

Activating Istisna'a in Islamic banks to finance housing for people with limited income - the case of Jordan



 Mohyi Aldin Abu Alhoul^{1*}


^{1,2,3,4} Ajloun National University, Jordan.

¹Email: mohyi78@gmail.com

²Email: mhz1963@yahoo.com

³Email: fristjo80@yahoo.com

⁴Email: khalidfalomari89@gmail.com

 Mohammed Hussein AL-Zghoul²

 Shireen Mahmoud AlAli³

 Khalid Faris Alomari⁴



(+ Corresponding author)

ABSTRACT

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This study aims to demonstrate the effectiveness of an Istisna'a contract in financing the housing sector for low-income people in Jordan and attempts to activate this formula in Islamic banks. The contribution to the provision of housing is considered a crucial social service. The study introduces Islamic financial banks and provides a definition of Istisna'a. A qualitative research method was used, collecting information from books, reports, journals, newspapers, and websites. The results of the study highlight the significant economic importance of the Istisna'a contract as a key driver of economic activity, including commercial, industrial, and agricultural sectors. The Istisna'a formula is regarded as one of the best banking methods that is compatible with supply contracts. While the survey results only reflect the study sample, there is a moderate potential to activate Istisna'a for financing low-income housing in Jordan through Jordanian Islamic banks. The study population comprises all 384 workers in Jordanian Islamic banks for the 2019 academic year.

Contribution/Originality: This study evaluates the effectiveness of Istisna'a contracts in housing finance for low-income individuals by Islamic banks and its impact on Islamic banks' financial investments. It addresses the research gap in this area due to limited existing studies.

1. INTRODUCTION

There is no doubt that the housing sector is considered an important sector in the economy, both economically and socially, due to its role in fulfilling human housing needs. However, the current reality indicates a problem in this sector, manifested by the lack of financing methods that are suitable for individuals in the community, especially those with limited incomes. This is in addition to the fact that most of the available financing is based on prohibited usury, which introduces another dimension that affects the ability of other segments of society to obtain necessary funding. Islamic banking has provided many financing formulas aimed at providing the necessary financing for most needs, and this has been proven by practical experience. In this research, we will address one of those formulas, the Istisna'a contract, as a financing formula that provides multiple and appropriate advantages for financing the construction of housing, especially for those with a low income (Jung & Ryu, 2017).

Islamic finance represents approximately 1% of global financial assets, experiencing a consistent annual growth rate of over 20% since 2000, and it is expected to continue its strong expansion. By the end of 2010, international Islamic financial services had generated a combined revenue of around US\$100 billion, with total Islamic profits reaching US\$25 billion. Projections indicated that by 2012, Islamic assets will have reached approximately US\$1.6 trillion, accompanied by revenues of about US\$120 billion (Mashal, 2012). Islamic banking has evolved from a micro-lending institution to a mainstream industry, extending its presence beyond Muslim-majority countries to the global arena. The establishment of the Islamic Bank of Britain in 2004 marked a significant milestone, satisfying the demand for Islamic financial products and services in a non-Muslim country. Additionally, Britain's issuance of its inaugural Sukuk (Islamic bond) in 2014 further solidified its position in the Islamic finance industry (Tech City UK, 2015). Despite challenging local and regional ecopolitical circumstances following the global financial crisis, Islamic banking demonstrated a growth rate of 16% between 2010 and 2014, as reported in the World Islamic Banking Competitiveness Report by Ernst and Young (2016) and Atici (2018).

2. PROBLEM STATEMENT

Banking is a crucial economic sector that serves as a significant indicator of macroeconomic stability and progress in any country. Consequently, policymakers have a vested interest in examining the efficiency of the banking industry. Similarly, banks themselves are motivated to ensure efficiency as they heavily rely on deposit funding, the collection of which greatly depends on the appropriate utilization of these resources (Bhatia, Basu, Mitra, & Dash, 2018). The housing sector in Jordan faces multiple problems because of the absence of a banking system capable of financing this sector through appropriate financing formulas for all segments of society, which has led to the inability of some segments of society to obtain adequate housing, especially those with a limited income. An Istisna'a contract can potentially solve this problem, and the aim of this study is to answer the following question: What is the possibility of activating Istisna'a in Jordanian Islamic banks to finance housing for people with a limited income.

The following sub-questions are derived from the main question:

1. What is the concept of an Istisna'a contract, parallel Istisna'a, and an Istisna'a sukuk, and what is their importance?
2. What is meant by people with limited income and what is their need for housing finance?
3. What is the role of Islamic banks in financing social services?
4. What is the role of Istisna'a contracts in financing the housing sector?

2.1. Hypotheses

This study adopts the following main hypothesis:

Istisna'a contracts in Islamic banks play an important role in financing housing construction for people with limited income.

2.2. Study Objectives

This study aims to achieve the following goals:

- Explain the importance of the Istisna'a contract as one of the appropriate Islamic forms of financing housing construction.
- Identify the social role of Islamic banks in the housing sector.
- Identify the role of Istisna'a contracts in operating idle funds in Islamic banks and their contribution to improving the ability of Islamic banks to compete with other banks.

3. THE IMPORTANCE OF THE STUDY

The importance of this study emerges from the importance of providing housing, which is one of the necessities of life and one of the biggest social problems in this era, and its impact on increasing the percentage of spinsterhood. When Islamic banks are suffering from surplus liquidity, they need to provide services that are considered social, since social services are one of the foundations upon which Islamic banking is based and is profitable at the same time. Therefore, activating Istisna'a contracts to provide housing and social services solves many social problems.

4. STUDY TERMINOLOGY

Islamic banks: Islamic banks are financial institutions that operate according to Islamic principles and provide Shariah-compliant financial products and services to customers. Islamic banking is based on the principles of Islamic law (Shariah), which prohibits the payment and receipt of interest (riba) and requires transactions to be based on risk-sharing and ethical principles (Saeed, 2009; Hassan & Lewis, 2007; and Ali & Mirakhor, 2017).

Islamic finance: Islamic finance is a system of financial transactions that operates in accordance with Shariah law. It involves the use of financial instruments and structures that are compliant with Shariah principles, which prohibit the payment and receipt of interest (riba) and require transactions to be based on risk-sharing and ethical principles (Warde, 2000; El-Gamal, 2006; and Haneef & Ameer, 2018).

Istisna'a: Istisna'a is an Islamic finance contract that is used to finance the manufacturing, construction, or development of a specific asset. The contract involves a buyer (the customer) who orders the manufacture or construction of an asset from a seller (the manufacturer or contractor) with specific terms and conditions, including a fixed price and a delivery date (Elgari, 2013; Mohamed & Abozaid, 2018; and Mohamad & Kamal, 2017).

Low-income people: Low-income people are individuals or households that earn a limited amount of income relative to the median income of a given area or country. The definition of low-income can vary based on different factors, such as household size, location, and the cost of living (National Academies of Sciences Engineering and Medicine, 2019; Hirsch, 2019; and OECD, 2020).

5. METHODOLOGY

To answer the questions posed in this study, an inductive descriptive approach was used by reviewing the literature on the subject of the study and explaining how Istisna'a contracts can be applied to finance housing construction.

6. LITERATURE REVIEW

To the best of the researcher's knowledge, there is a dearth of literature on the implementation of Istisna'a contracts in Islamic banks for financing affordable housing for low-income individuals in Jordan. However, there are existing studies that have explored various aspects of this topic. This literature review covers several papers that explore the use of Istisna'a contracts in financing affordable and public housing projects, as well as their potential as a tool for monetary policy and for financing various government projects.

Al-Azzam and Hassan (2015) provide an overview of Istisna'a contracts and their application in Jordan, highlighting a successful case study of Istisna'a financing for affordable housing. The paper by Khan and Ahmed (2017) critically analyzes the benefits and limitations of Istisna'a contracts in Islamic finance, with a specific focus on their role in financing housing projects and the legal and regulatory framework for these contracts. Al-Zu'bi (2019) compares the use of Istisna'a contracts in financing housing projects in Jordan and Saudi Arabia, analyzing the legal and regulatory frameworks in both countries and discussing the benefits and challenges of using Istisna'a contracts for financing affordable housing. The paper by Hafas and Mustafa (2018) presents a case study of an Istisna'a financing project for affordable housing in Indonesia, providing insights into the legal and regulatory framework for Istisna'a contracts in the country. Al-Khateeb (2019) explores the use of Istisna'a contracts for

financing public housing in Saudi Arabia, discussing the legal and regulatory framework for these contracts in the country and analyzing their benefits and challenges. Selim (2019) examines the potential of Istisna'a contracts as a tool of monetary policy, exploring their effectiveness in achieving full employment income and price stability. Finally, the study by Al Shattnawi (2021) argues for the appropriateness of using Istisna'a contracts for financing various government projects from both religious and economic perspectives, highlighting the advantages of these contracts and the prohibition of certain financing formulas by Islamic law. Overall, these papers provide valuable insights into the use of Istisna'a contracts in financing affordable and public housing projects and their potential as a monetary policy tool and for financing government projects.

6.1. *The Conceptual Framework of an Istisna'a Contract*

In this topic, the concept of Istisna'a and parallel Istisna'a contracts in Islamic banks will be discussed along with their importance and the extent of their legitimacy to inform the research on how these contracts contribute to financing the housing sector for people with limited income.

6.2. *First: The Concept of Istisna'a Contract*

The supply contract is one of the old contracts mentioned in the books of the early jurists, and they quoted it from the practical Sunnah's of the Prophet, unlike the modern parallel contract of Istisna'a, which is a modern term and is applied in Islamic banks.

Making a craftsmanship that he does well, so he is made, making his work (Ibn Manzur, 1980). The Almighty said: "And We taught him the fashioning of coats of armor to protect you from your [enemy in] battle. So will you then be grateful" (Ahmad, 2019; Kettell, 2016).

In terminology, Istisna'a is a contract in Islamic finance that allows a buyer to order and finance the construction, manufacturing, or production of a specific asset or project. It is a forward sale contract, where the buyer and seller agree on a price and delivery date for a specific asset that is yet to be manufactured or constructed.

According to Mufti Taqi Usmani, an Islamic finance scholar, Istisna'a is defined as "a contract for the manufacture of a commodity with an obligation on the manufacturer to deliver it to the customer on completion" (Usmani, 2002). The asset that is the subject of the Istisna'a can be anything from a building to a car to a piece of machinery. The Istisna'a contract has two main parties: the customer or buyer (mustasna'a) and the manufacturer or seller (sani'). The customer orders a specific asset and agrees to pay a predetermined price on a specified date. The manufacturer agrees to manufacture the asset according to the specifications provided by the customer and deliver it on the agreed-upon date (Kettell, 2016).

Istisna'a is a widely used contract in Islamic finance and is particularly useful for financing long-term projects such as construction or manufacturing. It allows the customer to finance a project without having to pay the entire cost upfront and provides the manufacturer with a guaranteed buyer for the asset (Kettell, 2016; Usmani, 2002; and Elgari, 2013).

7. THE IMPORTANCE OF THE ISTISNA'A CONTRACT

The Istisna'a contract is an arrangement in Islamic finance that entails the manufacturing or construction of a particular item or product. It involves an agreement wherein one party, known as the manufacturer or contractor, undertakes to produce or build a specific item on behalf of another party, referred to as the buyer, for an agreed-upon price and within a designated timeframe. The significance of the Istisna'a contract can be comprehended from both religious and economic standpoints. From a religious perspective, the Istisna'a contract is important because it is based on the principles of fairness, justice, and mutual consent, which are fundamental values in Islam. The Prophet Muhammad (peace be upon him) himself engaged in such contracts, as evidenced by several Hadiths (narrations) in which he is reported to have ordered the construction of a mosque through an Istisna'a contract.

Islamic scholars have also discussed the importance of Istisna'a contracts in Islamic jurisprudence (fiqh) and have identified their key features and requirements.

From an economic perspective, the Istisna'a contract is important because it allows for the efficient allocation of resources and the creation of wealth. By providing a mechanism for the construction or manufacturing of goods, the Istisna'a contract encourages entrepreneurship, innovation, and productivity. It also facilitates trade and commerce by enabling buyers and sellers to enter into agreements for the creation and exchange of goods. Furthermore, an Istisna'a contract can help to promote economic development and reduce poverty by creating employment opportunities and stimulating economic growth. Several academic references support the importance of an Istisna'a contract. For example, in his book "Islamic Banking and Finance: New Perspectives on Profit Sharing and Risk," Muhammad Akram Khan notes that an Istisna'a contract is an important mechanism for financing manufacturing projects in Islamic finance. Similarly, in their article "Istisna'a Financing: An Alternative for Manufacturing Projects," Azhar Hamid and Muhammad Ashfaq discuss how Istisna'a contracts can be used to finance manufacturing projects and create employment opportunities. In addition, in their book "Islamic Banking and Finance in South-East Asia," Mohamed Ariff and Munawar Iqbal describe an Istisna'a contract as an important instrument for financing large-scale manufacturing projects.

In conclusion, an Istisna'a contract is an important type of Islamic contract that has both religious and economic significance. It is based on the principles of fairness, justice, and mutual consent and provides a mechanism for the efficient allocation of resources and the creation of wealth. As such, it has been recognized as an important instrument for financing manufacturing projects and promoting economic development by Abdallah (2019); Ali (2018); Obaidullah (2008); and Uddin and Hossain (2019).

7.1. Varieties of Istisna'a Contract

There are several variations of the Istisna'a contract that have been developed to suit different types of transactions and circumstances. Below are some of the types of Istisna'a contracts along with academic references.

Unilateral Istisna'a contract: In this type of contract, only one party is obligated to perform. For example, the manufacturer is obligated to manufacture the specified goods or products, while the buyer is not obligated to purchase them (Khan, 2016).

Bilateral Istisna'a contract: In this type of contract, both parties are obligated to perform. The manufacturer is obligated to manufacture the specified goods or products, and the buyer is obligated to purchase them (Khan, 2016).

Parallel Istisna'a contract: In this type of contract, two Istisna'a contracts are executed simultaneously. The first contract is between the manufacturer and a third party who agrees to buy the goods once they are manufactured. The second contract is between the manufacturer and the buyer who agrees to manufacture the goods (Haron, Yahya, & Isa, 2012).

Deferred Istisna'a contract: In this type of contract, the delivery of the manufactured goods is deferred to a later date. This is often used for long-term manufacturing projects where the goods will not be delivered for several years (Haron et al., 2012).

Istisna'a contract with a security provider: In this type of contract, a security provider is involved to ensure that the manufacturer fulfills their obligations. The security provider may provide a guarantee or collateral to the buyer in case the manufacturer defaults on the contract (Khan, 2016).

7.2. Financing Advantages of an Istisna'a Contract

An Istisna'a contract has several financing advantages that make it a popular contract in Islamic finance. Here are some financing advantages of Istisna'a contracts along with academic references:

Flexible payment terms: The Istisna'a contract allows for flexible payment terms, including deferred payment, partial payment, or payment in installments, which makes it easier for buyers to manage their finances (Elasrag,

2019). Tailored to specific needs: The Istisna'a contract can be tailored to meet the specific needs of different transactions, such as long-term manufacturing projects, construction projects, and other types of ventures. This flexibility makes it an attractive financing option for businesses of all sizes (Haron et al., 2012).

Low risk for financiers: The Istisna'a contract is often structured in a way that minimizes the risk for financiers. For example, financiers can require collateral or a guarantee from a third party to secure their investment (Obaidullah, 2008). Promotes economic development: The Istisna'a contract can be used to finance projects that promote economic development, such as infrastructure projects, manufacturing projects, and small business ventures. This makes it an important tool for supporting economic growth and job creation (Abdallah, 2019).

Ethical and socially responsible: The Istisna'a contract is based on Islamic principles of justice, fairness, and social responsibility, which makes it an ethical and socially responsible financing option (Ali, 2018).

8. THE HOUSING SITUATION IN JORDAN

Housing is one of the indispensable necessities of life for individuals, as it brings security, stability, and comfort. Therefore, the Islamic Shariah has taken care of providing suitable and comfortable housing for individuals and groups. The Almighty said: "And Allāh has made for you from your homes a place of rest" (An-Nahl). The Prophet made securing the public servant with housing one of the duties of the state, as per Article 25 of the Universal Declaration of Human Rights adopted by the United Nations General Assembly in 1948, which states the following: "Everyone has the right to a standard of living adequate for the health and well-being of oneself and one's family, including food, clothing, housing, medical care, necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond one's control" (Eulwan & Alkhalil, 2005).

Today, housing is one of the most important sectors that countries seek to secure due to its direct connection with social and economic aspects and the level of well-being it brings to people. It is also necessary to meet the increasing demand for housing due to population increase and internal and external migration processes.

As one of the developing countries with an increasing need for housing, Jordan has prioritized the housing sector and considers it the most important productive sector due to the pressure it suffers from population increase, as the population increase in Jordan is one of the highest rates in the world, reaching 5.3%, and its exposure to successive cases of displacement from neighboring countries. According to available data, the estimated population of Jordan at the end of 2019 was approximately 10.2 million people (Jordan Department of Statistics, 2019). This increase negatively reflected the housing situation in Jordan and caused an increase in demand with limited supply.

In response to the increasing housing needs, Jordan established the first governmental institution, the Housing Corporation, in 1967, and its establishment was the beginning of the government's direct intervention in providing adequate housing. In 1980, the government established the Urban Development Department to implement urban development projects and improve low-income and slum neighborhoods and provide them with social services (Housing and Urban Development Corporation, 2016). Because the state alone cannot secure housing, it opened the way for the private sector to play a role. The General Organization for Urban Development was implemented in 1992 for this purpose, and it opened the way for banks, particularly the Population Bank, to provide housing loans to individuals. Since its inception, the General Organization for Urban Development has enabled large segments of Jordanian society to own adequate housing, as it built about 66,000 housing units within 286 housing projects distributed over all governorates of the Kingdom via the following:

- The implementation of 189 projects that included approximately 42,000 housing units, of which about 20,000 were apartments.
- The establishment of Abu Nseir residential city with full infrastructure and superstructure services in two phases that included 6,073 housing units. Of these, 3,650 were housing units and 2,423 were plots of serviced land. In 2016, the city's population reached about 70,000 people.

- The implementation of infrastructure improvement projects for poorly serviced and slum fields and the improvement in their conditions in all respects (social and economic), as it developed 39 sites, benefiting more than 400,000 citizens.
- The implementation of projects directed in partnership with the organized private sector, where the corporation signed 52 partnership agreements implemented during this period, including about 10,000 housing units and about 2,000 apartments.
- The implementation and marketing of the Royal Housing Initiative (a decent housing for a decent living), which was implemented through two main axes (residential apartments and serviced land). Through them, 8,504 apartments were implemented within 11 sites in the main governorates, and 980 plots of land were distributed within eight sites.
- The provision of subsidized housing loans to employees through the housing finance support program, where about 6,000 employees benefited between 2000 and 2010.

The researcher believes that despite these achievements and multiple projects, the beneficiaries are certainly not people with limited income due to the high prices and the monthly installments that exceed the financial capacity of this category. Therefore, it is necessary to search for a new formula to finance housing for people with limited income, and this is what we will discuss.

Jordan faces significant challenges in its housing sector, including a shortage of affordable housing, urbanization, and population growth. Some academic references that discuss the housing situation in Jordan include Al-Zoubi and Al-Halaseh (2019); Al-Qudah (2019); Abu Hamour (2018) and Malkawi (2018).

8.1. The Role of Istisna'a Contracts in Financing the Housing Sector for People with Limited Income

The Istisna'a contract is considered one of the most suitable contracts for financing the housing sector, which can meet the requirements of the banking profession while maintaining its legal integrity. On the one hand, it responds to Islamic banking that aims to provide social services, and on the other hand, it will achieve a financial return, correcting the banking path toward financing real economic activities far from Murabaha, which constitutes the largest percentage in the banking business.

How to implement the Istisna'a contract between the Islamic bank and the housing applicant:

While a bank can act as a manufacturer for many projects falling under Istisna'a contracts, the construction sector poses challenges for Islamic banks to handle independently. This is due to the need for ongoing monitoring, continuous work, and a large number of specialized staff, which may not be readily available within Islamic banks. Therefore, in the case of construction projects, the bank may act as a manufacturer through a parallel Istisna'a arrangement.

An Islamic bank can apply an Istisna'a in housing finance in one of the following two ways:

- The bank acting as a manufacturer: The housing applicant provides accurate specifications, engineering drawings, and the necessary approvals, and the bank acts as the manufacturer to construct the desired housing.
- Providing access to financing for low-income families: Istisna'a contracts can be used to offer financing options to low-income families who are unable to secure a conventional mortgage. The bank purchases the property on behalf of the buyer and sells it back at an agreed price.

Istisna'a contracts can also serve the following purposes:

- Creating a rental housing market: The contracts can finance the construction of rental housing units for low-income families. The developer and the financier agree on a payment schedule aligned with the construction timeline, and the units are then rented out to low-income families.

- Encouraging private sector participation: The contracts can facilitate private sector involvement in the affordable housing market. Private developers use Istisna'a contracts to finance the construction of affordable housing units and sell them to low-income families at affordable prices.

Istisna'a contracts have the potential to play a crucial role in financing affordable housing for individuals with limited income in Jordan. Academic references that discuss the role of Istisna'a contracts in financing affordable housing include Al-Kilani (2016); El-Gamal and Ince (2015); Al-Dabbas and Al-Khatib (2017) and Al-Matari and Al-Saifi (2021).

9. SURVEY STUDY

In the previous presentation, we explain the theoretical possibility of activating Istisna'a contracts to finance housing for people with limited incomes. To ensure comprehensive and effective utilization, we have chosen to incorporate an applied aspect into the survey, allowing for a broader, clearer, and more accurate understanding of the benefits and outcomes.

9.1. Method

This part includes a description of the study population and its sample, the tools used for validity and reliability indications, the study's variables and procedures, and the statistical treatment that was used to answer the study's questions.

9.2. Study Methodology

The researcher used the descriptive approach to determine the possibility of activating Istisna'a to finance housing for low-income people in Jordan through Jordanian Islamic banks.

9.3. Study Community

The study population consisted of all employees of Jordanian Islamic banks for the 2019 academic year.

9.4. The Study Sample

The study sample consisted of 384 workers in Jordanian Islamic banks, who were chosen randomly. Table 1 shows the distribution of the study sample according to personal variables.

Table 1. Distribution of the sample members according to personal variables (384).

Variable	Level	Frequency	Percentage
Gender	Male	181	47
	Female	203	53
	Total	384	100

9.5. Study Tool

To answer the study questions, the researcher prepared a questionnaire to collect the relevant information. In its final form, the questionnaire consisted of 66 items representing six dimensions.

The tool was developed according to the following steps:

- Reviewing previous studies related to the possibility of activating Istisna'a to finance housing for low-income people in Jordan through Jordanian Islamic banks.
- Developing a questionnaire, based on previous literature related to the topic, consisting in its initial form of 70 paragraphs distributed over 7 dimensions, which aim to identify the possibility of activating Istisna'a to finance housing for people with limited income in Jordan through Jordanian Islamic banks.
- Analyzing the collected opinions and information related to the subject of the study.

The questionnaire was presented to several arbitrators with experience in the field to express their opinion on the appropriateness of the content. The arbitrators recommended the deletion of some questions as they did not measure the possibility of activating Istisna'a to finance housing for people with limited income. The final questionnaire comprised 66 statements, and a 5-point scale was used to answer them (very high, high, medium, low, very low). Scores ranging from 1–2.33 represent a low degree of approval, scores from 2.34–3.67 represent a medium degree of approval, and scores from 3.68–5 represent a high degree of approval.

10. TOOL STABILITY

The stability of the application was verified by distributing the study tool to a pilot sample consisting of 30 workers from outside the study sample twice with a time difference of two weeks and extracting the Pearson correlation coefficient between their scores on both times, with the aim of extracting the reliability coefficient for the test. Cronbach's alpha was applied, and Table 2 illustrates the results.

Table 2. The stability coefficient of the application using the Pearson correlation method and the stability coefficient of the tool using Cronbach's alpha.

Rank	No.	Range	Average	Standard deviation	Evaluation
1	1	The concept of Istisna'a and its distinction	3.55	0.91	Medium
2	6	The importance of Istisna'a and the need for it	3.45	0.95	Medium
3	4	Banking and Istisna'a financing	3.45	0.9	Medium
4	2	Provisions of the Istisna'a contract and the penalty clause	3.38	0.92	Medium
4	5	Financing the housing sector through the public sector	3.37	0.98	Medium
6	3	Financing the housing sector through the private sector	3.2	0.92	Medium
Total			3.4	0.79	Medium

In Table 2, the Cronbach's alpha stability coefficients for the study fields range between 0.71–0.78, which are high and acceptable values for application purposes. Most studies indicated that a stability coefficient of 0.060 is acceptable.

Pearson's correlation coefficients for the study fields range between 0.74–0.77, which are statistically significant values at the $\alpha = 0.05$ significance level, which indicates the stability of the study tool application.

The ratio of the tool as a whole to the reliability coefficient of the Cronbach's alpha method is 0.75, and the application coefficient of the Pearson method is 0.77.

11. STUDY PROCEDURES

After completing the construction of the study questionnaire in its final form, the study population and sample of male and female workers in Jordanian Islamic banks (Jordan Islamic Bank, Arab Islamic Bank, and Safwa Islamic Bank) was determined. The researcher communicated with the study sample and determined the place and time. The researcher also made several visits to Jordanian Islamic banks to clarify the mechanism of answering the tool. The questionnaire was then distributed to the study members to fill it out. After data collection and unloading of 400 returned questionnaires, 16 were excluded due to incomplete answers, bringing the total number to 384. The data were entered into a computer to perform statistical treatments and extract the results.

12. STATISTICAL PROCESSING

Statistical processing of the data was carried out using the SPSS program, and the researcher unloaded the data and performed analyses on it by using the following statistical methods:

- Cronbach's alpha coefficient to calculate stability.

- Frequencies, percentages, means and standard deviations were calculated to identify the possibility of activating Istisna'a for financing housing for low-income people in Jordan through Jordanian Islamic banks.
- To answer the second question, the T-test was used to identify the differences in the gender variable.

13. RESULTS

This section presents the results of the study, which aims to identify the possibility of activating Istisna'a to finance housing for low-income people in Jordan through Jordanian Islamic banks. The results are presented according to the questions that were asked, which are as follows:

First, we present the results of the first question: What is the possibility of activating Istisna'a to finance housing for people with limited income in Jordan through Jordanian Islamic banks?

To answer this question, the arithmetic averages and standard deviations of the respondents' answers were extracted from the fields of the study tool and the tool as a whole. Table 3 illustrates the results.

Table 3. Averages and standard deviations of the respondents' answers (N = 384).

Rank	No.	Statement	Average	Standard deviation	Evaluation
1	1	The concept of Istisna'a and its distinction	3.37	1.21	Medium
4	2	The importance of Istisna'a and the need for it	3.3	1.2	Medium
6	3	Banking and Istisna'a financing	3.24	1.3	Medium
3	4	Provisions of the Istisna'a contract and the penalty clause	3.35	1.17	Medium
5	5	Financing the housing sector through the public sector	3.29	1.28	Medium
2	6	Financing the housing sector through the private sector	3.36	1.24	Medium
Total			3.31	1.23	Medium

It appears from Table 3 that the arithmetic averages of the answers of the sample members about the fields of study as a whole ranged between 3.37–3.24, where the “the concept of Istisna'a and its distinction” came in the first place, with an arithmetic mean 3.37 and a medium evaluation degree, the second place, “Financing the housing sector through the private sector” an arithmetic average 3.36, with a medium rating score, and in the third place came “Provisions of the Istisna'a contract and the penalty clause” with an arithmetic average 3.35, with a medium rating score. “The Istisna'a and the need for it” and “Financing the housing sector through the public sector” were ranked fourth, with an arithmetic mean 3.3, with a medium rating score, and “Banking Istisna'a” ranked sixth and last. financing” with an arithmetic average (3.24) and a medium evaluation degree, and the arithmetic average of the fields was (3.31) with a medium evaluation degree.

The results of the second question: Are there statistically significant differences at the $\alpha \leq 0.05$ significance level due to the gender variable?

To answer this question, the arithmetic averages, and standard deviations of the opinions of the study sample members were extracted to find out the possibility of activating Istisna'a to finance housing for low-income people in Jordan through the Jordanian Islamic banks, according to the gender variable. Table 4 indicates statistically significant differences at the $\alpha \leq 0.05$ significance level in the scores of the study sample concerning the understanding of the concept of Istisna'a and its differentiation based on gender. The calculated value of T was -2.45, demonstrating statistical significance in favor of females, who obtained a mean score of 3.61, compared to males who had a mean score of 3.46. Furthermore, there were significant differences at the $\alpha \leq 0.05$ significance level in the perceptions of the importance and necessity of Istisna'a according to gender. The value of T was -2.10, indicating statistical significance, with females exhibiting an average score of 3.43, while males had a mean score of 3.30. Conversely, the table illustrates that there were no statistically significant differences at the $\alpha \leq$

0.05 significance level between the scores of the study sample in the areas of Banking and Istisna'a financing, the provisions of the Istisna'a contract and the penalty clause, financing the housing sector through the public and private sectors, as well as the overall tool when considering the gender variable. The calculated T values did not reach statistical significance.

Table 4. The results of applying the independent samples t-test to the study areas and the instrument as a whole according to the gender variable.

Field	Gender	Mean	Standard deviation	T	Statistical function
The concept of Istisna'a and its distinction	Male	3.46	0.92	-2.45	0.01
	Female	3.61	0.89		
The importance of Istisna'a and the need for it	Male	3.3	0.94	-2.1	0.04
	Female	3.43	0.91		
Banking and Istisna'a financing	Male	3.17	0.93	-0.49	0.35
	Female	3.24	0.91		
Provisions of the Istisna'a contract and the penalty clause	Male	3.39	0.91	-1.77	0.08
	Female	3.5	0.89		
Financing the housing sector through the public sector	Male	3.35	0.97	-0.55	0.58
	Female	3.39	0.99		
Financing the housing sector through the private sector	Male	3.41	0.95	-1.45	0.12
	Female	3.51	0.95		
Total	Male	3.33	0.8	-1.82	0.07
	Female	3.44	0.78		

Table 4 presents the results of applying the independent sample's t-test to the study areas and the instrument based on the gender variable. The table shows different fields or topics related to the concept of Istisna'a and its various aspects. The gender variable is divided into two categories: Male and Female. The table provides the mean, standard deviation, t-statistic, and statistical significance for each field and gender category.

The first row represents the field "The concept of Istisna'a and its distinction." For males, the mean score is 3.46, with a standard deviation of 0.92. The t-statistic is -2.45, and the statistical significance is 0.01, indicating a significant difference between genders regarding their understanding of the concept of Istisna'a and its distinction.

The second row corresponds to the field "The Istisna'a and the need for it." The mean score for males is 3.3, with a standard deviation of 0.94. The t-statistic is -2.1, and the statistical significance is 0.04, suggesting a significant difference in opinions between genders regarding the necessity of Istisna'a.

The third row represents the field "Banking and Istisna'a financing." The mean score for males is 3.17, with a standard deviation of 0.93. The t-statistic is -0.49, and the statistical significance is 0.35, indicating no significant difference between genders in their views on banking and Istisna'a financing.

The fourth row corresponds to the field "Provisions of the Istisna'a contract and the penalty clause." For males, the mean score is 3.39, with a standard deviation of 0.91. The t-statistic is -1.77 and the statistical significance is 0.08, suggesting a marginally significant difference between genders in their understanding of the provisions and penalty clause associated with the Istisna'a contract.

The fifth row represents the field "Financing the housing sector through the public sector." The mean score for males is 3.35, with a standard deviation of 0.97. The t-statistic is -0.55 and the statistical significance is 0.58, indicating no significant difference between genders in their opinions on financing the housing sector through the public sector.

The sixth row corresponds to the field "Financing the housing sector through the private sector." For males, the mean score is 3.41, with a standard deviation of 0.95. The t-statistic is -1.45 and the statistical significance is 0.12, suggesting no significant difference, but with a relatively low p-value there might be a potential trend toward significance regarding the views on financing the housing sector through the private sector.

The last row represents the overall results for all fields combined. The mean score for males is 3.33, with a standard deviation of 0.8. The t-statistic is -1.82 and the statistical significance is 0.07, indicating no significant

difference, but the relatively low p-value suggests a potential trend toward significance between genders when considering all fields collectively.

In summary, the table provides insights into the differences or similarities between males and females in their responses to various aspects of the concept of Istisna'a. Some fields show significant differences, while others do not.

14. FINDINGS AND RECOMMENDATIONS

The findings of this study align with previous research that supports the theoretical feasibility of implementing Istisna'a contracts. The results demonstrate the potential for utilizing Istisna'a as a means of financing housing for low-income individuals in Jordan through Jordanian Islamic banks. Notably, the concept of Istisna'a and its distinction, as well as financing the housing sector through the private sector, received high ratings. The importance of the provisions within the Istisna'a contract and the penalty clause was also acknowledged. However, the ratings were slightly lower for financing the housing sector through the public sector and the overall understanding of banking and Istisna'a financing.

Based on these findings, Jordanian Islamic banks should further explore the opportunities offered by Istisna'a financing for housing projects targeting low-income individuals. Additionally, efforts should be made to enhance understanding and raise awareness of Istisna'a concepts among both males and females. This can be accomplished through educational initiatives and tailored communication strategies. Furthermore, it is crucial to emphasize and encourage the involvement of the private sector in financing the housing sector, while taking into account the specific needs and circumstances of low-income populations.

14.1. Findings and Recommendations

14.1.1. Results

1. The Istisna'a contract is of great economic importance and is considered an important tributary of economic activity (commercial, industrial, and agricultural).
2. The Islamic economic system is distinguished by its superiority over the man-made economic systems in its absorption of all economic developments and making them possible to implement free of legal contradictions.
3. The Istisna'a contract is a real and viable alternative that deals with the issue of delaying the receipt of the two substitutes and the binding promise.
4. The Istisna'a formula is one of the best banking formulas that is compatible with supply contracts.

14.1.2. Recommendations

The recommendations based on the study's findings are as follows:

1. Further studies should be conducted to determine the possibility of activating Istisna'a to finance housing for low-income people in Jordan through Jordanian Islamic banks.
2. Advertising campaigns should be launched to clarify the issues related to Istisna'a contracts, their importance in general, and in the residential sector in particular.
3. Islamic banks and the concerned ministries should hold seminars and periodic meetings that focus on Istisna'a because of its great importance in economic aspects.

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