

Maqashid Syari'ah Index Model in Sharia Bank

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Abstract

Purpose: This study aims to identify the appropriate model for measuring the level of Maqāshid syarī'ah in sharia banking.

Methodology: The method used is a qualitative method with a literature approach. The data used are the results of published research using the Maqāshid syarī'ah index with the study object of sharia banking.

Results: The results of the study indicate that there are 5 measurement concepts used in measuring the sharia-compliance of Sharia banks using the Maqāshid syarī'ah index. Of the five concepts, there is a fundamental similarity that is the key to achieving the goal of Maqāshid syarī'ah, which is purifying the soul, justice, and public welfare. A simple model that can be used to measure quantitatively is by using 3 main instruments; Interest-free business for the purpose of purifying the soul, Zakat for the purpose of achieving justice, and real investment for the purpose of realizing welfare (maslaha).

Keywords: *Model, Sharia Bank, Maqāshid syarī'ah Index*

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1. Introduction

The economic crisis caused by the Covid-19 pandemic and the subsequent Russia-Ukraine war has also affected the world. The slowdown in economic growth due to the Covid-19 pandemic and the Russia-Ukraine war will certainly have an impact on the world's economic sector. Marked by a slowdown in economic growth, even in some countries experiencing negative growth (Adieb, 2023). This will certainly have an impact on financial institutions around the world. One of the financial institutions that is affected is the bank. An economic crisis is a condition where the economy of a country experiences a sharp decline (market business news). Countries experiencing an economic crisis experience a decline in gross domestic product (GDP), a decline in property and stock prices and fluctuations in prices due to inflation, and a stagnant economy. This will cause the country to have difficulty meeting government spending, which is usually resolved through borrowing (debt). This will result in a further decline in the economy of the country in crisis. Banks are important institutions in the economy because their business activities are always related to finance. Banks are divided into two categories based on their management, namely conventional banks and Islamic/ sharia banks. Conventional banks have business activities based on interest and taxes, while sharia banks try to apply their Islamic side by conducting business activities based on profit and loss sharing and zakat. Because of these differences, it is expected that there will be a different measurement tool to evaluate the performance of sharia banks. However, what actually happened was that Sharia banks still do not have a permanent, agreed upon syariah measurement tool to evaluate their maqāshid syarī'ah.

2. Literature Review

2.1 Bank

According to Law No.10 of 1998 regarding the amendment of Law No.7 of 1992, a bank is a business entity that collects funds from the public in the form of savings and distributes it to the public in the form of loans and/or other forms in order to improve the standard of living of many people. Banking activities are always related to finance, which is collecting funds, distributing funds, managing funds, and providing other banking services. Banks are also the most profitable businesses in the world. This is because banks have large profits obtained from the difference in interest payment from borrowers

and the interest given to saving customers and investment income ("Undang-Undang RI No.10 Tahun 1998 Tentang Perbankan," 1998). Banks also expand their business to securities companies, insurance, and multifinance. It is these businesses that make banks earn big profits. Based on their functions, banks are divided into three, namely central bank, commercial bank, and rural credit bank. Based on ownership, banks are divided into five, namely government banks, private banks, foreign banks, mixed banks and regional development banks. Based on principles and business activities, banks are divided into two, namely conventional banks and Sharia banks. The birth of Sharia banks is a reflection of the large enthusiasm of Muslim society to run Islam as a comprehensive religion Results and Discussions.

2.2 *Sharia bank*

The birth of Sharia banking is due to a longing to implement Islamic principles in life, especially in economics. The word "al-syariah" means the way to the source of water, or the way towards the source of life's essence. In linguistic terms, it means the path that is traveled towards the source of water. The word "sharia" is more familiar to refer to Islamic rules or laws. Sharia bank is a bank whose activities are based on Islamic principles. According to the Indonesian Financial Services Authority, an Sharia bank is a bank that collects funds, distributes funds, and manages funds based on profit-and-loss sharing principles. Its main principle is Islamic law, which is sourced from the Quran and Hadiths. This means that in this case, the Sharia bank in carrying out its activities must pay attention to the commands and prohibitions in the Quran and Sunnah. The two fundamental principles of Sharia banking are sharing profits and losses, and the prohibition of collecting and paying interest by lenders and investors. And the profits obtained through capital participation require the borrower to give the bank a portion of their profits. Sharia banking prohibits *riba*, prohibits interest on loans, prohibits speculation or gambling (Maisie).

2.3 *Maqāshid syarī'ah*

Maqāshid syarī'ah is the basis for achieving human salvation and welfare both in this world and in the afterlife. According to the language, *maqāshid syarī'ah* consists of *maqashid* and *al-syari'ah*. *Maqāshid* originates from the root word *qasd* and is the plural form of *maqshad* (Febriadi, 2017) meaning purpose or target (Karim, 2015). *Maqshad* and *maqāshid* also have meanings of moderation, maturity, and ease. Or in short, it means the intention or purpose or steadfastness in pursuing the way of Allah. The word *al-syariah* means the path to the source of water, or the path towards the source of life (Ahmad Ghifari, 2015) The core theory of *maqāshid syarī'ah* is to achieve *al-masahalih wa daf'u al-mafasid* (realizing benefits while avoiding harm, attracting benefits and avoiding harm). Sharia banks are attempting to eliminate the principle of interest in their business activities because interest in banking is considered *riba* and *riba* is a prohibited act by Allah swt. according to the Quran verse Ali Imran: 130: *Yaa Ayyuhalladzina amanu La ta'kulur-riba ad'afam muda'afataw....* (O ye who believe, consume not *riba* doubled and multiplied...) (Kemenag, 2021). Abdul Malik al-Juwani said, "Anyone who does not realize the *maqāshid* elements in the commands and prohibitions of religion does not understand sharia (religion) in depth." Imam Al-Juwani's student, Imam Al-Gazali, emphasized that "*maqāshid al-syari'ah* is the qiblah for all mujtahid, whoever aims towards it will find truth (Amin, 2017)." Imam Al-Syatibi, who first recorded the concept of *maqāshid syarī'ah* in his work, *al-Muwafaqat fi Ushul asy-syari'ah*, made Al-Syatibi the founding father of *maqāshid syarī'ah*. According to Al-Syatibi, there are 5 (five) general principles (*kulliyat al-khamsah*) of *maqāshid syarī'ah*: *Hifdzu din* (protecting religion), *Hifdzu nafs* (protecting the soul), *Hifdzu aql* (protecting the mind), *Hifdzu mal* (protecting wealth), *Hifdzu nasab* (protecting lineage)(M Mufid, 2018). These five principles have three objectives: purifying the soul, justice, and welfare. With *maqāshid syarī'ah* as a cornerstone in life, welfare can be achieved.

3. Research Method

This research uses a qualitative method with a literature review approach. This research uses previous research that can be accessed on the internet. According to Mestika Zed, literature review or library study is a series of activities related to the method of collecting library data, reading and recording, and processing research materials (Mestika, 2004). Meanwhile, according to Sugiyono, a literature review

is a study of references, theoretical, and other scientific literature related to the culture, values, and norms that develop in the social situation being researched (Sugiono, 2018).

4. Result and Discussion

4.1 *Maqāshid syarī'ah* Index

The measurement of the performance of general Sharia banks is generally done using the same tools used by conventional banks. This is certainly not appropriate because the measurement using conventional tools certainly contains elements of interest and taxes. Born from this, Islamic scholars tried to raise the measurement of Sharia banks through the principles of *maqāshid syarī'ah*. Therefore, it is very important to measure the performance of Sharia banks using the concept of *maqāshid syarī'ah*. The *maqāshid syarī'ah* index is an index based on the five general principles (*kulliyat al-khamsah*) of *maqāshid syarī'ah* that gives birth to the *Hifdzu din* index (protecting religion), the *Hifdzu nafs* index (protecting the soul), the *Hifdzu aql* index (protecting the mind), the *Hifdzu mal* index (protecting wealth), the *Hifdzu nasab* index (protecting lineage). The five *maqashid* principles have varying degrees of urgency and importance, namely *Dharuriyat* (primary needs), *hajiyyat* (secondary needs), and *tahsiniyah* (complementary needs). From all of the above definitions along with the general principles of *maqāshid syarī'ah*, all of them aim to achieve human welfare. From the five general principles, three main visions are produced, namely purifying the soul in this case incorporating the individual education index (*ta'dib al-fard*), index of justice enforcement (*iqamah al-'adl*) and index of promoting well-being (*jalb al-maslaha*). All elements within the *maqāshid syarī'ah* can be used as a measurement tool for the *maqāshid syarī'ah* index (Moh Mufid, 2022).

The *Syarī'ah Maqāshid* Index (SMI) is the first performance measurement of Sharia banks using a quantitative approach introduced by Abu Zahrah. This concept is based on the concept of *maslaha*, referring to three basic theories; 1) *Tahdzib al-Fard* (educating individuals), 2) *Iqomat Al-Adl* (establishing justice), and 3) *Maslahah* (welfare). Abu Zahrah (1994) explains that the *maqāshid syarī'ah* is everything that is established by Allah and His prophet with the goal of benefiting humanity as a whole, which includes preserving and improving the quality and quantity of both material and spiritual aspects. Further, Abu Zahrah in his book on "*Ushul Fiqih*" explains that there are three objectives of the *maqāshid syarī'ah*, which are (Nurmahadi & Setyorini, 2018):

- a. Purifying the soul, so that every Muslim can become a source of goodness, not a source of evil for their surroundings. This is achieved through various types of worship that are prescribed, all of which aim to cleanse the soul and strengthen social cohesion.
- b. Justice, in Islamic society justice is fair, both in dealing with fellow Muslims and in dealing with others (non-Muslims). The goal of establishing justice in Islam is noble. Justice involves various aspects of life. In this regard, Islam views that every person has the same rights, as Islam refers to social justice. In striving to realize social justice, Islam highly values human rights.
- c. Welfare, is the ultimate goal to be achieved, which must exist in Islamic law. No matter is prescribed by Islam through the Qur'an and Sunnah unless it contains genuine welfare, which concerns all general interests, not the interests of a particular group. The *Syarī'ah Maqāshid* Index (SMI) measures the performance of Sharia banking using financial ratios based on the concept of *maqāshid syarī'ah*, in this case, SMI bases its *maslahah* concept on the theory presented by Abu Zahrah. The concept of *Syarī'ah Maqashid* Index that refers to the theory presented by Abu Zahrah consists of *Tahdzib al-Fard* (educating individuals), *Iqomat Al-Adl* (establishing justice), and *Maslahah* (welfare).

The concept of *maqāshid syarī'ah* by Abu Zahrah in his book on "*Ushul Fiqih*". The measurement concept has three objectives, which are (Nurmahadi & Setyorini, 2018):

- a. Education of the individual (individual education), meaning that the Sharia bank must develop knowledge and skills in individuals so that spiritual values increase, so that every Muslim can become a source of goodness, not a source of evil for their environment. This education is divided into two, namely education for internal and external parties of the Sharia bank. Education or scholarships for internal parties are research and training for employees of the Sharia bank. Meanwhile, for external parties, Publicity (advertising) is education or education for the public.

- b. Establishment of justice (enforcement of justice), the Sharia bank must ensure honesty and justice in every transaction and business activity covered in products, pricing, and contract provisions. In addition, all contracts must be free from elements of injustice such as maysir, gharar, and riba. This second variable is divided into three ratios, namely fair return, functional distribution, and interest-free product.
- c. The welfare (well-being), the Sharia bank must develop investment and social service projects to improve the welfare of society. Because welfare (well-being) is an important aspect of human life, this aspect also becomes a main concern, especially in the Sharia banking industry. This welfare (well-being) also provides benefits not only for society but also for the Sharia bank itself. Furthermore, this third variable is divided into three ratios, namely profit return, personal income transfer (zakat), and investment in the real sector.

4.1.1 The *Maqāshid syarī'ah* Index by Mohammed (2009)

The *Maqāshid syarī'ah* Index by Mohammed is a development of Abu Zahra's *Maqāshid syarī'ah* concept. The index is based on the objectives of the Sharia bank, which are individual education (*ta'dib al-fard*), upholding justice (*iqamah al-'adl*), and promoting well-being (*jalb al-maslaha*). These main objectives serve as the vision and mission of the Sharia bank. Each objective is developed into 10 elements, 4 elements for education, 3 elements each for justice and well-being. The 10 elements can be seen in the following table (Abdul, 2005).

Table 1. Elements of Abu Zahrah's *Maqāshid syarī'ah* based on the Main Goals.

No	Main Purpose	Elemen
1	Tahdzib El Fadr (Educating Individual)	E1. Education Grand E2. Research E3. Training E4. Publicity
2	Iqamah al-Adl (Establishing of Justice)	E5. Fair Return E6. Functional distribution E7. Interest free Product
3	Jalb of maslaha (Public Interest)	E8. Profit rasio E9. Personal Income E10. Investment ratio in sector riil

The *Maqāshid syarī'ah* concept based on the objectives of Abu Zahrah was later developed by Mohammed in the form of ratios as shown in the table below.

Table 2. *Maqāshid syarī'ah* Index According to Mohammed (Razak, 2005), Operationalizing The Objectives of Sharia banking

Concepts (objectives)	Dimensions	Elements	Performance Ratio	Sources of Data
1.Educating Individual	D1. Advancement of Knowlede	E1. Education Grant	R1. Education grant of scholarship / Total Expenses	Annual Report
		E2. Research	R2. Research Exp/ Total Expenses	Annual Report
	D2. Instilling new skills and improvements	E3. Training	R3. Training Exp/Total Expenses	Annual Report
	D3. Creating Awareness of Sharia banking	E4. Publicity	R4. Publicity Exp/ Total Expenses	Annual Report
2,Establishing Justice	D4. Fair Returns	E5. Fair Returns	R5. Profit Equalization reserves (PER) / Net or Investment Income	Annual Report

	D5. Cheap Product and Services	E6. Functional Distribution	R6. Mudarabah* and Musharakah modes/ Total Investment Models	Annual Report
	D6. Elimination of Negative Elements that breed injustices	E7. Interest Free product	R7. Investment Free Income / Total Income	Annual Report
3. Maslahah	D7. Profitability of bank	E8. Profit Ratios	R8. Net Income / Total Assets	Annual Report
	D8. Redistribution of Income & Wealth	E9. Personal Income	R9. Zakah* Paid / net Asset	Annual Report
	D9. Investment in Vital real sector	E10. Investment Ratios in real sector	R10. Investment in Real Economic Sector / Total Investment	Annual Report

Source: Mustafa Omar Mohammed and Fauziah Md Taib (2009).

4.1.2 Indeks Maqāshid syarī'ah Bedoui (2012)

A.M. Najjar divided the *maqāshid syarī'ah* into four main objectives, namely to protect the value of human life, to protect oneself, to protect society, and to protect the environment. Or more specifically, it can be seen in the table below.

Table 3. Indeks *Maqāshid syarī'ah* Bedoui Table

Key Objective	Consequence
1. Protecting the Value of Human Life	a. Faith b. Human rights
2. Protecting Oneself	a. Oneself b. Intelligence
3. Protecting Society	a. Descendants b. Human entities
4. Protecting the Environment	a. Wealth b. Living environment

Source: Bedoui (2012)

The concept was then developed by Bedoui by establishing 33 indicators from 8 dimensions of AM Najr. For more clarity, see the following table.

Table 4. Bedoui's *Maqāshid syarī'ah* Index;

Main Purpose	Dimension	Indicator (V _j)
A. Secure The Value Human Life	1. Faith	Musharakah and Mudharabah / Total Investment
		Interest Free Income/ Total Income
	2. Human Rights	Not Engage in Unauthorized Activities
		Employee Welfare
	Disclosure of The Islamic Index	the number of board meetings held in a year and the details of each individual who attended
		at least once a year the committee meets with the external auditors to review the financial statements
		SSB met with the audit committee and or external auditors to review the financial statements

		Maintenance of an effective system of internal control is disclosed
B. Protect Humans	3. Self	Investment in Riil Sector
	4. Intelligence	Educational Grants / Total Costs
		Training Cost/ Total Costs
		Publicity cost / Total costs
	5. Descendants	Qard and Donation / (Total Income- Payment of zakat & Taxes)
		Employee Costs (Total Income – Payment of zakat & Income)
		Dividen For Shareholders (Total Income – Payment of zakat & Income)
		Net Profit / (Total Income -Payment of Zakat & Income)
C. Maintain Society	6. Social Entity	Zakat / Total Assets
		Charity use (Alms)
		Source From Qard al-Hasan
		Support organizations that create employment opportunities that benefit society, participate in social activities, sponsor community activities committed to social roles, conferences on Islamic economics
		Requirements mission/social policy statement, social goals and objectives customer service community engagement
D. Maintain The Environment	7. Treasure	PER (Profit Equalization Reserve)/ Net Or Investment Income
		Asset Capital Ratio
		Allowance for losses / Total Loan
		Operating Cost / Operating Income
		Net Income / Total Assets
		Net Income / Total Equity
		Loan / total Assets
		Deposit Product / Total Assets
	8. Ecology	Environmental Protection
		Ecological Donation / Qard and Total Donation

Source: Bedoui (2012)

Bedoui (2012) developed the concept of measuring the performance of sharia banking based on *maqāshid*. According to him, sharia finance, which is an alternative to the current mainstream financial system, must establish ethical and social accountability and responsibility as one of the competitive advantages in the midst of changing social and economic trends. The demand for ethical values in economic activities is increasing. To answer this phenomenon, he developed the concept of measuring the performance of sharia banking based on *maqāshid*. This concept of measuring the performance of sharia banking based on *maqāshid* was developed by Bedoui with a formula taken from the development of Abdul Majid Najjar's theory (2006) (Mohammed, Tarique, & Islam, 2015).

4.1.3 Hoodaefi and Nurdin's *Maqāshid syarī'ah* Index

This concept is a development from the concepts of Mohammed and Bedoui. The concept was developed by Hoodaefi and Nurdin from Al-Syatibi's 5 principles of *Maqāshid syarī'ah* using 18 elements as a measurement instrument.

Table 5. Hoodaefi Index:

KONSEP	DIMENSI	ELEMEN
FAITH (DIN)	D1. Non- Negative Elements	E1. Interest Free Product
	D2. Creating Awareness of Sharia banking	E2. Publicity
	D3. Justice	E3. Charity
SELF (NAFS)		E4. Employee Welfare
	D4. Removal of Poverty	E5. Zakat Fund
	D5. Job Opportunities	E6. Total No.of branch
INTELLECT ('Aql)	D6. Education	E7. Education Grant
	D7. Research	E8. Research Expense
	D8. Health Environment	E9. Agricultural Financing
POSTERITY (NASL)	D9. Moral Development	E10. Training
	D10. Affordable Products and Services	E11. Non-Performing Finance
	D11. Profit Sharing Ratio	E12. Mudarabah Financing
WEALTH (MAL)		E13. Musyarakah Financing
	D12. Restructured Financing	E14. Restructured Mudharabah Financing
		E15. Restructured musyarakah financing
	D13. Earning Ability	E16. ROA
		E17. ROE
	D14. Management Quality	E18. Operational Efficient

Source: Hoodaefi and Nurdin (Hudaefi & Noordin, 2019).

4.1.4 The Sharia Conformity and Profitability (SCnP) concept

The Sharia Conformity and Profitability (SCnP) is a method of measuring the performance of Sharia banking through two variable approaches. The two variable approaches are Sharia Conformity (Sharia compliance) and Profitability. This measurement method was first developed by Kupussamy, et al. (2010). In other words, this model is a combination of the profitability indicators used to evaluate the financial performance of conventional finance with the orientation of the Sharia conformity index to evaluate the socio-economic performance of the Sharia bank. The research results and the concept of Kuppusamy measure the conformity of Sharia with three ratios, namely: Islamic Investment ratio, Islamic Income Ratio, Profit Sharing Ratio. Meanwhile, to measure conventional financial performance (Profitability), Kuppusamy uses three ratios: Return on Asset (Romero et al.), Return on Equity (Gagné et al.), and Net Profit Margin (NPM). The concept and operational elements of performance measurement based on Sharia Conformity and Profitability developed by Kuppusamy et al., (2010) are as follows (Mustaring, 2022).

Table 6. Sharia Conformity and Profitability (SCnP) Concept and Model Elements.

Variable Name	Variable	Indicator	Scala
Sharia Conformity	Islamic Investment	Islamic Investment / Islamic Investment and Non Islamic Investment	Rasio
	Islamic Income	Islamic Income / Islamic Income + Islamic Non Income	Rasio
	Profit Sharing	Mudharabah + Musyarakah / Total Financing	Rasio
Profitability	ROA	Net Income / Total Asset	Rasio
	ROE	Net Income / Shareholders Equity	Rasio
	NPM	Net Income / total Operating Revenue	Rasio

Source: Kuppusamy, et al., (2010)

The sharia conformity and profitability measurement method is analyzed by applying several steps, including:

1. Calculating the ratios contained in the SCnP variable.
2. Averaging the variable ratios using the formula.

4.1.5 The Concept of *Maqāshid* Syariah Measurement by Asutay & Harnigntyas

This concept was applied by Mehmet Asutay, professor at Durham University Business School & Astrid Fionna Harningtyas, specialist in macroprudential policy department at the Central Bank of Indonesia, in 2015. Actually, this concept of theirs is an application of the idea of measuring the performance of *maqāshid* by Bedoui, (2012). But in its implementation, Asutay added other frameworks built based on some empirical studies in evaluating the performance of Sharia banks. The measurement applied by Asutay and Harningtyas is the most comprehensive concept that accommodates all the elements of the variable measurement of the financial performance of sharia, both from the aspect of its sharia (conformity with sharia, and social) and from the commercial aspect (level of bank health and profitability). The indicators applied in the empirical measurement of the financial performance of sharia include:

- a. Islamicity Disclosure Index, developed by Hameed, et al, is used to test how well the Sharia bank discloses useful information for stakeholders. The Islamicity Disclosure Index consists of three indicators, namely: sharia compliance indicator, corporate governance indicator, and social or environmental indicator.
- b. Ethical Identity Index, developed by Haniffa. It is the disclosure of ethical identity in the financial reporting of Sharia banks. The Ethical Identity Index consists of eight dimensions of ethical identity that should be disclosed in the annual financial report of Sharia banking, including a statement of vision and mission, information on the directors and management of products and services, zakat, charity, and qardhul hassan, commitment to employees, commitment to debtors, commitment to society, and information on the Sharia Supervisory Board (SSB).
- c. *Maqāshid* Syari'ah Index, developed by Mohammed et. Al., is a measurement of the performance of Sharia banking that measures three sharia objectives, namely education, justice, and public benefit.
- d. CAMEL (Capital, Asset quality, Management, Earning, Liquidity) by Jaffar, is an analysis used to measure the level of bank health. In Indonesia, this measurement has already been applied based on Bank Indonesia Regulation No. 6/10/PBI/2004 on the assessment of the health level of commercial banks, with the addition of one indicator, namely sensitivity to market risk, which is later known as CAMELS.

The model offered by Asutay and Harnigntyas is a concept that tries to combine the concepts of Haniffa Hudaib, Hameed, Mohammed and CAMEL from Jaffar and Manarvi. Conceptually, this model showcases the combination of sharia and business concepts with profitability.

4.2 Model for Measuring Maqāshid syarī'ah Index

Based on Al-Syatibi's opinion on the 5 (five) general principles in *Maqāshid syarī'ah*, namely: *Hifdzu din* (protecting religion), *Hifdzu nafs* (protecting life), *Hifdzu aql* (protecting mind), *Hifdzu mal* (protecting wealth), *Hifdzu nasab* (protecting descent). These five principles have three goals: purifying the soul, justice, and welfare. By using the keywords from the three goals of *maqāshid syarī'ah* in realizing the five general principles of *maqāshid syarī'ah*, it can be used as a basis for measuring the level of sharia compliance in Sharia banks. Based on the five concepts above, the instruments used by the five concepts can be taken together. The similarity between the five concepts is related to non-riba income, zakat, and real halal investments. Specifically, it can be quantified using these instruments and adjusted to the financial reporting concept in Sharia banks (Moh Mufid, 2022). This concept is almost the same as what was revealed by Kuppusamy regarding the maqashid syariah index, but we use different dimensions and the Zakat dimension. The concept in question can be seen in the following table.

Table 7. *Maqāshid syarī'ah* Index

No	Objective	Dimension	Instrument	MSI
1	Purification of the Soul	Non-Riba Income	(Halal Income - Non-Halal Income)/Total Income	<ul style="list-style-type: none"> • MSI = 1 ; In accordance with Shariah, • $1 < \text{MSI} < 0.70$; Grey Area, • $\text{MSI} < 0.70$; Not Shariah
2	Justice (al-Adl)	Zakat Distribution	(Zakat Expended - Tax)/(Zakat + Tax)	
3	Welfare (Maslahah)	Halal Real Investment	(Real Investment - Non-Real Investment)/Total Investment	
		Conclusion		Average MSI

The first index uses the goal of purifying the soul (*Tazkiyah al-nafts*) by using the dimension of non-riba income. The non-riba income index is calculated by using the sharia bank's profit and loss report by comparing the difference between halal and non-halal income to total income. From the calculation result, it is expressed as a percentage with the conclusion that if the index = 1, it can be considered in accordance with the goals of the *sharia maqāshid*, if the result is between 1 - 0.70, it is categorized in the grey area which in this concept we consider as something that is permissible or discouraged, and if the result is < 0.70 , it is categorized in the index that does not meet the sharia maqashid for the purpose of purifying the soul. Etymology of *Tazkiyah al-nafts* consists of two words, *Tazkiyah* and *al-nafts*. *Tazkiyah* (تزكية) originates from the Arabic language, which is the ism masdhar of *zakka* (زكى) which means purification. According to Sa'id Hawwa, synonyms or equivalents of the word *Tazkiyah* are *tahthir*, which comes from the word *taharah*, meaning clean, and *al-namiy* or *al-ishlah* means growth. According to al-Raghib al-Isfahani, the word *zakka* (زكى) basically contains the meaning of growth because it is a blessing from God, as contained in the meaning of zakat. If it is connected to food, it means halal, while if it is connected to *al-nafts*, it contains the meaning of admirable qualities. This is in line with what Ibn Mandzur stated, that a person who says he is cleaning his soul when he tries to characterize himself with admirable qualities (Mutholingah & Zain, 2021).

The *tazkiyah* of the soul according to Al-Ghazali means purifying oneself from the characteristics of tyranny, animalism, and the devil and then filling it with divine characteristics. So, *tazkiyah al-nafts* can be defined as an effort to cleanse, purify, and heal the human soul from bad characteristics (*akhlaq al madzmumah*) and to cultivate good characteristics (*akhlaq al karimah*) through worshiping Allah according to the rules of sharia and with full sincerity. And *tazkiyah al-nafts* is a process that is not immediate, so it requires time, practice and habituation in order to be truly done (Mutholingah & Zain, 2021). Based on the above view, it can be concluded that *tazkiyah* of the soul is a process of cleaning and maintaining the cleanliness of the soul from all things that are bad. A clean soul is formed from good sources and avoids everything that is bad and brings harm. From the perspective of sharia law, a clean soul means that the soul is always protected from anything that has a haram characteristic. In the context of banking, it means that the bank earns income from businesses that do not have haram

characteristics, meaning that in everything that is pursued, the result is halal. Both the source, process, result and utilization of the result are all in a halal condition and free from haram characteristics. This is in line with the Quran, among others, in Surah Al Baqarah verse 168 and Surah Al Maa'idah verses 87-88 which contain messages about consuming that is halal, as well as the prohibition of consuming interest, for example in Surah Al Baqarah verses 273-281 (Kemenag, 2021).

In the context of a bank, it can be interpreted as earning halal income which is obtained from the results of good sources, processes, outcomes, and utilization that are in compliance with Islamic law. The main source of income in a bank is from the placement and/or utilization of funds obtained from the community or from its own capital. The results from the placement and/or utilization of funds owned by an Sharia bank is obtained in the form of profit sharing. This profit sharing is the antithesis of interest, which is called *riba* in Islam. However, in practice, Sharia banks cannot avoid having dealings with conventional businesses and banks, which reward their depositors based on interest calculations. Therefore, to purify one's soul in the context of an Sharia bank, it is necessary to avoid non-halal income as much as possible, specifically that which comes from *riba*. Although in reality, this cannot be avoided because the basic laws of the country where the Sharia bank operates have not fully adopted the concept of Islamic law as the standard for economic transactions. As a result, in the concept we offer, there is a grey area (permissible or discouraged), but it is still hoped that the minimum will be taken from these transactions, based on unavoidable emergencies. Such emergencies are, of course, subject to considerations of the greater benefit.

The second index is based on the second *maqāshid syarī'ah* objective, which is justice (*al-adl*) by using the dimension of Zakat, whose index is calculated by comparing the difference between the distributed Zakat and the paid tax with the total Zakat and tax paid in one reporting period. Just like the first index, the calculation results are expressed as a percentage, and if the index is equal to 1, it can be considered in line with the *maqāshid syarī'ah* objective. If the result falls between 0.70 and 1, it is categorized as a grey area, which in this concept is considered as permissible or recommended, and if the result is less than 0.70, it is categorized as not in line with *maqāshid syarī'ah* for the purpose of justice. The concept of justice has two contexts, individual and social. According to the individual context, in economic activities, one should not harm oneself. In the social context, every Muslim is required to not harm others. The implementation of the justice concept in the Islamic economic system is to avoid economic inequalities or imbalances between one person and another. The Islamic economic system also prohibits or does not condone any form of economic injustice such as monopoly and the concentration of economic power in only one particular group (Husni, 2020).

Justice in the Indonesian dictionary is defined as equal weight, impartial, and not biased or it can also be defined as not exceeding or reducing what is appropriate and siding with the truth. In the science of Hadith, justice is defined as a characteristic that is inherent in a person's soul to always be pious and preserve their dignity. Avoiding major sins such as polytheism, magic, killing, eating interest, eating the property of orphans, fleeing during intense wars, falsely accusing good women of adultery, hurting both parents, and hoping for the legality of the Kaaba's wealth and avoiding minor sins such as reducing the weight of a grain, stealing a mouthful of food, and avoiding permissible matters that are considered to reduce one's dignity (Husni, 2020). Islam views justice as an obligation and absolute requirement as one of the important elements in social and human life. Justice is an obligation imposed by Allah for all human beings in the world without exception. In maintaining balance, as well as maintaining the relationship between God and man, Islam also forms a balance between human and human relationships. This balance is necessary to protect good relationships from the negative impact that will be caused by excessive behavior in buying and selling transactions or in economic activities. That is why in Islam it is very important to create justice in all aspects of human life, not just one aspect (Husni, 2020). One dimension of justice in Islam is justice in income distribution Antonio (2017) The instrument in Islamic economics related to income distribution is zakat. In this case, zakat includes alms, charity and the like. With zakat, income can be distributed fairly from those who have excess wealth to those who are lacking. Like the first index, this second index also assumes that the existing Sharia banks are built on areas that have not yet adopted the Islamic system as a whole. For example,

Sharia banks in Indonesia have the same obligation as other banks to have a minimum reserve deposit to the central bank, in this case Bank of Indonesia. In the calculation, there is tax that needs to be taken into account. Similarly, in reporting to monetary authorities, tax must be paid, whether it is income tax or corporate tax. While in Islam, tax is only imposed in emergency situations when the baitulmall fund is empty and imposed on wealthy people and non-Muslim residents. Therefore, in measuring the level of *maqāshid syarī'ah* for the purpose of justice with our zakat index, we use grey area (Mubah and Makruh areas).

The third measurement of the level of *maqāshid syarī'ah* based on the purpose of welfare uses the dimension of real investment. To determine the level of shariah compliance of Sharia banks, it is measured from the real value of the funds owned. The index value is obtained from the calculation of the percentage comparison between the difference between real and non-real investment and total investment. Its value is the same as the previous index, that is, if the index = 1, it can be considered in accordance with the *maqāshid syarī'ah* goals, if the result is between 0.70 - 1, it is categorized into the grey area, which in this concept we consider as something that is permissible or reprehensible, and if the result is <0, it is categorized in the index that does not meet the *maqāshid syarī'ah* for the purpose of welfare. Welfare in Islam is referred to as *maslahah*, as welfare is a concept that encompasses all aspects of human life, whether it is personal individuals or a community. The welfare of *maqāshid syarī'ah* lies in five protections, namely the protection of faith (*al-din*), life (*al-nafs*), reason (*al-'aql*), lineage (*al-nasl*), and wealth (*al-mal*). Welfare is inseparable from an individual's ethical conduct in arranging their life. In economics, an individual's behavior will contribute to their own, family and environmental well-being. Therefore, the concept of *mashlahah* is also practiced in individual and community behavior. This results in consumers always having a tendency to choose goods and services that provide optimal *mashlahah* value (Fadlan, 2019)

Islamic economics puts happiness as a gift from God to all creatures who want to do good together with faith in God. As mentioned by God in Surah An-Nahl verse 97, there are three indicators to measure prosperity and happiness in Islam: tawhid, consumption, and the absence of all forms of fear and anxiety, as mentioned by God in verses 3-4 of Surah Quraish. Social concern, represented by zakat, has great potential in this country, and if it can be realized, zakat is a factor that makes a significant contribution to the community's economy, especially for rural communities (Sodiq, 2015). Islam divides the concept of well-being into three aspects: Personal Aspect, Family and Community Aspect, and State/Government Aspect. This is supported by the Islamic economic concept of well-being, which is related to well-being, namely: Ownership Concept (*al-Milkiyah*), Utilization of Ownership (*al-Tasharufi al-Milkiyah*) and Wealth Distribution (*Tauzi' al-Tsarwah bayna al-naas*). Well-being will be achieved with the "Power of the government" as the caretaker and representative of its people with "good and justice" in every policy and regulation produced (Purwana, 2014). The reason for using real investment dimension as a measure of well-being is that with real investment, for halal ventures, it is capable of providing a long-term effect on the economy. Unlike non-real investment, it only has an impact on Sharia banks. This is in line with the principles of Islamic economics that prohibit the trading of money, whether it be real money or money in another sense. Then we provide the green area (permissible and discouraged) for the same reason as the two previous indexes. Where Sharia banks cannot avoid what is called non-real investment, because Sharia banks cannot isolate themselves from conventional banks in transactions, and also from foreign financial institutions that use foreign currencies.

5. Conclusion

Based on the results of the analysis, background, problem formulation, theoretical review and discussion that has been carried out using a library approach, it can be concluded that to measure the performance of Sharia banking, it is best to use a Shariah-compliant measuring tool. This writing found that there are 5 measurement concepts to measure the Shariah compliance of Sharia banks using the 5 principles of *Maqāshid syarī'ah*, which give birth to three main visions of Sharia banks, namely purifying the soul, upholding justice and welfare, namely the *Maqāshid syarī'ah* index. The *Maqāshid syarī'ah* index found consists of the *Maqāshid syarī'ah* Index of Mohammed (2009), the *Maqāshid*

syarī'ah Index of Bedoui (2012), the *Maqāshid syarī'ah* Index of Hoodaefi and Nurdin, the Sharia Conformity and Profitability (SCnP) Concept (2010), the Measurement Concept of *Maqāshid* Syariah from Asutay & Harn sovereignty, and the measurement of the Maqashid Syariah index that is processed by developing the principles of Tazkiyah and taking similarities from all existing indices in measuring its level of Shariah compliance. The results of this writing can be concluded that to measure the level of *Maqāshid syarī'ah* in Sharia banks using the three goals of *Maqāshid syarī'ah* with three dimensions, namely; 1) Halal Income; 2) Zakat; and 3) Real Investment. From these three dimensions, three indices are generated with a measurement value of > 0.70 meeting the *Maqāshid syarī'ah* Index (Halal); values between 1 and 0.70 are in the grey area (Mubah and Makruh); and if the value is < 0.70 it does not meet the Shariah *Maqāshid* standard.

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