Maqasid Sharia-Based Financial Plan to Prevent Conspicuous Consumption Among Muslim Household

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Abstract

*The trend of the flexing phenomenon, especially on social media, is currently causing various reactions, one of which is the tendency to consume and use various luxury facilities. In consumer behavior, this phenomenon is referred to as Conspicuous Consumption. In today's modern world, it happens not only to upper-class consumers, but also to everyone in the community with various goals, including the goals of acquiring social status, prestige, or wealth. For lower-middle households, of course, this is a problem, so financial planning is needed. This study aims to explore the perspective of Maqasid Sharia in financial planning for Muslim families as a solution to the Conspicuous Consumption phenomenon. This research is a qualitative descriptive study with a library research approach. Data were obtained from official reports as well as other literature from journals, books and websites. The results of this study indicate that financial planning based on the Maqasid Sharia hierarchy, namely Dharurriyah, Hajiyyah and Tahsiniyyah can prevent the phenomenon of Conspicuous Consumption in Muslim households. In addition, Islamic consumption which prohibits Israf and aims to achieve Maslahah is a contradiction to Conspicuous Consumption. Good financial planning will ultimately bridge Muslim families to achieve prosperity in this world and the hereafter. The study provides model that can be used to refine existing models and frameworks, thereby enhancing their effectiveness and applicability in real-world scenarios.*

**Keywords**: *Conspicuous Consumption, financial planning, Maqasid Sharia, Muslim Household.*

INTRODUCTION

The massive use of social media in the last two decades has sparked a revolution in the pattern of public interaction. Due to the widespread use of smartphones and other mobile devices, social media provide a platform for the quick and public dissemination of photos. As a result, they enable users to share their daily routines, expensive items, and consuming experiences instantly and globally with a worldwide audience before, during, and after the encounters. As a result, a growing number of consumers utilize social media networks to advertise their status and spread positive perceptions of themselves through deliberate self-presentation practices (Siepmann et al., 2022). Shortly, social media has transformed people's lifestyles, especially millennials. Furthermore, research has proven that one's consumption is also influenced by the consumption of others. A study by Taylor and Strutton (2016) shows that more Facebook use is associated with a greater desire to advertise oneself through conspicuous expenditure (Taylor & Strutton, 2016). This kind of phenomenon is called “conspicuous consumption”.

The phrase "conspicuous consumption" was first used to describe the actions of the nouveau riche in Britain during the Second Industrial Revolution by Thorstein Veblen. This kind of consumption, he claimed, "is indicative of riches and hence becomes honorific." Veblen thus separates out deliberate consumption that serves as a status indicator. The term "conspicuous consumption" is used more widely to describe any consumption activity that is both positional and literally "visible" to outsiders, meaning that individual consumption utility depends more on relative consumption than absolute consumption (Winkelmann, 2011). According to the notion of conspicuous consumerism, people buy highly visible things to communicate to others that they are rich (Perez-Truglia, 2013). People attempt to live up to these ideals through the conspicuous consumption of goods and services. Veblen stresses that:

“No class of society, not even the most abjectly poor, forgoes all customary conspicuous consumption. The last items of this category are not given up except under stress of the direst necessity. Very much squalor and discomfort will be endured before the last trinket or the last pretense of pecuniary decency is put away”(Johnson, 1988)

Households may engage in conspicuous consumerism in order to alleviate unhappiness with their existing level of goods in contrast to their peers. As a result, when households are able and willing to advertise greater social status through conspicuous expenditure, they may feel economically well. As a result, in Indonesia, expenditure for certain goods can be said to be higher from year to year. For example, sales of MINI luxury cars issued by BMW increased by 38.5% in 2021 compared to the previous year. Likewise, Mercedes Benz luxury cars recorded an increase of 22.8 percent at the end of 2021.

In Islam, Islamic consumption practices are typically seen as religious responsibilities. Islamic law is observed in Muslim majority nations like Malaysia and Indonesia as an integral component of their culture. Previous research has demonstrated that religion, particularly Islam, has a significant impact on consumer behavior, particularly in Asia. Consuming Islamic goods and adhering to one's religion may enhance Muslims' wellbeing (Syahrivar et al., 2022). In Islamic economics, consumption normatively has limitations and rules. Not only the obligation to consume something that is lawful -both in essence and how to obtain it - Muslims are also required to consume it in moderation, with no exaggeration (*israf*). In addition, there is also a *Maslahah* hierarchy that must be used as a guide for consumption, namely *Dharruriyah, Hajjiyah,* and *Tahsiniyah.*

This paper aims to reveal the phenomenon of conspicuous consumption that occurs in Indonesia and explain how Islamic financial planning based on Maqasid Sharia can be a solution to avoid this behavior in achieving *Maslahah*. Previous studies have investigated how a person's religiosity affects consumption levels (Orellano et al., 2020; Salam et al., 2019; Sarofim et al., 2020; Šmakova & Piligrimienė, 2021), or how religiosity affects materialism and consumption of luxury goods (Dhaliwal et al., 2020; McAleer, 2017; Ünal et al., 2019; White, 2018). This study attempts to fill the gap in the literature on how the Maqasid sharia approach can be used to prevent conspicuous consumption behavior that is contrary to consumption principles in Islamic economics. Thus, this paper provides the Islamic Financial Planning model based on Maqasid Sharia using the framework provided by Ahmed and Salleh (2016) combined with “The Pyramid of *Maslahah*” by Dusuki and Bouheraoua (2011). This paper is presented in 5 section: introduction, literature review, methods, results and discussion and closing. In the literature review section, the author elaborates the definition and concept of conspicuous consumption and its relation to the concept of Islamic Consumption. In the method section, the author describes the method used in the preparation of this paper. Meanwhile, in the results and discussion section, the author will describe the findings of this study and discuss them based on previous research. The author concludes in the closing section.

Literature Review

**What is Conspicuous Consumption?**

In contrast to the neoclassical approach, which focuses on the individual's static maximization of utility in accordance with exogenous preferences, Veblen (1994) developed an evolutionary framework of conspicuous consumption in which preferences are determined socially in relation to the positions of individuals in the social hierarchy. Contrary to many regularly purchased items, conspicuous products often meet social demands like status in addition to physical needs. (Shukla, 2008) The term "conspicuous consumption" is used more widely to describe any consumption activity that is both positional and literally "visible" to outsiders, meaning that individual consumption utility depends more on relative consumption than absolute consumption(Winkelmann, 2011). In American Dictionary, Conspicuous consumption is defined as “the act of buying a lot of things, especially expensive things that are not necessary, in a way that people notice” (Shukla, 2008). According to Trigg (2001), Conspicuous consumption is a behavior in which a person demonstrates their wealth by engaging in several leisure activities and spending lavishly on goods and services (Trigg, 2001).

Conspicuous consumption, which is motivated solely by its visibility rather than its perceived objective usefulness, is still a topic of considerable scholarly interest. The use of resources to consume products with the goal of demonstrating one's high social position to others is characterized as conspicuous consumption (Ryabov, 2016). Veblen's theory of conspicuous consumption is predicated on the emergence of a leisure class, whose members are not forced to work but instead appropriate the excess created by those who do (the working class). The link between private property and status becomes more significant as civilizations begin to create a surplus. "In order to maintain one's good name, accumulation and property acquisition become essential." Naturally, acquiring property may show that a person has been effective and productive—it indicates that they are skilled in financial concerns. Veblen contends that, instead of productivity to acquire money, inherited wealth conveys even greater dignity. Aristocratic families' possession of old money confers the highest status since it creates the greatest distance from the work necessary for its accumulation (Trigg, 2001).

Conspicuous consumption is often associated with pursuing premium or branded goods. Researchers have looked into how consumers utilize prominent brands in their daily lives and how they use brand image to express their status and personality (Shukla, 2008). Those who purchase brands can be exhibiting their willingness to spend more for higher-quality goods and indulging in conspicuous consumption of the conventional kind. The premium thus becomes one of exclusivity, highlighting a wealthy or educated elite through their purchase of goods from which the bulk is shut out. When their means of display shift from having money to burn to having knowledge to discern, they spend more to associate with co-consumers and distinguish themselves from non-consumers in the way of traditional conspicuous consumers (Shipman, 2004). People in the working class are focused on what is important or required. Working-class households, for instance, frequently make sure that there is enough food available to satisfy hunger. In the contrary, upper classes tend to treat food as an art form, where the quality of the meal is less essential than the presentation. Furthermore, in terms of fashion, working-class homes are less likely than upper-class ones to be inspired by haute couture (Trigg, 2001). Given that some components of competitive and conspicuous expenditure are discernible even within the tightly confined domains of food and housing, it is not unexpected that spent on other products was much more visibly geared towards the twin aims of social approval and social emulation (Johnson, 1988). While family income and demography are the main factors driving the adoption of cars and appliances, Ramakrishnan, et. Al (2020) found that the household's perception of status—instrumented by a variable measuring expenditure on conspicuous consumption—emerges as a critical social factor. The findings show that household social identification affects their utilization of cars and appliances (Ramakrishnan et al., 2020).

**What Motivated People to Do Conspicuous Consumption?**

Long-term research has shown that people care about their social standing and, in market economies, tend to overconsume to "impress" their neighbors. To achieve a greater social standing than they would, people may be tempted to overconsume. Jaramillo, et.al (2001) stated that Conspicuous consumption is important to people for their social standing and for joining exclusive social groups. It has a dual function: as a signal since it influences individual status while also helping in the selection of individuals and the formation of teams. He further expresses that even at the expense of some loss in terms of private consumption, the "wealthy" may want to be "distinguished" (Jaramillo et al., 2001). Furthermore, status consumption—the act of consuming a good or brand for the purpose of its status—has received more attention in recent theoretical developments. For instance, some customers in Turkey use cell phones as status symbols, while others use them for mobility and business, whereas in Bolivia, lower-income buyers utilize a range of prestige items to impress others (O’Cass et al., 2013). Almost everyone, including the very poor, uses their ability to consume to determine their social position in addition to meeting their fundamental necessities for food, clothes, and shelter. Our consumption patterns, which include the things we wear, the food we consume, the kind of home we have and how we decorate it, the clubs and groups we belong to, all contribute to the way people see us in society. Beyond the job, how people spend their money largely defines who they are. Because all levels of society regard the rich life in the stratum above them as an ideal life, and aim to obtain that ideal life, even relatively impoverished people are prepared to compromise their fundamental requirements for the consumption of more lavish things (Johnson, 1988).

Households may engage in conspicuous consumerism to alleviate unhappiness with their existing level of goods in contrast to their peers. As a result, when households are able and willing to advertise greater social status through conspicuous expenditure, they may feel economically well. As a result, while conspicuous expenditure may be regarded wasteful from one perspective, it may play a role in the perceived economic well-being of the household, a component of wellbeing that is increasingly being acknowledged and investigated. This increased focus on the determinants of subjective economic well-being stems primarily from challenges to the assumption that economic growth leads to improved welfare and that a country's "happiness" may not be associated with its economic growth, a paradox known as the "Easterlin paradox". Possible explanations include the notion that individuals of a community are more concerned about relative (rather than absolute). As presented by Jaikumar, et al (2018) that the more a household spend on conspicuous consumption, the more they feel better about their economic well-being (Jaikumar et al., 2018). Significantly, there is a lot of evidence to suggest that comparing oneself to others has an impact on one's wellbeing. An important aspect of our social existence is status worries. On average, those with higher rankings are healthier and have longer lifespans. Externalities associated with consumption affect both the persons who produce them and those who are impacted. Numerous recent empirical studies have focused on the first population category, namely the choice to engage in and the need for conspicuous expenditure (Winkelmann, 2011).

The notion of compensatory consumption states that to satiate the need for social approval, people want to own at least as much as their reference group. Additionally, people frequently buy things they believe their reference group uses. The reference group also acts as an audience for those who want to show off their money. Therefore, it is assumed that a person's level of conspicuous consumption will rely on the socioeconomic status of their reference group. When compared to households living in low-income neighborhoods, those who live in more wealthy (and, subsequently, socioeconomically varied) neighborhoods will spend more on ostentatious products overall (Ryabov, 2016).

**Conspicuous Consumption and Religiosity**

Muslims' life values are determined by their faith, which also influences how they behave when making purchases. However, their religiosity, not their formal membership with a religion, should define their ideals towards luxury. The term "religiosity" refers to "the extent to which [a person's] beliefs in certain religious principles and ideals are held and implemented." Both cognitive (intrapersonal) and behavioral (interpersonal) subdimensions make up religiosity. The behavioral dimension represents how much a person really lives out their religious beliefs, while the cognitive dimension reflects how much they believe in a religion's principles and values (Al-Issa & Dens, 2021). Muslims are dedicated to engaging in Islamic practices (such as Islamic consumerism) in order to enhance their wellbeing. Numerous internal and external variables might affect Muslims' preferences for Islamic goods. Previous studies have shown that sociopsychological variables may influence Muslim consumers' choices to consume. One of the tools used to influence society is religion. Social control theory holds that people have an innate desire to break from the norm, but that this inclination may be squelched by having constructive interactions with social and religious organizations. Defectors from religious traditions run the risk of being penalized, ostracized, and isolated. Religious organizations can enhance conformity among its adherents by monitoring, disciplining, and socially isolating them (Syahrivar et al., 2022). Subsequently, religion was discovered to have a substantial and considerable impact on ethical consumption behavior among consumers. It was also shown that materialism and guilt serve as a bridge between religious and ethical consumption. According to the study of Adil (2021), a higher level of religion in consumers encourages them to avoid undesirable behavior such as unethical consumption (Adil, 2021).

The emergence of globalization where there are no boundaries between countries in the world allows Muslims to consume branded products from abroad, including fashion products. How Muslims react to these luxury goods is important because a Muslim lifestyle can be interpreted as a symbol of "ideal Muslims". The role of a person's religion can be varied and diverse. For instance, religion may provide people a sense of purpose in life, resulting in a sense of fulfillment, security in their access to social contacts and interpersonal connections, and a set of standards by which to measure and direct their behavior (O’Cass et al., 2013). Furthermore, Al-Issa and Dens (2021) observed that the perceived extended self, perfectionism, materialism, and sustainable values of luxury are all enhanced by religion. Muslim perceptions of all luxury values are improved through acculturation to the global consumer culture (AGCC). Luxury is primarily seen as a way of self-identification among globalized Muslims (Al-Issa & Dens, 2021). A study of Dekhil, et. Al (2017) demonstrates that religion has no negative impact on luxury brand consumption. The degree of religion was found to positively correlate with attitudes and personal orientations toward luxury brands. For people with greater means, religion has a bigger impact on attitude and personal orientation (Dekhil et al., 2017). Meanwhile, Ramazani and Kermani (2022) revealed a positive correlation between Islamic religious devotion and conspicuous consumption (Ramazani & Kermani, 2022).

**Consumption in Islamic Economics**

In an Islamic economic system, consumption is more complex than just satisfying personal desires or maximizing value. It goes beyond that. In an Islamic perspective, consumption has a spiritual, ethical, and social dimension in addition to a focus on personal fulfillment. This spiritual, ethical, and social purpose affects consumption in Islamic economics in a way that would make it a worthwhile activity. As a result, consumption will be thoroughly examined in Islamic economics through the examination of consumer behavior while taking into consideration these factors. Consumption is controlled by spiritual goals of attaining God's consciousness (taqwá) through abiding by the laws of halal and haram, with the emotions of gratitude, patience, contentment, and other favorable qualities that would uphold the dignity of an individual (Furqani, 2017). According to Khursid Ahmad (1992), Islamic rationalism purifies self-interest via a social, moral, and religious filter but does not reject it as the basis for utility maximizing in human behavior. It maximizes usefulness for the entire community as well as for the individual. Islam's rationality encourages consumers to achieve their highest level of achievement in life. In Islam, prosperity is usually equated with moral principles. The more one acts in accordance with moral norms and the greater his degree of goodness, according to M.N. Siddiqi, the more successful he is throughout his life. The Islamic person makes an effort to act morally at every turn of their lives (Hossain, 2014).

Islam promotes moderation and balance, as well as reminding its followers of Islam as the way of life. To begin with, rather than an inclination toward extremes, the Islamic way of life is centered on balance - away from extremism. *Second*, enjoying God's bounty in this life must be wasteless (israf). The divine teaching in the Qur'an plainly warns against excess and indulgence in earthly pleasures. *Third*, because fairness or equity is a major value criterion in Islam, our pursuit of money and worldly pleasures should not be founded on wrongdoing to others. Fourth, there is a strong caution against individuals who accumulate riches, particularly in the form of unproductive resources, or who fail to use the resources in the route of God, since the path of God includes serving others (Asad Ibrahim et al., 2014).

Religion serves as a constant supply of fundamental values for consumer behavior, which influences incentives for buying even subconsciously. According to Mathras et al. (2016), people who practice monotheistic religions (such as Christianity or Islam) and who have a strong belief in a supreme being will have weaker intentions to buy luxury goods because their religion gives them the comforting cognition that "God” (Allah) is in charge, devaluing their own control. The Quran has condemned luxury in Islam because it leads to egotism and conceit because of a comfortable, materialistic lifestyle. Islam severely condemns the use of opulent goods for the sake of excess and snob appeal (Rehman et al., 2022). Religion plays a crucial part in how individuals select their goods, and it has recently received a lot of attention. Several studies have found that religion can impact people's purchasing decisions. Furthermore, religious identification might be a significant component in explaining the level of spending. According to Cosgel and Minkler (2004) and Wright (2015), religious identity has a significant impact on how individuals consume (Ramazani & Kermani, 2022).

Method

This research is a qualitative descriptive study which used to elaborate the phenomenon of conspicuous consumption in Indonesia and financial planning with a maqasid sharia approach. The data used in the form of secondary data obtained from the websites and publication, as well as journals, books, and other relevant literature. The data analysis used is a library research approach with the Miles and Huberman technique, which consists of data reduction, data display, and conclusions drawing.

Findings and Discussions

Conspicuous Consumption in Indonesia

Today, both wealthy and developing nations confront conspicuous behavior frequently. Consumption has changed over time, shifting from focusing on necessities for basic survival (primary) like shelter, food, and clothing to focusing on things that can make the consumer more comfortable and attract attention by being consumed, such as consumption of necessities but with the addition of "luxury" frills: luxurious apartments, fancy food, and fancy-dress. This consumption is a result of the consumer's need to distinguish himself from others and his desire for prestige (T & Sobari, 2022).

Indonesia is the largest economy in Southeast Asia, with a GDP of USD 1,119 trillion in 2019 (World Bank, 2020). Indonesia now has a demographic advantage, with the majority of its population being young people of working age. The middle-upper class household has also grown dramatically in recent years. Over 52 million people in the country are now economically secure (World Bank, 2020). As the region's fastest developing economy, Indonesia provides several chances for industry participants, especially those in the luxury goods market.

The luxury goods business in Indonesia has seen favorable trends throughout the years, owing mostly to an increase in the number of rich Indonesians. Luxury items are unnecessary, but extremely wanted, and are frequently connected with prestige and self-worth.[[1]](#footnote-1) 37 percent of Indonesian customers said they occasionally buy luxury items to pamper themselves (IFCCI, 2019).

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Figure 1. Forecasted Revenue Development of the Luxury Goods Market in Indonesia 2014-2027

Source: Statista (2021)

Generally, income growth for the sale of luxury goods (including watches and jewelry, apparel and footwear, eyewear, cosmetics, and fragrances) in Indonesia continues to increase, except during the COVID-19 pandemic where people turn to more urgent spending. in 2018, the total revenue for the sale of luxury goods reached 1,143.00 USD, while in 2019 it increased to 1,369.00 USD. In 2020 and 2021 in general this income decreased due to the pandemic but is projected to increase again in 2022 by 1,647.00 USD. The total revenue for luxury products is expected to reach USD 2,362 million in 2021, expanding at a 6.6 percent CAGR (2021-2025). Luxury cosmetics and perfumes will be the market's largest category.

**Maqasid Sharia in Consumption**

Maqasid al-Shari'ah translates as the Shari'ah's aims and purposes. The plural of maqsad is maqasid, which implies the straightness of a road (*istiqamat al-tariq*), balance and fairness (*al-'adl),* and direction (*al-i'timad*). In this context, maqasid al-Shari'ah refers to the aims upon which Shari'ah is founded and toward which all human activities are oriented. Maqasid al-shariah, defined by Ibn'Ashur, a well-known scholar in maqasid from the twentieth century, is the wisdom and purpose underlying the formation of all or many Shariah judgements (Syahriar & Nafisah, 2020). He stated that the main goals of the Sharia are to maintain the community's social order and to ensure its welfare, growth, and righteousness. Ibn Ashur asserts that wherever it is practicable, Shariah serves the dual purposes of achieving social objectives for its participants and averting suffering or burden (Abu-Shamsieh, 2020). Based on the several additional references for definitions of Maqasid or Shariah goals, it may be deduced that it pertains to the Shariah legislator, Allah (SWT), in the formation of special or common rules for the welfare of mankind (Monzur-E-Elahi & Alam, 2022). A spiritual care application of the legal maxims' aims begins with evaluating what it means to remove corruption (*mafsadah*), ease difficulty (*mashaqqah*), remove damage (*dharar*), and maximize advantages (*Maslahah*).

According to Islam, the idea of *Maslahah* serves as the foundation for satisfaction. Al-Shatibi employs the term "*Maslahah*," which has a wider definition than only "utility" or "satisfaction" in terms of traditional economics. Al-Shatibi defines *Maslahah* as the quality or capacity of products and services to promote the fundamental goals and purposes of human life on earth (Maulidizen, 2020). According to him, there are five fundamental components: faith (*al-din*), soul (*al-nafs*), knowledge (*al-‘aql*), offspring (*al-nasl*), and wealth (*al-maal*). Thus, Islam respects both physiological and aesthetic requirements, but encourages moderation in consumption. Instead of being a miser and a spendthrift, Islam encourages Muslims to practice moderation in their consumption, both in the present and in the future.(Shaikh et al., 2017) Al-Quran stated:

وَٱلَّذِينَ إِذَآ أَنفَقُوا۟ لَمْ يُسْرِفُوا۟ وَلَمْ يَقْتُرُوا۟ وَكَانَ بَيْنَ ذَٰلِكَ قَوَامًۭا

Meaning: “˹They are˺ those who spend neither wastefully nor stingily, but moderately in between.” (Al-Furqan:67)

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Figure 2. Integrated Maqasid Sharia Framework

Source: Nouman, et.al (2021)

The framework is an integrated Maqasid sharia framework based on multiple methodologies utilized by academics in defining the notion of Maqasid sharia - given that there is no textual explanation in *Nusush Syar'iyyah*, which leads to several interpretations. Aside from the explanation stated in the preceding section, Abu Zahrah’s viewpoint is frequently employed in the creation of the Maqasid Sharia idea in Islamic economics and finance.

Sheikh Mohammad Abu Zahrah viewed Maqasid Sharia as the’mercy to humanity’. He has classified Maqasid al Shari’ah into three subgroups namely educating the individual (*Tahdhib al-Fard),* establishing justice (*Iqamah al-‘Adl*) and public Interest (*al-Maslahah*). *Tahdhib al-Fard* (Educating the individual) refers to human growth that focuses not only on knowledge and abilities but also on spiritual ideals. Meanwhile, Iqamah al-'Adl (Establishing justice) includes fair treatment of persons and the avoidance of discrimination to maintain peace and the moral and social elevation of society. *Maslahah* is identical with public interest and is used as a juristic technique in Islamic legal theory to promote public well-being and resist corruption or social problems (Nouman et al., 2021). Since the preservation of wealth is the main object of Islamic Financial Planning, thus the author provides the definition of each element as follows:

Table 1. Elements of Hifdzhul-Maal (Preservation of Wealth)

|  |  |  |
| --- | --- | --- |
| No | Elements | Definition |
| 1. | *Rawaj* (Circulation) | equitable distribution of income to the greatest number of individuals |
| 2. | *Wuduh* (Clarity) | Transparency and clarity in transaction and wealth acquisition |
| 3. | *Thubat* (Stability and Proof) | a claim to ownership or a contract can only be verified to be accurate if it is supported by legal documentation. |
| 4. | ‘*Adl* (Justice) | establishing a safe environment that respects property rights and distributes wealth and opportunity fairly |
| 5. | *Tanmiyah* (Growth and Development) | The growth and development of wealth through work, investment, and profitable trade |

We also see a hierarchy of necessities in Islamic jurisprudence. Imam Al-Shatibi divides human requirements into three categories: *Dharuriyah* (necessities), *Hajiyah* (conveniences), and *Tahsiniyah* (luxuries/refinements). Responsibility for using God's creation in a way that serves Allah pleasures above everything else is placed on all of mankind. Scholars have established a hierarchy of importance for determining the use and scope of God's creation, with *dharuriyyat* always taking precedence over *hajiyyat* and *tahsiniyyat*. When deciding on practically all elements of life, these priority rankings should serve as a general guide.(Ali et al., 2018)

1. *Dharuriya*h. The necessities are the issues on which people's religion and worldly activities rely, and failure in this area will result in total disorder and disturbance, perhaps leading to a tragic consequence. Individuals and governments should take precautions to avoid these effects. It covers five fundamental issues as mentioned before: the preservation of faith, souls, knowledge, offspring, and wealth.
2. *Hajiyyah*. The needs, or *al-hajiyyah*, are a supplement to the five interests of necessity and refer to the kinds of interests that, if disregarded, would make life difficult for a person or a society even though everyday life would not be completely disrupted.
3. *Tahsiniyah.* The definition of enrichment, or *al-tahsiniyyah*, is an interest that, when realized, causes an improvement and results in the accomplishment of a desired outcome. The absence of *tahsiniyyah* does not interfere with daily life, although it could make it uncomfortable. An illustration of this kind of interest in *mu'amalah* is that it is forbidden to sell useless items or public property, among other things (Monzur-E-Elahi & Alam, 2022).

**Financial Planning Based on *Maqasid Sharia* to Prevent Conspicuous Consumption**

Consumption externalities are recognized by Islamic beliefs, which clearly warn against jealousy, egoism, and pride. Instead of acquiring positional goods and engaging in conspicuous consumption, Islam encourages Muslims to practice humility and avoid pride (Al-Isra: 37; Luqman 18). According to the Quran, Allah despises boastful people (Al-Hadid: 23). Envious behavior is likewise forbidden in Islam. Prophet Muhammad (PBUH) said: “Envy consumes good deeds just as fire consumes wood, and charity extinguishes bad deeds just as water extinguishes fire”(Shaikh et al., 2017).

According to Khan (1995), people in Islamic societies tend to prioritize fundamental needs over wants. In contrast to traditional ideas, Islamic theories incorporate the importance of ethics in consumer decision-making, with the idea that every member of society benefits from one's wise choice. This also implies that a certain theory of Islamic consumer behavior may be used to understand *maqasid al-Shariah*, where life, religion, intellect, property, and lineage are all fulfilled and the results for people are wise and Allah-blessing (SWT) (Amin, 2017). When making financial decisions, it is important to remember that Allah alone is the "bounty" giver to all living things on Earth, including Muslims and non-Muslims, humans and animals, and other creations that Allah SWT alone is aware of. Wealth should thus be handled and prepared for in accordance with Shariah. According to this notion, the services offered to the customer must be Shariah compliant in their concept, criteria, and structure to meet the client's demands as well as Shariah norms and requirements. Shariah is highly concerned about financial planning because of the financial implications for the family and society. As a result, Muslims are encouraged and urged to arrange their life economically and financially to attain Shariah's aims in society, commerce, and finance, which offer wealth and pleasure to all members of the ummah. Although the Islamic Economic Financial sector has grown rapidly since its start in the 1970s, the concept of Islamic financial planning (IFP) is still relatively young (Ahmed & Salleh, 2016), with little literature on the subject. The unique characteristics of the Islamic worldview would alter the purpose and nature of financial planning at various levels. Given an Islamic economic system's social focus at the macro-level, financial planning is supposed to encompass all sectors of the population. In other words, a comprehensive IFP would meet the requirements of both non-poor and poor households. IFP practice can contribute to the completion of overall *Maslahah* in general and specially to fostering maqasid al Shari'ah in terms of boosting people' well-being in terms of maintaining faith, self, posterity, and money.(Ahmed & Salleh, 2016)

Islamic financial planning is defined as the creation, development and delivery of unique customer satisfying competitive products and services with benefits for the organization and customers based on Islamic values and principles. The concept of Islamic financial planning includes wealth protection, wealth accumulation, wealth preservation, and wealth distribution. In the notion of Islamic financial planning, the ultimate objective is to produce falah, which focuses not only on life in this world but also on life beyond death. Furthermore, financial planning is carried out to avoid usury, *ghoror, maysir, and dzalim* in both earning and spending wealth. It is intended that with mature Islamic financial planning, it would avoid wasteful tendencies and prioritize spending its money in the direction of righteousness (Budiantoro et al., 2021). There are four critical elements in implementing financial planning: Money Management, Emergency Planning, Investing for Goals, and Transference or Estate Planning.(Ahmed & Salleh, 2016)

Figure 3. Elements of Islamic Financial Planning

Source: Ahmed and Salleh (2016)

Meanwhile, Dusuki and Bouheraoua (2011) established another framework of Maqasid Sharia, known as “the Pyramid of *Maslahah*”. This framework serves as the basic of *Maslahah* hierarchy in Islamic Financial Institution (IFI).

Diagram

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Figure 4. Pyramid of Maslahah

Source: Dusuki and Bouheraoua (2011)

The three levels also represent varying degrees of significance in terms of obligation fulfillment. In comparison to the complimentary *(Hajiyyah*) and embellishments *(tasniyyah)* categories, the bottom level, which is represented by the fundamentals *(dharuriyyah),* entails the most fundamental obligation to be met. To achieve social perfection and wellbeing, decision-making will therefore become less foundational, but more virtue based as the pyramid rises upward. The presence of the complementing *(hajiyyah)* and embellishments (*tasniyyah),* in the opinion of Islamic scholars, relies on the fundamental goals that underlie the fundamentals (protecting and maintaining the five aims of the Sharia: faith, life, intellect, posterity, and wealth). The three levels of the *Maslahah* pyramid are interconnected and dependent on one another, therefore they are not mutually incompatible. The upward and downward arrows along the *Maslahah* pyramid show the flexibility and process of change in decision-making in that every component that makes up a level of *Maslahah* may be lifted upward or pushed downward depending on the many conditions affecting the general population. However, it should be observed that the freedom provided by the *Maslahah* principles is restricted inside the sharia framework but not the other way around (Dusuki & Bouheraoua, n.d.).

As the result of this study, the author established the Islamic Financial Planning model based on Maqasid Sharia using the framework provided by Ahmed and Salleh (2016) (Figure 3) combined with “The Pyramid of *Maslahah*” by Dusuki and Bouheraoua (2011) (Figure 4) as follows:

Table 2. Islamic Financial Planning Based on Maqasid Sharia

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Elements of IFP | Aspects | *Maslahah* Level | Description | Example |
| 1. | Money Management | Budgeting | *Dharuriyat* | Fulfilling the basic needs of life including Faith (al-Din), Life (al-nafs), intellect (al-‘Aql), prosperity (al-Nasl), and wealth (al-Maal). | Housing and transportation are both seen as essential requirements in the Islamic worldview. They are regarded as fundamental necessities for human living, and their absence disturbs anyone's ability to live continuously.(Ali et al., 2018) |
|  |  | Zakat planning | *Dharuriyat* | Zakat is an obligation to all muslim | Zakat fitrah and zakat maal |
|  |  | Saving | *Hajiyyat* | When the basic needs is fulfilled, the rest of the income should be saved for goods | Wadi’ah or mudharabah account in Islamic banks |
|  |  | Another Islamic Philanthropy (Infaq, sadaqa, Waqf) | *Hajiyyat* | Other instruments of Islamic Philanthropy such as Infaq, sadaqa and Waqf is highly recommended | Infaq, Sadaqa and waqf through Islamic Social Finance Institution |
| 2. | Emergency Planning | Islamic Insurance (takaful) | *Dharuriyat* | preserving on five necessities (daruriyyah al-khamsah)(Fisol, 2017) | Takaful Khairat for Individuals, Takaful for Education Funds, etc |
|  |  | Saving (sinking Fund) | *Hajiyyat* | Saving is not necessary when participate in takaful schemes | emergency fund savings in mutual funds and mudharabah deposits in Islamic banks, etc |
| 3. | Investing for Goals | Retirement Savings | *Tahsiniyat* | Pension funds are certainly needed to support one's life needs in old age or when they are no longer able to work well | Saving account in Islamic Banks |
|  |  | Investment Planning | *Tahsiniyat* | A Muslim need to invest to develop his wealth and achieve financial freedom | Various instruments of investment including sukuk, sharia stocks, gold, sharia mutual fund, etc. |
| 4. | Transference Planning | *Wasiyat*/Inheritance | *Tahsiniyat* | the transfer of a testator's property to a third party or organization with an after-death beneficiary | According to inheritance law by Quran |
|  |  | *Waqf* | *Tahsiniyat* | to hold an object which according to law, remains in wakif to use its benefits for virtue | Various waqf projects, cash waqf |
|  |  | Hibah | *Tahsiniyat* | Granting an ownership without any considerations |  |

CONCLUSION

The term "conspicuous consumption" is used more widely to describe any consumption activity that is both positional and literally "visible" to outsiders, meaning that individual consumption utility depends more on relative consumption than absolute consumption. In this modern world, conspicuous consumption phenomena is no longer limited to upper-class, but also in the lower class household thanks to technology advancements and social media. As a result, the accumulated revenue for luxury items in Indonesia continues to rise year after year. This, of course, contradicts the notion of consumption in Islamic economics, where one of the foundations is that excessive spending is forbidden by Islam (*israf*). As a result, Muslim households must manage their finances according to the hierarchy of needs in order to avoid conspicuous expenditure.

In Islam, the hierarchy of human needs - called *Maslahah* - consists of three levels: dharuriyah, hajiyyah and tahsiniyah. The three levels also represent the varying degrees of significance in terms of obligation fulfillment. In comparison to the complimentary (*Hajiyyah*) and embellishments (*tasiniyyah*) categories, the bottom level, which is represented by the fundamentals (*dharuriyyah*), entails the most fundamental obligation to be met. An Islamic financial planning framework consisting of money management, emergency planning, investing for goals, and transference planning is developed based on this *Maslahah* hierarchy to prevent Muslim household from conscpicuos consumption. The study provides model that can be used to refine existing models and frameworks, thereby enhancing their effectiveness and applicability in real-world scenarios.

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