality. Among the eight categories of zakat recipients (*asnaf*), *al-gharimin*—commonly understood as debtors unable to repay their obligations—occupies a critical position. Classical jurists such as Al-Nawawi and Ibn Qudamah define *al-gharimin* as individuals burdened by debt incurred for permissible and necessary purposes, thus qualifying them for zakat assistance (Al-Nawawi, 1991; Ibn Qudamah, 1997). This classical interpretation situates *al-gharimin* within a relief-based paradigm, where zakat functions primarily as a mechanism to alleviate financial hardship after it occurs.

However, contemporary socio-economic realities have significantly altered the nature and causes of indebtedness. Rising costs of living, healthcare expenses, housing insecurity, and economic shocks—such as the COVID-19 pandemic—have expanded the scope of financial distress beyond traditional understandings of debt (World Bank, 2022). Empirical evidence from zakat institutions in Malaysia indicates that the operational interpretation of *al-gharimin* has evolved to include cases of financial vulnerability arising from essential needs, including medical treatment, disaster-related losses, and basic living expenses. In certain cases, assistance is extended even before formal indebtedness occurs, based on the anticipation that individuals would otherwise be compelled to incur debt to meet essential needs . This reflects an implicit shift from a purely reactive approach to a more preventive and needs-based understanding of financial hardship.

Despite this conceptual expansion, current practices within zakat institutions remain largely assistance-oriented. Financial support is typically provided in the form of one-off disbursements aimed at immediate relief, rather than through structured and sustainable financing mechanisms that could address the root causes of indebtedness. For instance, debt-related assistance is often limited to essential liabilities such as housing, utilities, and basic consumption, while non-essential or excessive debts are excluded based on necessity criteria. Although such selectivity reflects an implicit alignment with *maqasid al-Shariah*, particularly in prioritising essential needs (*daruriyyat*), it also highlights the absence of a systematic framework for transforming zakat from a reactive welfare tool into a proactive financial solution.

This gap points to a critical need for reconceptualising *al-gharimin* within a broader Islamic social finance framework. Rather than viewing *al-gharimin* solely as recipients of debt relief, there is potential to reposition this category as a foundation for developing alternative personal financing models that are ethically grounded and socially impactful. Such a transformation requires the integration of *Maqasid al-Shariah*—particularly the preservation of wealth (*hifz al-mal*), life (*hifz al-nafs*), and human dignity (*hifz al-'ird*)—into the design and implementation of financing mechanisms (Kamali, 2008; Dusuki & Bouheraoua, 2011).

Accordingly, this study seeks to reconceptualise *al-gharimin* by bridging classical jurisprudential interpretations with contemporary financial realities. Drawing on qualitative evidence from Malaysian zakat institutions, the paper aims to (i) examine the evolving operational meaning of *al-gharimin*, (ii) analyse its implicit alignment with *maqasid al-Shariah*, and (iii) propose a maqasid-driven personal financing framework as a viable alternative to conventional debt-based systems. In doing so, this study contributes to the growing discourse on Islamic social finance by offering a novel perspective that integrates welfare, ethics, and financial sustainability.

LITERATURE REVIEW

Classical Concept of *Al-Gharimin*

The concept of *al-gharimin* originates from the Qur'anic classification of zakat recipients, where debtors are explicitly mentioned as one of the eight eligible categories (Qur'an, 9:60). Classical Islamic scholarship consistently interprets *al-gharimin* as individuals burdened with debt, although this definition is further refined through ethical and contextual conditions. Early exegetical authorities, including Ibn ʿAbbās, describe *al-gharimin* as "people of debt" (*ahl al-dayn*), while scholars such as Mujāhid, Qatādah, and al-Zuhrī emphasise that such debts must arise from legitimate circumstances and not from sinful acts or excessive behaviour (Al-Wāḥidī, n.d.) . This foundational understanding establishes that indebtedness alone is insufficient; rather, the nature and purpose of the debt are central to determining eligibility.

Among classical jurists, Al-Shafi'i provides one of the most systematic treatments of *al-gharimin*, distinguishing between two principal categories. The first includes individuals who incur debt for personal needs, acts of benevolence, or lawful interests but subsequently become unable to repay. The second category comprises those who assume debt for the purpose of reconciling disputes and maintaining social harmony (*iṣlāḥ dhāt al-bayn*). Importantly, al-Shāfiʿī recognises that individuals in the second category may still possess assets, yet they are entitled to zakat if liquidating those assets would compromise their dignity or essential livelihood (Al-Shāfiʿī, 2001) . This position reflects a broader juristic concern for preserving human dignity and social function, rather than imposing rigid material thresholds.

This classification is further supported in other juristic works, including *Bayān al-Sharʿ*, which reiterates the distinction between personal debt and public-interest debt while emphasising that the latter serves a communal benefit that justifies financial support even in the presence of personal wealth (Al-Kindī, n.d.) . Such interpretations demonstrate that classical Islamic jurisprudence recognises both individual hardship and collective welfare as legitimate grounds for zakat eligibility under *al-gharimin*.

In addition to these classifications, classical sources also expand the concept of indebtedness to include situations arising from unforeseen hardship. Mujāhid, as reported in exegetical literature, identifies individuals whose homes are destroyed by fire, whose wealth is lost due to natural disasters, or who incur debt to sustain their dependents as falling within the scope of *al-gharimin* (Al-Bursevī, 2001) . These examples illustrate that classical jurists acknowledged the structural and circumstantial nature of financial distress, recognising that indebtedness often results from factors beyond individual control.

The second category of *al-gharimin*, namely those who incur debt for public welfare, is accorded particular significance in classical literature. Scholars describe such individuals as socially responsible actors who willingly assume financial burdens to resolve conflicts and restore communal harmony. Saʿīd Hawwā, for instance, characterises them as individuals of noble conduct who undertake financial liability to prevent prolonged disputes and cycles of retaliation, thereby preserving social cohesion (Hawwā, 1991) . Notably, classical juristic discourse even extends this eligibility to cases where reconciliation occurs between non-Muslim groups, underscoring the primacy of public benefit (*maṣlaḥah ʿāmmah*) in determining entitlement to zakat.

Beyond legal classifications, classical scholars also articulate the broader socio-economic rationale for allocating zakat to debtors. The exegete ʿAbd al-Karīm al-Khaṭīb highlights that unresolved debt can undermine social trust and discourage acts of generosity. When creditors suffer losses, they may become reluctant to assist others in the future, thereby weakening the moral fabric of society (Al-Khaṭīb, n.d.) . In this sense, zakat functions not only as a mechanism for individual relief but also as a tool for preserving collective solidarity and sustaining a culture of mutual assistance.

Classical jurists also establish clear conditions governing eligibility under *al-gharimin*. Debts must be incurred for lawful purposes (*fī ghayr maʿṣiyah*), and the debtor must lack surplus wealth beyond essential needs. Furthermore, distinctions are drawn between personal debts—such as those incurred for food, clothing, healthcare, or marriage—and public-interest debts related to community welfare and reconciliation (Al-Bursevī, 2001; Al-Qaradawi, 2001) . These conditions demonstrate that the classical framework is both ethically grounded and socially responsive.

Despite its conceptual richness, the classical treatment of *al-gharimin* remains fundamentally relief-oriented. The primary objective is to resolve existing debt obligations (*ma yufī bi-daynih*) rather than to provide capital for economic development or long-term financial empowerment. This is further reflected in juristic practices that permit direct payment to creditors, as noted by Ibn Uthaymin, who allows zakat to be channelled directly to settle debts in order to safeguard the dignity of the debtor and ensure proper utilisation of funds (Ibn ʿUthaymīn, 2005).

In summary, the classical concept of *al-gharimin* represents a comprehensive socio-legal framework that encompasses both personal and public forms of indebtedness. It is grounded in ethical considerations, social responsibility, and the preservation of communal harmony. However, its primary orientation remains focused on debt relief rather than financial empowerment, thereby highlighting a critical gap in relation to contemporary needs for structured and sustainable personal financing models.

Islamic Social Finance and Redistributive Mechanisms

Islamic social finance encompasses a range of instruments, including zakat, waqf, sadaqah, and qard hasan, which collectively aim to promote social justice and economic inclusion (Islamic social finance). Zakat, in particular, is regarded as a compulsory redistributive mechanism designed to transfer wealth from surplus to deficit segments of society (Chapra, 2000). Waqf, on the other hand, provides a sustainable asset-based approach to social welfare, while qard hasan offers interest-free financial assistance to those in need (Obaidullah & Khan, 2008).

Despite their potential, these instruments often operate in isolation, leading to fragmented approaches in addressing financial vulnerability. Contemporary studies highlight that zakat institutions tend to prioritise short-term consumption support rather than long-term financial empowerment (Saad & Abdullah, 2014; Hassan & Noor, 2015). This has resulted in a persistent cycle of dependency among beneficiaries, particularly in the absence of structured financial interventions.

Recent literature has called for a more integrated model of Islamic social finance that combines redistributive and productive elements. For instance, integration between zakat and microfinance has been proposed as a means of transitioning beneficiaries from dependency to self-sufficiency (Ahmed, 2002; Obaidullah, 2008). However, such integration remains limited in practice, particularly in the domain of personal financing, where formal Islamic financial institutions continue to dominate through debt-based instruments such as *tawarruq*.

Personal Financing and the Challenge of Over-Indebtedness

The expansion of personal financing has become a defining feature of modern financial systems. While access to credit can enhance consumption smoothing and economic participation, excessive reliance on debt has led to widespread concerns about over-indebtedness and financial fragility (World Bank, 2022). In many Muslim-majority contexts, Islamic banking institutions have replicated conventional lending structures through *Shariah-compliant* contracts, yet critics argue that these instruments often remain debt-centric rather than risk-sharing (Siddiqi, 2004; Dusuki, 2008).

The prevalence of personal financing raises particular concerns for low- and middle-income households, who are more vulnerable to financial shocks and may resort to borrowing for basic needs such as healthcare, education, and housing. This reality challenges the traditional assumption that debt arises primarily from discretionary consumption, highlighting instead its role as a coping mechanism for structural economic pressures.

Within this context, the absence of a robust Islamic alternative to personal financing becomes increasingly evident. While zakat addresses financial distress after it occurs, it does not systematically function as a preventive financing tool. This creates a conceptual and operational gap between Islamic social finance and the lived financial realities of contemporary societies.

Maqasid al-Shariah and Financial Ethics

The framework of *Maqasid al-Shariah* provides a normative foundation for evaluating economic and financial practices in Islam. Classical scholars such as Al-Ghazali and Al-Shatibi conceptualised maqasid as the preservation of essential human interests, commonly categorised into five core dimensions: religion (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*) (Al-Ghazali, 1993; Al-Shatibi, 2004).

Contemporary scholars have extended the application of maqasid to modern financial systems, emphasising its role in promoting justice, welfare, and human dignity (Kamali, 2008; Dusuki & Bouheraoua, 2011). In the context of personal financing, maqasid highlights the importance of safeguarding individuals from exploitative debt structures while ensuring access to necessary financial resources.

Specifically, financial practices should:

- protect wealth (*hifz al-mal*) from erosion,

- preserve life (*hifz al-nafs*) through access to essential services such as healthcare,
- and uphold human dignity (*hifz al-'ird*) by preventing financial humiliation and dependency.

These principles suggest that Islamic financial systems should move beyond formal compliance towards substantive socio-economic outcomes.

Reconceptualising Al-Gharimin: Towards a Financing Paradigm

Emerging studies indicate that the traditional understanding of *al-gharimin* is increasingly insufficient to address contemporary financial challenges. The expansion of debt-related vulnerabilities—ranging from medical expenses to disaster recovery—necessitates a broader conceptualisation that incorporates both actual and potential indebtedness.

Empirical observations from zakat institutions demonstrate that assistance is sometimes extended pre-emptively, based on the likelihood of individuals incurring debt due to essential needs . This reflects a shift towards a preventive and maqasid-oriented approach, where the objective is not merely to resolve debt but to avoid its occurrence altogether.

However, despite this evolution, the operational model remains largely assistance-based, characterised by one-off disbursements rather than structured financial solutions. This limitation underscores the need for a paradigm shift from welfare-based intervention to financing-based empowerment.

Accordingly, this study argues that *al-gharimin* can serve as a foundational concept for developing an alternative model of personal financing within Islamic social finance. By integrating maqasid principles into eligibility criteria, financing structures, and outcome evaluation, zakat institutions can transition from reactive aid providers to proactive financial enablers.

METHODOLOGY

Research Design

This study adopts a qualitative exploratory research design grounded in an interpretivist paradigm to examine and reconceptualise the notion of *al-gharimin* within the contemporary framework of Islamic social finance. The choice of a qualitative design is not merely methodological, but epistemological, as the study seeks to uncover the evolving meanings, institutional interpretations, and embedded normative logics that underpin the operationalisation of *al-gharimin* in practice. Unlike positivist approaches that prioritise measurement and generalisation, the interpretivist stance recognises that concepts such as *al-gharimin* are socially constructed, context-dependent, and subject to reinterpretation across time and institutional settings.

The exploratory nature of this study is particularly justified given the limited theoretical development surrounding the transformation of *al-gharimin* from a classical relief-based category into a potential foundation for structured personal financing. Existing literature has largely confined *al-gharimin* within the boundaries of debt alleviation, with minimal attention given to its potential role in proactive financial systems. As such, this study aims to generate new conceptual insights by engaging directly with institutional practices and lived realities, thereby contributing to both theory-building and practical discourse (Creswell & Poth, 2018).

Research Approach: Multiple Case Study Strategy

A multiple case study strategy is employed to enable an in-depth and context-sensitive investigation of how different zakat institutions interpret and operationalise *al-gharimin*. Case study research is particularly appropriate when the research seeks to understand complex institutional phenomena within their real-life contexts, especially where the boundaries between concept and practice are blurred (Yin, 2018). In the present study, the concept of *al-gharimin* cannot be meaningfully examined in isolation from the institutional frameworks, governance structures, and socio-economic environments within which it is applied.

The selection of multiple cases enhances analytical robustness by allowing for cross-case comparison, replication logic, and the identification of both convergent and divergent patterns across institutions. This approach moves beyond single-case limitations and enables the development of more nuanced and transferable insights.

The study focuses on four major zakat institutions in Malaysia, namely the Majlis Agama Islam Wilayah Persekutuan (MAIWP), the Majlis Agama Islam Negeri Sembilan (MAINS), the Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), and the Lembaga Zakat Negeri Kedah (LZNK). These institutions were purposively selected based on several considerations. First, they represent key actors in the administration and distribution of zakat across different regions in Malaysia, each operating under distinct governance arrangements and socio-economic contexts. Second, they have direct experience in managing cases related to *asnaf al-gharimin*, making them particularly relevant to the research focus. Third, their inclusion allows for the examination of institutional variation, including differences in policy interpretation, implementation strategies, and degrees of innovation in addressing financial vulnerability.

By analysing these institutions collectively, the study is able to capture the dynamic interplay between classical jurisprudential principles and contemporary administrative practices, thereby providing a more holistic understanding of *al-gharimin* in practice.

Data Collection: Semi-Structured Interviews

Data were collected through in-depth semi-structured interviews with key informants from the Majlis Agama Islam Wilayah Persekutuan (MAIWP), the Majlis Agama Islam Negeri Sembilan (MAINS), the Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), and the Lembaga Zakat Negeri Kedah (LZNK). The use of semi-structured interviews is particularly appropriate for this study as it allows the researcher to explore complex and sensitive issues—such as debt, eligibility, and institutional discretion—while maintaining sufficient flexibility to capture emergent insights (Kvale & Brinkmann, 2009).

The informants were selected using purposive sampling, with an emphasis on individuals who possess direct knowledge and experience in zakat administration, particularly in relation to *asnaf al-gharimin*. These include senior management personnel, Shariah officers, and officers involved in zakat distribution and case assessment. The selection of such informants ensures that the data reflects both strategic-level perspectives and operational realities.

The interview protocol was carefully designed to align with the objectives of the study. Key areas explored include the institutional understanding of *al-gharimin*, criteria for determining eligibility, types of assistance provided, underlying decision-making considerations, and perceptions regarding the potential transition from assistance-based models to financing-based approaches. Importantly, the interviews also probed the implicit role of *maqasid al-Shariah* in shaping institutional practices, even where such principles are not explicitly articulated.

Interviews were conducted iteratively, allowing insights from earlier interviews to inform subsequent data collection. The process continued until theoretical saturation was achieved, whereby additional interviews no longer yielded new themes or conceptual insights (Guest, Bunce, & Johnson, 2006). This iterative and reflexive approach enhances the depth and credibility of the findings.

Data Analysis: Hybrid Thematic Approach

The data were analysed using thematic analysis, following the systematic approach developed by Braun and Clarke (2006). This method was selected due to its flexibility and suitability for identifying patterns across qualitative data while allowing for both theory-driven and data-driven analysis.

The analytical process began with data familiarisation, where interview transcripts were reviewed multiple times to gain a comprehensive understanding of the content. This was followed by initial coding, where segments of data were assigned labels based on their relevance to the research questions. The codes were then organised into broader themes through an iterative process of comparison and refinement.

A hybrid analytical approach was adopted, combining both deductive and inductive coding strategies. Deductive coding was guided by established theoretical constructs, particularly the classical definitions of *al-gharimin* and the principles of *Maqasid al-Shariah*. This provided a conceptual anchor for the analysis. At the same time, inductive coding allowed for the emergence of new themes from the data, including contemporary reinterpretations, institutional innovations, and implicit decision-making frameworks.

This dual approach is particularly important in this study, as it enables the researcher to bridge classical Islamic jurisprudence with contemporary institutional practice. It also allows for the identification of latent themes—such as the implicit application of maqasid principles—that may not be explicitly stated by informants but are evident in their decision-making processes.

Ensuring Trustworthiness and Rigour

The trustworthiness of the study was ensured through several methodological strategies aligned with the criteria proposed by Lincoln and Guba (1985). Credibility was enhanced through data triangulation across multiple institutions, allowing for the validation of findings through cross-case comparison. The use of experienced informants further strengthens the credibility of the data.

Dependability was addressed by maintaining a transparent and systematic research process, including clear documentation of data collection and analysis procedures. This allows the study to be audited and replicated in similar contexts.

Confirmability was ensured by grounding interpretations in empirical data, with careful attention given to avoiding researcher bias. Reflexivity was maintained throughout the research process, with the researcher critically reflecting on their role and assumptions.

Transferability was achieved by providing rich and detailed descriptions of the institutional contexts, enabling readers to assess the applicability of the findings to other settings. While the study is context-specific, the conceptual insights generated have broader relevance to Islamic social finance.

Ethical Considerations

Ethical considerations were integral to the research process. All informants were informed of the purpose and scope of the study prior to participation, and informed consent was obtained. Participation was voluntary, and informants were given the option to withdraw at any stage.

Confidentiality and anonymity were strictly maintained, particularly given the sensitivity of institutional information and decision-making processes. Data were securely stored and used solely for academic purposes. Care was taken to ensure that the reporting of findings does not compromise the identity of individuals or institutions.

Limitations of the Study

Despite its contributions, this study is subject to certain limitations. The research focuses on a selected number of zakat institutions within Malaysia, which may limit the generalisability of the findings to other jurisdictions. Additionally, as a qualitative study, the findings are interpretive and dependent on the perspectives of the informants.

However, these limitations are mitigated by the depth of analysis, the use of multiple cases, and the alignment of findings with both theoretical frameworks and empirical evidence. The study provides a strong foundation for future research, including quantitative validation and comparative studies across different countries.

FINDINGS AND DISCUSSION

Expansion of *Al-Gharimin*: From Debt to Financial Vulnerability

The findings of this study indicate a significant transformation in the contemporary interpretation of *al-gharimin* among zakat institutions. While classical jurists defined *al-gharimin* primarily as individuals burdened with debt and unable to repay, empirical evidence suggests that this category has expanded to encompass broader forms of financial vulnerability, including situations that may lead to indebtedness even before debt is formally incurred.

This shift is particularly evident in cases involving catastrophic loss. One informant explained:

"Gharimin in the context of disaster refers to those who suffer total loss… when they want to rebuild their house, they do not have sufficient funds and are forced into debt."

This explanation reflects a transition from a reactive understanding of debt to a more anticipatory assessment of financial risk. Rather than requiring the existence of actual debt, zakat institutions recognise that certain circumstances—such as disaster recovery—inevitably lead to indebtedness. This interpretation is consistent with classical jurisprudence, where Al-Nawawi emphasised that eligibility for *al-gharimin* is grounded in necessity (*hajah*) and hardship, not merely the formal existence of debt (Al-Nawawi, 1991). Likewise, Ibn Qudamah acknowledged that individuals compelled into financial obligations for essential needs may qualify for zakat assistance (Ibn Qudamah, 1997).

The expansion of *al-gharimin* is further reinforced by the inclusion of healthcare-related financial distress. As one informant noted:

"Medical treatment is expensive… dialysis can cost around three thousand per month… people are forced to incur debt to receive treatment."

This reflects the growing recognition that modern forms of indebtedness are often driven by structural necessities rather than discretionary spending. From a maqasid perspective, this development aligns with the principle of *hifz al-nafs* (protection of life), as access to healthcare is essential for human survival. Classical scholars such as Al-Ghazali and Al-Shatibi have long established that the preservation of life constitutes a primary objective of Shariah (Al-Ghazali, 1993; Al-Shatibi, 2004). Contemporary scholars further emphasise that financial systems must facilitate access to essential services to fulfil these objectives (Dusuki & Bouheraoua, 2011).

More importantly, the findings reveal that assistance may be provided even before debt occurs:

"Even if the person has not yet incurred debt… we can foresee that without assistance, they will eventually fall into debt."

This anticipatory approach reflects the Islamic legal principle of preventing harm (*dar' al-mafasid*) before it materialises. It represents a shift towards a preventive model of financial intervention, where zakat functions not only as a tool for debt relief but also as a mechanism for risk mitigation.

Necessity-Based Filtering: An Implicit Maqasid Framework

Despite the expansion of *al-gharimin*, the findings show that zakat institutions apply strict filtering criteria based on necessity. Not all forms of debt are eligible for assistance, as institutions differentiate between essential and non-essential expenditures. This distinction reflects an implicit application of the maqasid framework, particularly the hierarchy of needs.

One informant clearly stated:

"If it is a second or third house, it should not be assisted… it is no longer a necessity."

Similarly, lifestyle-related expenditures are excluded:

"A luxury car… is that considered a necessity? No."

Another informant emphasised the importance of intention and purpose:

"We look at the purpose of the debt… if it is for basic needs, then assistance can be considered."

These statements demonstrate that zakat institutions employ a structured evaluative logic rooted in necessity, even if it is not formally articulated as a maqasid framework. This aligns with the classical categorisation of human needs into *daruriyyat*, *hajiyyat*, and *tahsiniyyat*, as elaborated by Al-Shatibi (Al-Shatibi, 2004). The prioritisation of essential needs over luxuries reflects a normative commitment to preserving core human interests.

From a contemporary perspective, scholars such as Kamali (2008) argue that maqasid should guide financial decision-making by ensuring that resources are allocated in a manner that promotes genuine welfare and avoids excess. The findings suggest that zakat institutions are already operationalising this principle, albeit in an implicit and decentralised manner.

Dominance of Assistance-Based Approach

Notwithstanding the conceptual evolution of *al-gharimin*, the findings reveal that zakat institutions continue to operate predominantly within an assistance-based paradigm. Financial support is typically provided as one-off disbursements aimed at addressing immediate needs rather than as part of a structured financing system.

As one informant explained:

"It is usually one-off… assistance is given once, and then we review the situation."

Another informant acknowledged the limitations of this approach:

"We help to relieve their burden, but not all cases can be sustained in the long term."

This reliance on short-term assistance reflects a reactive welfare model that prioritises immediate relief over long-term financial sustainability. While such interventions are effective in alleviating urgent hardship, they do not address the structural causes of financial vulnerability or prevent recurring indebtedness.

Previous studies have highlighted similar limitations in zakat distribution practices, noting that the emphasis on consumption-based support often results in dependency among beneficiaries (Saad & Abdullah, 2014; Hassan & Noor, 2015). From a maqasid perspective, while this approach fulfils the objective of protecting wealth (*hifz al-mal*) in the short term, it does not fully achieve the broader goal of economic empowerment and social upliftment.

Emerging Elements of a Financing Orientation

Despite the dominance of assistance-based approaches, the findings also reveal the emergence of elements that indicate a gradual shift towards a more structured financing orientation. Some zakat institutions have begun to incorporate programmes aimed at economic empowerment, including the provision of business capital, skills training, and post-assistance monitoring.

As one informant noted:

"We do not just give assistance… there are programmes to help them become independent."

This reflects a transition from consumption-based support to capacity-building initiatives that enable beneficiaries to generate income and achieve financial independence. Such initiatives align with contemporary

Islamic economic thought, which emphasises the importance of empowering individuals rather than perpetuating dependency (Chapra, 2000; Hassan, 2010).

From a maqasid perspective, this shift contributes not only to the preservation of wealth (*hifz al-mal*) but also to the protection of human dignity (*hifz al-'ird*) and the promotion of socio-economic justice. However, these efforts remain fragmented and have yet to be integrated into a coherent financing framework.

Towards a Maqasid-Driven Financing Paradigm

The synthesis of findings suggests that zakat institutions have already laid important conceptual and operational foundations for a transition towards a maqasid-driven financing paradigm. The expansion of *al-gharimin*, the application of necessity-based filtering, and the emergence of empowerment initiatives collectively indicate a shift towards a more holistic understanding of financial vulnerability.

However, this transformation remains incomplete, as these elements are not yet systematically integrated into a structured model of personal financing. The current system continues to operate within a hybrid framework, where traditional welfare mechanisms coexist with emerging elements of financial empowerment without a clear conceptual or operational integration.

Based on these findings, this study argues that *al-gharimin* should be reconceptualised as a maqasid-driven financial vulnerability construct. Such a reconceptualisation would enable zakat institutions to move beyond reactive assistance towards proactive financial intervention, thereby addressing both the symptoms and root causes of indebtedness. By embedding maqasid principles into eligibility criteria, financing mechanisms, and outcome evaluation, zakat institutions can play a more transformative role in providing ethical and sustainable personal financing solutions.

Proposed Framework: A Maqasid-Driven Personal Financing Model Based on *Al-Gharimin*

Building upon the empirical findings and theoretical insights discussed in the preceding sections, this study proposes a Maqasid-Driven Personal Financing Framework that reconceptualises *al-gharimin* as a foundational construct for Islamic personal financing. The framework is designed to address the limitations of the current assistance-based model by transforming zakat institutions from reactive welfare providers into proactive financial enablers.

At its core, the proposed framework is grounded in the integration of *Maqasid al-Shariah* with contemporary financial needs, thereby ensuring that financial interventions are not only Shariah-compliant but also socially impactful and sustainable. Unlike conventional personal financing models, which are predominantly debt-driven and profit-oriented, this framework emphasises ethical financing, risk mitigation, and long-term socio-economic empowerment.

The framework consists of four interrelated layers: (i) maqasid-based eligibility assessment, (ii) structured financing mechanisms, (iii) monitoring and support systems, and (iv) outcome-oriented impact evaluation.

Maqasid-Based Eligibility Assessment

The first layer of the framework focuses on redefining eligibility criteria based on a maqasid-oriented understanding of financial vulnerability. Drawing from the findings, *al-gharimin* is reconceptualised not merely as individuals with existing debt, but as those experiencing or at risk of experiencing financial distress due to essential needs. This includes cases related to healthcare, housing, disaster recovery, and basic livelihood.

Eligibility is determined through a structured filtering process based on the hierarchy of needs established in classical maqasid theory, particularly as articulated by Al-Shatibi. Under this approach, financial needs are categorised into *daruriyyat* (essentials), *hajiyyat* (complementary needs), and *tahsiniyyat* (luxuries), with priority given to the preservation of essential human interests.

This layer operationalises key maqasid principles, including:

- *Hifz al-nafs* (protection of life), through support for healthcare-related needs;
- *Hifz al-mal* (protection of wealth), through prevention of excessive indebtedness;
- *Hifz al-'ird* (protection of dignity), by avoiding financial humiliation and dependency.

By embedding maqasid into eligibility assessment, the framework ensures that financial assistance is both ethically justified and socially targeted.

Structured Financing Mechanisms

The second layer introduces a shift from one-off assistance to structured financing mechanisms. While traditional zakat distribution emphasises direct transfers, the proposed framework advocates for a hybrid model that combines elements of social finance with sustainable financing structures.

Potential financing instruments include:

- *Qard Hasan* (benevolent loans) for short-term needs;
- Micro-financing schemes for income-generating activities;
- Hybrid models integrating zakat funds with cooperative or waqf-based financing.

This approach is consistent with the arguments of contemporary scholars such as Ahmed (2002) and Obaidullah (2008), who emphasise the need to integrate Islamic social finance with productive economic activities. By transitioning from grants to structured financing, the framework aims to break the cycle of dependency and promote financial resilience.

Importantly, the financing mechanisms are designed to remain aligned with maqasid principles, ensuring that repayment structures do not impose undue hardship and that financial products serve genuine needs rather than profit maximisation.

Monitoring, Support, and Financial Empowerment

The third layer of the framework emphasises the importance of continuous monitoring and support to ensure the effectiveness of financing interventions. Unlike conventional financial systems that focus primarily on repayment, this framework adopts a holistic approach that integrates financial, social, and educational support.

This includes:

- Financial literacy programmes;
- Business development training;
- Continuous monitoring of beneficiaries' progress.

Such measures are essential for achieving long-term financial independence and are aligned with the maqasid objective of enhancing human capability and dignity. As noted by M. Umer Chapra, Islamic economic systems should prioritise human development and empowerment rather than mere wealth redistribution (Chapra, 2000).

The inclusion of monitoring mechanisms also ensures accountability and reduces the risk of misuse, thereby enhancing the sustainability of the financing model.

Outcome-Oriented Impact Evaluation

The final layer of the framework focuses on evaluating outcomes based on maqasid-driven indicators rather than purely financial metrics. Traditional financial systems often assess success based on repayment rates and profitability. In contrast, the proposed framework evaluates success in terms of socio-economic impact and maqasid fulfilment.

Key performance indicators include:

- Reduction in financial vulnerability;
- Transition of beneficiaries out of *asnaf* status;
- Improvement in quality of life;
- Enhanced economic participation.

This outcome-oriented approach reflects a shift from transactional to transformational finance, where the ultimate goal is not merely financial inclusion but holistic well-being.

Conceptual Contribution of the Framework

The proposed framework makes several important contributions to the literature on Islamic social finance. First, it reconceptualises *al-gharimin* as a dynamic and forward-looking construct that captures financial vulnerability rather than merely existing debt. Second, it integrates maqasid principles into the design of personal financing, thereby providing a normative foundation for ethical financial practices. Third, it offers a practical model for transforming zakat institutions into active participants in financial intermediation.

By bridging classical jurisprudence with contemporary financial realities, the framework addresses a critical gap in the literature and provides a viable alternative to conventional personal financing systems. It also aligns with global calls for more inclusive and sustainable financial models, particularly in the context of increasing financial vulnerability and economic inequality.

CONCLUSION

This study set out to reconceptualise the classical notion of *al-gharimin* within the framework of Islamic social finance by examining its contemporary application in Malaysian zakat institutions. Drawing on qualitative evidence from key institutions, the findings demonstrate that *al-gharimin* has undergone a substantive transformation from a narrowly defined debt-relief category into a broader construct that reflects financial vulnerability arising from essential human needs. This evolution is evident in the inclusion of cases related to healthcare, disaster recovery, and basic living expenses, as well as in the anticipatory provision of assistance to prevent future indebtedness.

Despite this conceptual expansion, the study finds that the operational model of zakat institutions remains largely assistance-based, characterised by one-off disbursements aimed at immediate relief rather than long-term financial sustainability. While such interventions fulfil the short-term objective of alleviating hardship, they do not adequately address the structural causes of financial vulnerability or break the cycle of dependency. At the same time, the findings reveal the presence of implicit maqasid-based practices, particularly in the filtering of eligibility based on necessity and the prioritisation of essential needs over non-essential expenditures. These practices indicate that zakat institutions are already applying a normative framework aligned with *Maqasid al-Shariah*, albeit in an informal and non-systematic manner.

Building on these insights, this study proposes a Maqasid-Driven Personal Financing Framework that repositions *al-gharimin* as a foundational construct for Islamic personal financing. By integrating maqasid principles into eligibility assessment, financing structures, monitoring mechanisms, and outcome evaluation, the proposed framework offers a coherent model for transforming zakat institutions from reactive welfare providers into proactive financial enablers. This shift represents a critical advancement in Islamic social finance, moving beyond redistribution towards sustainable financial empowerment.

The study makes several important contributions. From a theoretical perspective, it extends the classical understanding of *al-gharimin* by framing it as a dynamic and forward-looking indicator of financial vulnerability. From a practical perspective, it provides a structured model that can be adopted by zakat institutions to enhance the effectiveness and sustainability of their financial interventions. From a policy perspective, the findings highlight the need for institutional reform, including the development of integrated financing schemes that combine zakat with other Islamic financial instruments such as waqf and cooperative models.

Nevertheless, the study is not without limitations. The findings are based on qualitative data from selected zakat institutions in Malaysia, which may limit their generalisability to other contexts. Future research could extend this study by incorporating quantitative analysis, comparative studies across different jurisdictions, and empirical testing of the proposed framework. Additionally, further investigation is needed to explore the operational feasibility of implementing financing-based models within existing regulatory and institutional constraints.

In conclusion, this study argues that the reconceptualisation of *al-gharimin* represents a crucial step towards developing a more inclusive, ethical, and sustainable model of personal financing in Islam. By aligning financial practices with the objectives of *Maqasid al-Shariah*, Islamic social finance has the potential to play a transformative role in addressing contemporary challenges of financial vulnerability and economic inequality, thereby contributing to the broader goal of socio-economic justice and human well-being.

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