

Performance of Islamic Banks in Maqasid Shariah Perspective Abu Zaharah and Abdul Majid Najjar Index; A Conceptual Study

Zuraidah

Universitas Islam Negeri Maulana Malik Ibrahim Malang, Indonesia, Zuraidah@akuntansi.uin-malang.ac.id

Sismanto

Universitas Islam Negeri Maulana Malik Ibrahim Malang, Indonesia, sirilwafa@gmail.com

ABSTRACT

This article aims to discuss the parameters of the maqasid sharia, the similarities and differences in the performance measurement of the Maqasid Sharia Abu Zaharah versus Abdul Majid Najjar. The results showed that the views of Abu Hamid al-Ghazali and Imam Abu Ishaq Al-Shatby defined that maqasid sharia consists of three categories: (1) Daruriyyat; (a) the maintenance of religion (din), (b) the maintenance of human life (nafs), (c) the maintenance of children (nasl), (d) the maintenance of wealth (mal), and (d) the maintenance of reason (aql). (2) Hajiyyat (secondary) as a complement to Daruriyyat. (3) tahsiniyyat (complement) in comfort and the achievement of enhancement of human life. The Maqasid Sharia Abu Zaharah index is grouped into three main objectives, namely: (1) Educating individuals (tahdhib al-fard), (2) Establishing justice (iqamah al-'adl), and (3) Public interest (jalb al-maslahah). Meanwhile, the Islamic maqasid index of Abdul Majid Najjar is grouped into four main objectives, namely: (1) Safeguarding the value of human life, (2) Safeguarding the human self, (3) Safeguarding the values of society, and (4) Safeguarding the physical environment.

Keywords: Maqasid Sharia Index, Abu Zaharah, Abdul Majid Najjar

A. INTRODUCTION

The 20th century has spawned a movement that is committed to developing a variant of Islamic economics. After a long period of colonial domination by Western imperialists in Muslim countries, the Islamization movement in all areas of Muslim life has begun to gain momentum for support and acceptance by the community. These movements started in the Middle East and have influenced other countries to return to an authentic and complete Islamic way of life. The Islamization of the economy campaign has received support from politicians and intellectuals from various Muslim countries such as Egypt, Malaysia, Iran, Pakistan, and Sudan. The Islamization of the economy got its second wind during the Arab oil boom in the 1970s when Saudi Arabia and other wealthy monarchies in the Arabian Peninsula felt compelled to demonstrate commitment to Islamic causes (Abozaid & Dusuki, 2007).

As a result, Islamic banking and finance emerged as one of the fastest-growing industries and was well received by Muslims and non-Muslims alike. The Islamic banking and financial industry (Islamic banking) growth in ASEAN, especially in Indonesia. Indonesia started to establish Islamic banks in 1999 with the existence of Bank Muamalat Indonesia. Although the establishment of Islamic banks in Indonesia was a few years behind Malaysia, after 1999, the Indonesian government also tried to pump growth by making Islamic banking regulations. To date, there are 13 Islamic banks in Indonesia. Indonesia with full guarantee system (Saoqi, 2017). The increasing complexity of Islamic financial products has resulted in a similar increase in the variety of risks these products carry. Islamic banks and financial institutions also face the same risks as conventional banks.

The extraordinary growth of Islamic banking in Indonesia requires measuring the performance of Islamic banking. This measuring tool is important because it is used to assess,

evaluate, and control the quality of Islamic bank performance so that growth remains stable and following sharia. Therefore, a balance between institutions, society, and environmental preservation must be carried out by Islamic banks to achieve maqasid sharia (Aliyu et al., 2017). The importance of fairness, transparency and Maqasid Sharia in Islamic finance. However, in the current Islamic finance practice, some banks do not uphold these values in their products and operations, such as in murabahah, ijarah, musharaka and mudharabah. Although certain practices in Islamic finance are sharia, they insist that things must be revisited to uphold Islamic values and Maqasid Sharia (Yazid & Asmadi, 2015).

In muamalat fiqh, risk management lies in the scope of public interest or *maslahah*, which is the basis for consideration in sharia principles. Sharia principles regulate risk-taking following the principles of *al-kharaj bil al-daman* (profit brings responsibility) and *al-ghorm bil al-ghonm* (profit brings risk) and at the same time avoids *gharar* (extreme uncertainty), *maisir* (gambling). And usury. The search for better risk management tools has led to Islamic derivatives by the Islamic banking and finance industry (Sakti et al., 2016).

In general, to measure the performance of a company, including Islamic banks using CAMELS (Capital, Asset, Management, Earning, Liquidity, Sensitivity of Market Risk) and EVA (Economic Value Added), which are only limited to financial ratios (stakeholder-oriented). (Setiyobono & Ahmar, 2019). Measurement of financial ratios in Islamic banks is important because Islamic banks are institutions that involve financial intermediaries. Therefore this measurement aims to control and assess the financial health of Islamic banks so that bankruptcy does not occur. On the other hand, there are differences in concepts and practices with conventional banks, so other measurements are needed to protect stakeholders' interests (financial ratios) and shareholder interests (non-financial ratios).

The combined measurement of financial ratios and non-financial ratios in measuring the performance of Islamic banking has been discussed by scholars who refer to the discussion of alternative benchmarks for measuring instruments for Islamic banking, namely the Maqasid Index (MI). MI tries to combine financial and non-financial ratios to measure Islamic banks' performance in line with sharia goals (*maqashid sharia*). Therefore, the Maqasid Index can strategically describe how good Islamic banking is, especially performance. Maqasid al-Sharia is a conception that prioritises how to place the best interests at the right time and place without causing suffering to other interests to aim that each attraction can be on stage in the long term (Mukminin, 2019).

Maqasid Sharia reflects a holistic view of Islam that must be seen in its entirety, not in part because Islam is a complete and integrated guide to life. Its purpose includes all life, individuals and communities in this world and the hereafter. The author knows that two approaches are currently used to measure the maqasid sharia index, namely the sharia maqasid index proposed by Abu Zahrah and Abdul Majid Najjar. Therefore, this paper aims to provide limitations on the concepts and parameters of Islamic maqasid, similarities and differences in measuring the performance of Islamic maqasid Abu Zaharah versus Abdul Majid Najjar.

The results of the research by Syafii et al. shows that the Islamic banking industry in Indonesia, which is represented by BMI (0.17839) and BSM (0.16190), offers better performance compared to Islamic banking in Jordan, namely IIABJ (0.10295) and JIB (0.08152). Performance measurement is measured using the Maqashid Index approach with the SAW (Simple Additive The Weighting) method in Indonesia, represented by Bank Syariah Mandiri and Bank Muamalat Indonesia and in Jordan Islamic banks represented by Jordan Islamic Bank and Islamic International Arab Bank Jordan (Syafii et al., 2012). Rusydiana & al Parisi conducted a study that aims to 1) measure the Islamic Maqasid Index and Profitability Index (PI) of Islamic Banks, and 2) compare the Maqasid and Sharia Profitability Index of Islamic Commercial Banks during 2011-2014. Using Cartesian diagrams on 11 Islamic Commercial Banks (BUS) in Indonesia with annual data from 2011 to 2014. Result: The highest BUS Maqasid Syariah Index for 2011-2014 is Bank Panin Syariah, while the highest Profitability Index is Maybank Syariah (Rusydiana & Al Parisi, 2016).

There are interesting results of research conducted by Hartono & Sobari that does not have a sharia maqashid index which has a high value in national-scale Islamic commercial banks

and regional small-scale Islamic rural banks (BPR Syariah). It shows the inconsistency of national-scale Islamic banking to always focus on muamalah goals according to sharia, and even national Islamic commercial banks have a lower index value than regional small-scale Sharia BPRs (Hartono & Sobari, 2017). Subsequent research on Islamic banking represented by Bank Syariah Mandiri from Indonesia and Bank Islam Malaysia Berhad from Malaysia with secondary data from 2013-2014 Maqasid Index ranking, BIMB ranked first which reached 13.79%. While BSM ranks second from the Maqasid Index ranking, which gets 11.14%. (Saoqi, 2017).

Subsequent research conducted by Syafa and Haron provides empirical evidence about the performance of Maqasid al-Shari'ah Islamic banks in Indonesia from 2012 to 2016. Simple Additive Weighting (TSAW) is used to obtain the implementation of Islamic banks according to Maqasid al-Shari'at. This study found that the Maqasid Index for Indonesian Islamic banks ranges between 11% and 28%, with only a few banks reaching above 20%. This study also offers practical implications, and regulators in Indonesia should prepare and implement a more robust and new tool to evaluate the maqasid al-shari'ah performance index to assess the extent to which the role of Islamic banks has contributed to society (Syafa & Haron, 2019).

The difference between this research and the previous one depends on the object of the research study. This study aims to provide an overview of the maqasid sharia concept and find out the maqasid sharia index of Abu Zaharah and Abdul Majid Najjar. The Maqasid Index model used refers entirely to Mohammad and Taib (Mohammed et al., 2008; Mohammed & Taib, 2015), (Syafii et al., 2012), (Rusydiaana & Al Parisi, 2016), (Saoqi, 2017), (Hartono & Sobari, 2017), and (Syafa & Haron, 2019). Meanwhile, Abdul Majid Najjar's sharia maqasid index was developed by (Bedoui, 2012) and (Asutay & Harningtyas, 2015).

B. RESEARCH METHODS

This conceptual paper uses a qualitative approach characterised by data, not in the form of numbers and the shape of words (Creswell, 2007). Sources of data obtained from books, journals have something to do with the topic under study. This study uses content analysis as an approach to data analysis. Content analysis is a method of analysing documents to describe phenomena systematically and objectively (Krippendorff, 2004, p. 18). Content analysis will give the possibility to distil the words into fewer categories related to content. Therefore, every word, phrase and the like will have the same meaning. In this way, content analysis helps researchers build a picture of the definition and index of sharia maqasid.

C. FINDINGS AND DISCUSSION

1. Maqasid Shariah Parameters

A person who wants to understand sharia needs to understand its purpose, allowing flexibility, dynamism and creativity in social policy. Therefore, maqasid shari'ah is often translated as the intent and purpose of Islamic law. Thus, sharia is usually based on the benefit of man and the whole community (ummah). Its statutes are consequently designed to protect the benefits and foster the development and perfection of the conditions of human life on earth. Maqasid sharia or shari'ah goals are defined as human welfare in whatever is done. Maqasid Ghazalian described as the main aim of sharia is to promote the welfare of the people, which lies in safeguarding their faith (din), self (nafs), intellect ('aql), offspring (nasi), and property (maal). These five goals are the main ones, while other important consequences can be derived from Islamic ontology and epistemology. Impacts and interests in the short term may differ. Therefore, for a long time, they have been interdependent and played a role in supporting each other (Bedoui, 2012).

Cholil Nafis gives the limits of maqasid sharia covering three categories of interests, namely daruriyyat (primary), hajiyyat (secondary), and tahsiniyat (complementary). (Nafis, 2011, p. 44). Maqasid, as revealed by Cholil Nafis explored by Imam Abu Hamid al-Ghazali, and Imam Abu Ishaq Al-Shatby, consists of three categories, as follows: (1) Daruriyyat; defined in terms of five objects which are indispensable in human beings to the extent that one cannot live without them and their loss poses a threat to survival. The five objects are the maintenance of religion (din), the maintenance of human life (nafs), the maintenance of children (nasl), the maintenance

of wealth (mal), the maintenance of reason (aql). (2) *Hajjiyyat*; defined as complementary to *Daruriyyat* and intended to support and promote it. *Hajjiyyat* can also be seen as a semi-essential benefit, which aims to prevent hardship. They are insignificant in themselves because their loss poses no threat to the survival of the normal order and that people can live without them if they have to. And (3) The third category is classified as *tahsiniyyat*. It is a benefit (masalih) that goes beyond *hajjiyyat*. They are desirable because they offer comfort, the attainment of improvement or purification of human life, and enable perfection in the order and behaviour of people at all levels.(Ahmad, 2011; Effendi & Zein, 2017, pp. 213–215).

Based on these arguments, it is worth examining the purpose of *maqasid al-Shariah*, including the protection of basic human needs (*daruriyat*) that must be met so that life becomes more meaningful. The basic requirements in Islamic law are religion (*din*), life (*nafs*), offspring (*nasl*), intellect ('*aql*), and property (*mal*). For example, there is a prohibition against drinking alcohol based on two reasons that the effects of intoxication will make a person lose his mind and concerning the protection of the intellect that maintains benefits when humans seek to gain knowledge and seek God's grace. Sharia principles can be understood from the point of view of the aims and objectives of Islamic law (*maqasid sharia*). It is proven to be more effective because Islamic banks allow them to adjust their products and operations following ethics, morality, and justice ('*adl*). Therefore, *maqasid sharia* functions to do two essential things: *tahsil* (securing benefits) and *ibqa* (repelling harm or injury) (Rosly, 2010).

Related to the protection of property (*al-mal*), the prohibition of usury provides a function to repel losses caused by interest expense so that it can spend one's property. Thus, the detrimental effects (*madarrah*) arising from usury can be prevented. Likewise, trade and commercial activities (*al-bay'*) as described in the Qur'an can help and secure each other in business transactions. The people involved in *al-bay'* will naturally deal with risks and benefits as the two move in harmony. By doing *al-bay'*, one can profit and turn a less profitable money lending business than trading. Based on the above presentation, *maqasid sharia* should be the underlying principle of Islamic finance innovation as it protects decisions based on *fiqh*. The objectives of the Shari'ah and the rules of the contract ('*uqd*) should not conflict with each other. *Maqasid* will stand above contractual limitations because the former is based on Allah's law while the latter is based on human understanding (*fiqh*).

2. *Maqasid Shariah Abu Zaharah Index*

According to Analia and Anto, Islamic banking is multidimensional, so it is not appropriate to only be assessed from one side, such as conventional banking, which evaluates its financial performance. Financial performance is the result achieved by the bank in managing its resources to achieve its goals. The need to pay attention to various aspects of assessment in measuring the performance of Islamic banking, such as financial, social and environmental, which has been stated in the *maqashid sharia* concept (Analia & Anto, 2019).

The concept of the *Shariah Maqashid Index (SMI)* is a method used to measure the level of performance of Islamic banking using the *maqasid shariah index* through measurable indicators developed by (Ahmad, 2011; Mohammed et al., 2008; Syafii et al., 2012). Based on Ibn Ashur's definition of the purpose of *sharia*, namely to create prosperity and avoid crime, which Abu Zaharah then classified into three main objectives, namely educating individuals (*tahdhib al-fardh*), building justice (*iqamah al-adl*), encouraging prosperity (*jalb al -maslahah*)(Mohammed & Taib, 2015). The formation of a systematic model is carried out after weighting for each aspect at each level. The results of these equations produce the *sharia maqasid index* as a model for measuring *sharia banking performance*. The *maqashid shari'ah index* measures all the performance of achieving the three *shari'ah objectives* at the *shari'ah bank* based on the distribution of weights evenly on the three dimensions developed(Herni Ali, 2015, p. 43).

Table 1: Operational Shariah Maqashid Index of Sharia Banking

MS concept	Dimension	Element	Indicator (Performance Ratio)
Individual Education (tahdhib al-fard /	D1. Knowledge Improvement	E1. Cost of education	R1. Tuition fees/total income
		E2. Research	R2. Research expenditure/total expenditure

individual education)	D2. New skill development and improvement	E3. Training	R3. Training expenses/total expenses
	D3. Creating awareness of sharia banking	E4. Publication	R4. Publication expenditure/total expenditure
Realising justice (iqamah al-'adl / establishing justice)	D4. Fairness in contracts/transactions	E5. Share fair results	R5. Profit Equalisation Reserves (PER)/Net Income or Investment
	D5. Affordable products and services	E6. An affordable price	R6. Mudharabah and Musyarakah/Total Investment
	D6. Elimination of injustice	E7. Product without interest	R7. Interest-free income/total income
Encouraging welfare (jalb al-maslahah / public interest)	D7. Profit	E8. Profit ratio	R8. Net profit/total assets
	D8. Distribution of income and wealth	E9. Personal income	R9. Zakat/net income
	D9. Investment in the strategic sector	E10. Investment ratio in the real sector	R10. Strategic sector investment/total syirkah funds

Sources: (Ahmad, 2011; Mohammed et al., 2008; Syafii et al., 2012)

The table above shows that the ten performance ratios of Islamic banks were selected based on the criteria for measuring the Islamic maqasid index. Several subsequent similar studies also used the same ratios to measure the performance of Islamic and conventional banks as carried out by (Adzhani & Rini, 2019; Ahmad, 2011; Alhammadi et al., 2020; Mohammed & Taib, 2015; Mukminin, 2019; Rosly, 2010; Sutrisno & Widarjono, 2018; Yazid & Asmadi, 2015). The criteria that are used as the sharia maqasid index are as follows:

- a. Educating Individuals (Education/Tadlihb al-Fardh). In table 1 above, four ratios, namely 1) the ratio of education funds / total income, 2) the ratio of research costs / total costs, 3) the ratio of training costs / total costs and 4) the ratio of publicity costs / total costs are set as a measure to measure the first goal of maqasid sharia, namely educating individuals. Therefore, the higher the budget allocated by the bank for these four indicators, the greater the bank's attention to achieve educating individuals in its programs. It is also good for banks to improve the quality of their human resources and at the same time strive to create customers who are informed about their goals and products.
- b. Realising Justice (Justice/Al-Adl). In the table above, three ratios: 1) the ratio of profit/total income or the ratio of income/interest, 2) mudharabah and musyarakah/total investment and 3) the ratio of interest-free income/total income were identified to measure the second goal of establishing justice. The high ratio of bad loans to total investment indicates a widening income distribution gap due to debt. Usually, the bank will impose a fine or withdraw the asset or project. Similarly, a high ratio of interest-free investment to total investment makes a positive contribution to minimising income and wealth disparities because interest essentially transfers wealth from the poor to the rich. Therefore, banks must ensure that the products they offer do not pose a high probability of default.
- c. Promotes well-being (Welfare/ Maslahah). The three measurement ratios chosen for the third objective are maslahah: 1) Net profit/total assets, 2) Zakat paid/net assets, and 3) Strategic sector investment/total savings. High profitability indicates that the bank enjoys high financial benefits. A high zakat net asset ratio suggests the transfer of income and wealth to the poor and needy, thereby helping bridge the gap. Similarly, the ratio of investment deposits to total deposits shows that banks directly invest heavily in the real sector of the economy. These sectors include agriculture, mining, fisheries, construction, manufacturing, small and medium enterprises, and others. The importance of this real economic sector has direct implications for

the wider population, especially in rural areas and the formation of a country's long-term capital.

The development of the method used to operationalise the three main objectives into measurable dimensions and indicators. A model is operationalising the concept into several sizes, which are then reduced to several quantifiable elements. The current method is widely adopted to develop this goal by using a measurement aspect consisting of nine dimensions (D), ten elements (E) and ten ratios (R) (Sekaran, 2000). After operationalising the concept, it is weighted to find the composite index value for each dimension and category. Assessment of Islamic banking in criteria based on the idea of maqashid shari'ah can be measured using the indicators in the following table:

Table 2: Weights of the Three Goals and Ten Elements given by Sharia Experts

Aim	Weight (Weighting) average 100%	Element	Weight (Weighting) average 100%
1. Individual Education (tahdhib al-fard / individual education)	30	E1. Cost of education	24
		E2. Research	27
		E3. Training	26
		E4. Publication	23
		Total	100
2. Realising justice (iqamah al-'adl / establishing justice)	41	E5. Share fair results	30
		E6. An affordable price	32
		E7. Product without interest	38
		Total	100
3. Encouraging welfare (jalb al-maslahah / public interest)	29	E8. Profit ratio	33
		E9. Personal income	30
		E10. Investment ratio in the real sector	37
		Total	100

Sources: (Ahmad, 2011; Mohammed et al., 2008; Syafii et al., 2012)

3. Maqasid Shariah Indeks Index Abdul Majid Najjar

Abdul Majid Nejjar provides a view of maqasid sharia into four main objectives and more effective articulation of the concept of maqasid al-Syariah according to Abdel Majid Najjar in 4 goals and eight consequences as the instrument developed by Bedoui, namely (1) Maintaining the value of human life in the form of belief and Human Rights, (2) Human Self-care in the form of self-preservation and mind, (3) Maintaining community values in the form of prosperity and social entities, and (4) Maintaining the physical environment in the form of wealth and ecological environment (Bedoui, 2012).

Table 3. The concept of Maqasid Sharia Abdul Majid Najjar

1. Preserving the value of human life	Faith (faith)
	Human rights
2. Taking Care of Humans	Self
	Thought
3. Maintaining community values	Prosperity
	Social entity
	Riches

4. Taking care of the physical environment	Environment (ecology)
--	-----------------------

Source: (Bedoui, 2012): (Asutay & Harningtyas, 2015)

The explanation of the Maqashid Syariah Index (MSI) concept developed by AM Najjar consists of 4 main goals (objectives). Each goal has two dimensions, each dimension consists of several elements, but each element has one indicator as a ratio measure, with an index. Addition of Islam (Islamic disclosure index) and the ratio of banking health.

Table 4. The concept of Maqasid Sharia Abdul Majid Najjar

The main purpose	Dimension	Indicator
1. Preserving the value of human life	Faith (faith)	Musarakah and Mudharabah / Total investment
		Interest-free income/total income
		Commitment to operate with sharia principles
		Do not engage in unauthorised activities.
	Human rights	Employee welfare
	Islamic index disclosure	Number of board meetings in a year and details of each attending
		At least once a year, the committee meets with the external auditor to review.
		SSB meets with the audit committee or external auditor to review the financial statements
Effective system maintenance of internal control is disclosed		
2. Taking Care of Humans	Self	Investment in real sector / total investment
	Thought	Education grant/loan amount
		Education load / total load
		Training load / total load
		publicity load / total load
3. Maintaining community values	Prosperity	Qord and donations / (total income - zakat & tax payments)
		Employee expenses / (total income - zakat & tax payments)
		Dividend for shareholders / (total income - zakat & tax payments)
		Net profit / (total income - zakat & tax payments)
	Social entity	Zakat / total assets
		Charity (alms)
		Source from Qord al Hasan
		Support organisations that create jobs that benefit society, participation in social activities, sponsoring community activities committed to social roles, conferences on Islamic economics
	Wealth (Treasure)	PER (Profit Equalization Reserve) / NET or investment income

4. Taking care of the physical environment		Asset capital ratio
		Allowance for loss / total loan
		Operating expenses / operating income
		Net income / total assets
		Net income / total equity
		Loans / total assets
		Deposit product / total assets
	Environment (ecology)	Ecological protection
		Ecological donations / Qord of total donations

Source: (Bedoui, 2012), (Asutay & Harningtyas, 2015)

The table above shows that the ten performance ratios of Islamic banks were selected based on the criteria for measuring the Islamic maqasid index. Several subsequent similar studies also used the same ratios to measure the performance of Islamic and conventional banks as carried out by (Asutay & Harningtyas, 2015; Bedoui, 2012). The criteria that are used as the sharia maqasid index are as follows:

- a. Safeguarding the value of human life. To assess the objectives, the first dimensions used are belief (iman), human rights, and the disclosure of the Islamic index. Dimensions; 1) Confidence (faith) is measured using ratios, namely: (a) Musyarakah and Mudharabah / Total investment, (b) Interest-free income / total income, (c) Commitment to operate with sharia principles, and (d) No engagement in unauthorised activities. Dimension 2) the ratio of employee welfare measures human rights. Meanwhile, dimension 3) Islamic Disclosure Index is measured using ratios, such as (a) Number of board meetings in a year and details of each individual who attends, (b) At least once a year, the committee meets with external auditors to review financial statements,
- b. Safeguarding the human self. To assess goals, the two dimensions used are self and mind. Dimension 1) self is measured using the ratio investment in real sector / total investment, while dimension 2) mind measured using the ratio (a) Education grants / total load, (b) Education load / total load, (c) Training load / total load, and (d) publicity expense / total load.
- c. Safeguarding the society. To assess the objectives, the three dimensions used are prosperity and social entities. Dimension 1) Prosperity is measured by using ratios such as; (a) Qord and donations / (total income - zakat & tax payments), (b) Employee costs / (total income - zakat & tax payments), (c) Dividends for shareholders / (total income - zakat & tax payments) , and (d) Net profit / (total income - zakat & tax payments). Meanwhile, dimension 2) of social entities is measured using ratios, such as (a) Zakat / total assets, (b) Use of charity (alms), (c) Source of Qord al Hasan, and (d) Support organisations that create jobs that benefit the community, participation in social activities,
- d. Safeguarding the physical environment. To assess the objectives, the four dimensions used are Wealth (Property) and Environment (ecology). Dimensions 1) wealth is measured using ratios such as; (a) PER (Profit Equalization Reserve) / NET or investment income, (b) Capital asset ratio, (c) Allowance for losses / total loans, (d) Operating expenses / operating income, (e) Net income / total assets, (f) Net income/total equity, (g) Loans/total assets, and (h) Deposit products/total assets. Meanwhile, dimension 2) environment (ecology) is measured using ratios such as; (a) Ecological protection and (b) Ecological donations / Qord of total donations.

D. CONCLUSION

For a long time, there has been widespread criticism from scholars about the shortcomings of Islamic banks in fulfilling Maqasid al-Shari'ah. The dominance of performance measurement based on profitability and efficiency may be the reason for non-compliance with Maqasid al-Shari'ah. Therefore, to encourage banks to act in line with Maqasid al-Shari'ah, a performance measurement system based on Maqasid al-Shari'ah is needed. Selecting appropriate, measurable, and meaningful variables is important to develop an Islamic bank performance evaluation model. Abu Hamid al-Ghazali and Imam Abu Ishaq Al-Shatby provide the limits of maqasid sharia consisting of three categories, such as (1) Daruriyyat; (a) maintenance of religion (din), (b) maintenance of human life (nafs), (c) maintenance of children (nasl), (d) maintenance of wealth (mal), and (d) maintenance of reason (aql). (2) Hajiyyat (secondary) complement Daruriyyat and intends to support and promote it. (3) tahsiniyyat (tertiary) in the form of comfort, the attainment of improvement or purification of human life, and enabling perfection in the order and behaviour of people at all levels.

Expert opinion has increased the measurability of the selected variables to measure the performance of Islamic banks based on Maqasid al-Shari'ah. However, developing a performance measurement index requires weighting the various dimensions and elements of maqasid al-shari'ah in this study. Abu Zaharah's sharia maqasid index is grouped into three main objectives, namely: 1) Individual Education (tahdhib al-fard / individual education), 2) Realising justice (iqamah al-'adl / establishing justice), and 3) Encouraging welfare (jalb al-maslahah / public interest). By using a measurement aspect consisting of nine dimensions (D), ten elements (E) and ten ratios (R). Meanwhile, Abdul Majid Najjar's sharia maqasid index is grouped into four main goals (objectives) in the form of; (1) Safeguarding the value of human life, (2) Safeguarding the human self, (3) Safeguarding the society, and (4) Safeguarding the physical environment. Each objective has two dimensions, each dimension consists of several elements, but each element has one indicator as a ratio measure, with the addition of an Islamic disclosure index and a banking health ratio.

References

- Abozaid, A., & Dusuki, A. W. (2007). The Challenges of Realizing Maqasid al-Shari'ah in Islamic Banking and Finance. *IIUM International Conference on Islamic Banking and Finance: 'Research and Development: The Bridge between Ideals and Realities'*, April, 1–27.
- Adzhani, R., & Rini, R. (2019). Komparasi Kinerja Perbankan Syariah Di ASIA Dengan Pendekatan Maqasid Syariah. *Jurnal Akuntansi Dan Keuangan Islam*, 5(1), 5–30. <https://doi.org/10.35836/jakis.v5i1.11>
- Ahmad, A. R. Y. (2011). Role of Finance in Achieving Maqasid Al-Shari'ah. *Islamic Economic Studies (The Islamic Research and Training Institute)*, 19(No.2), 1–18.
- Alhammadi, S., Alotaibi, K. O., & Hakam, D. F. (2020). Analysing Islamic banking ethical performance from Maqāsid al-Sharī'ah perspective: evidence from Indonesia. *Journal of Sustainable Finance and Investment*, 0(0), 1–23. <https://doi.org/10.1080/20430795.2020.1848179>
- Aliyu, S., Hassan, M. K., Mohd Yusof, R., & Naiimi, N. (2017). Islamic Banking Sustainability: A Review of Literature and Directions for Future Research. *Emerging Markets Finance and Trade*, 53(2), 440–470. <https://doi.org/10.1080/1540496X.2016.1262761>
- Analia, A. L., & Anto, M. B. H. (2019). Performance Measurement of Islamic Banking in Indonesia Using the Maqashid Sharia index Method. *Proceeding of Conference on Islamic Management Accounting and Economic*, 2(1), 235–244.

- Asutay, M., & Harningtyas, A. F. (2015). Developing Maqasid al-Shari'ah Index to Evaluate Social Performance of Islamic Banks: A Conceptual and Empirical Attempt. *International Journal of Islamic Economics and Finance Studies*, 1(1), 5–64.
- Bedoui, H. eddine. (2012). Shari'a-based ethical performance measurement framework. *Chair CEFN (Chaire Ethique et Norme de La Finance) Du Centre d'Economie de La Sorbonne*, January 2012. <https://doi.org/10.13140/RG.2.2.18433.66401>
- Creswell, J. W. (2007). *Qualitative Inquiry & Research Design, Choosing Among Five Approaches*. California: Sage Publications, Inc.
- Effendi, S., & Zein, M. (2017). *Ushul Fiqhi*. Jakarta: Penerbit Kencana.
- Hartono, S., & Sobari, A. (2017). Sharia Maqashid Index as a measuring performance of Islamic banking: A more holistic approach. *Corporate Ownership and Control*, 14(2), 193–201. <https://doi.org/10.22495/cocv14i2c1p5>
- Herni Ali, A. (2015). *The Ranking Performance On Sharia Financial Institutions Based On Maqashid Al-Shari'ah*. 30(2 Desember).
- Krippendorff, K. (2004). *Content Analysis An Introduction to Its Methodology* (2nd ed.). California: SAGE Publications Inc. <https://doi.org/10.1103/PhysRevB.31.3460>
- Mohammed, M. O., Razak, D. A., & Taib, F. M. (2008). The Performance Measurement of Islamic Banking Based on the Maqasid Framework. *The Performance Measures of Islamic Banking Based on the Maqasid Framework*, Paper Presented at the IIUM International Accounting Conference (INTAC IV), Putrajaya, 25 June. <https://doi.org/10.4324/9781315590011-15>
- Mohammed, M. O., & Taib, F. M. (2015). Developing Islamic Banking Performance Measures Based on Maqasid Al-Shari'Ah Framework: Cases of 24 Selected Banks. In *Journal of Islamic Monetary Economics and Finance* (Vol. 1, Issue 1, pp. 55–77). <https://doi.org/10.21098/jimf.v1i1.483>
- Mukminin, K. (2019). Profit Maximization in Islamic Banking: an Assemblage of Maqasid Shariah Conception. *European Journal of Islamic Finance*, 0(12), 1–11. <https://doi.org/10.13135/2421-2172/2856>
- Nafis, M. C. (2011). *Teori Hukum Ekonomi Syariah*. Jakarta: Penerbit Universitas Indonesia (UI-Press).
- Rosly, S. A. (2010). Shariah parameters reconsidered. *International Journal of Islamic and Middle Eastern Finance and Management*, 3(2), 132–146. <https://doi.org/10.1108/17538391011054372>
- Rusydiana, A., & Al Parisi, S. (2016). The Measurement of Islamic Bank Performance: A Study Using Maqasid Index and Profitability. *Global Review of Islamic Economics and Business*, 4(1), 001. <https://doi.org/10.14421/grieb.2016.041-01>
- Sakti, M. R. P., Syahid, A., Tareq, M. A., & Mohd Mahdzir, A. (2016). Shari'ah issues, challenges, and prospects for Islamic derivatives: a qualitative study. *Qualitative Research in Financial Markets*, 8(2), 168–190. <https://doi.org/10.1108/QRFM-06-2015-0024>
- Saoqi, A. A. Y. (2017). Analyzing The Performance of Islamic Banking in Indonesia and Malaysia: Maqasid Index Approach. *Jurnal Ekonomi Islam*, 8(1), 29–50.
- Sekaran, U. (2000). *Research Methods for Business: a Skill Building Approach*. New York:

John Wiley & Sons.

- Setiyobono, R., & Ahmar, N. (2019). Pengukuran Kinerja Perbankan Syariah Berbasis Maqashid Syariah Index Bank Syariah di Indonesia : Abdul Majid Najjar Versus Abu Zahrah. *JRAP (Jurnal Riset Akuntansi Dan Perpajakan)*, 6(2), 111–126.
- Sutrisno, & Widarjono, A. (2018). Maqasid sharia index, banking risk and performance cases in Indonesian islamic banks. *Asian Economic and Financial Review*, 8(9), 1175–1184. <https://doi.org/10.18488/journal.aefr.2018.89.1175.1184>
- Syafa, A., & Haron, R. (2019). The Effect of Corporate Governance on Islamic Banking Performance: A Maqasid Shari'ah Index Approach on Indonesian Islamic Banks. *Journal of Islamic Finance*, 8, 001–018.
- Syafii, M., Sanrego, Y. D., & Taufiq, M. (2012). An Analysis of Islamic Banking Performance: Maqashid Index Implementation in Indonesia and Jordania. *Journal of Islamic Finance*, 1(1), 12–29.
- Yazid, M., & Asmadi, M. N. (2015). The Practices of Islamic Finance in Upholding the Islamic Values and the Maqasid Shariah. *International Review of Management and Business Research*, 4(1), 2306–9007.