

# Maqashid Syari'ah Index Model in Sharia Bank

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## Abstract

**Purpose:** This study aims to develop an appropriate and comprehensive framework for measuring the implementation of *Maqāshid Syarī'ah* principles in Sharia banking, particularly amid global economic crises.

**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 study found five *Maqāshid Syarī'ah* measurement concepts for assessing Sharia bank compliance. These concepts share three main goals such as soul purification, justice, and public welfare, measured through interest-free business, zakat, and real investment.

**Conclusions:** This study concludes that Islamic banking performance should be measured using a Sharia-compliant framework based on the *Maqāshid Syarī'ah* Index. The proposed model identifies three main dimensions, namely halal income, zakat, and real investment, which represent purification of the soul, justice, and public welfare.

**Limitations:** This study is limited to a qualitative literature-based analysis and does not conduct empirical testing using financial data from Islamic banks. Therefore, future studies are encouraged to validate the proposed model quantitatively across different Islamic banking institutions.

**Contributions:** This study contributes by synthesizing five *Maqāshid Syarī'ah* measurement concepts and proposing a simplified model for evaluating Sharia compliance in Islamic banking through halal income, zakat, and real investment indicators.

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

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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 ([Ridwan, Pagalung, Luthfi, & Amin, 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 in 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 ([Risfandy & Pratiwi, 2022](#)). 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 ([Ghouse, Ejaz, Bhatti, & Aslam, 2022](#)). 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 establishment 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 ([Suharli, Wahab, & Habbe, 2021](#)). 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, a Sharia Bank is a bank that collects funds, distributes funds, and manages funds based on profit-and-loss sharing principles ([Salman, 2022](#)). 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 ([Hasanah, Fitriani, & Hana, 2022](#)). 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 ([Mukhibad, Nurkhin, Waluyo Jati, & Yudo Jayanto, 2022](#)).

### 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 ([Sahroni & 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 ([Al Ghifari, Handoko, & Yani, 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) ([Nugraha, Nugroho, Lindra, & Sukiati, 2020](#)). Sharia banks are attempting to eliminate the principle of interest in their business activities due to 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...* (Oh yes 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-syarī'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) (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 Methodology

This research uses a qualitative method with a literature review approach. This research uses previous research that can be accessed on the internet. 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). 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.

By employing a literature review approach, this study aims to synthesize existing knowledge, identify research gaps, and provide a comprehensive understanding of the topic. This method allows the researcher to critically analyze previous findings, compare different perspectives, and build a solid theoretical foundation to support the study's objectives (Paul & Criado, 2020). Furthermore, it ensures that the research is grounded in verified information and contributes to the development of scholarly discourse in the field.

In addition, the literature review approach is appropriate for this study because it enables the researcher to examine various models and concepts of *maqāshid syarī'ah* measurement in Islamic banking. Through this approach, relevant studies can be compared and integrated to formulate a more systematic measurement framework that reflects Sharia compliance, justice, and public welfare.

### 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. Establishment of the 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* (Nugroho, 2022). 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 (Mufid, 2022).

The *Maqāshid Syarī'ah* 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.

Furthermore, Abu Zahrah in his book on "*Ushul Fiqih*" explains that there are three objectives of the *maqāshid syari'ah*, which are [Nurmahadi and Setyorini \(2018\)](#), the main objectives of *maqashid Shariah* are purifying the soul, establishing justice, and achieving public welfare. Purifying the soul aims to develop individuals who contribute positively to society through worship and moral values. Justice emphasizes equality, human rights, and fairness in social interactions among both Muslims and non-Muslims. Meanwhile, welfare (*maslahah*) represents the ultimate goal of Islamic law, ensuring benefits for society as a whole. Based on Abu Zahrah's theory, the *maqashid Shariah Index (SMI)* measures Islamic banking performance through three dimensions: *Tahdzib al-Fard* (educating individuals), *Iqomat al-Adl* (establishing justice), and *Maslahah* (welfare).

The concept of *maqāshid syari'ah* by Abu Zahrah in his book on "*Ushul Fiqih*". The measurement concept has three objectives ([Nurmahadi & Setyorini, 2018](#)), The *maqashid Shariah* framework in Islamic banking consists of three main objectives: individual education, justice, and welfare. Individual education focuses on improving knowledge, skills, and spiritual values through employee training, research, and public education. Justice emphasizes fairness and honesty in transactions by ensuring products and contracts are free from *riba*, *gharar*, and *maysir*. Meanwhile, welfare aims to improve social and economic well-being through profit generation, zakat distribution, and investment in the real sector.

#### 4.1.1 The Maqāshid Syarī'ah Index

The *maqāshid syari'ah* Index by Mohammed is a development of Abu Zahra's *maqāshid syari'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 ([M. Mohammed, Abdul-Razak, & Md-Taib, 2008](#)).

Table 1. Elements of Abu Zahrah's *maqāshid syari'ah* based on the main goals

No	Main Purpose	Elemen
1	Tahdzib El Fadr (Educating Individual)	E <sub>1</sub> . Education Grand
		E <sub>2</sub> . Research
		E <sub>3</sub> . Training
		E <sub>4</sub> . Publicity
2	Iqamah al-Adl (Establishing of Justice)	E <sub>5</sub> . Fair Return
		E <sub>6</sub> . Functional distribution
		E <sub>7</sub> . Interest free Product
3	Jalb of maslaha (Public Interest)	E <sub>8</sub> . Profit rasio
		E <sub>9</sub> . Personal Income
		E <sub>10</sub> . Investment ratio in sector riil

Table 1 shows the three main purposes focus on different aspects of Sharia banking performance, Tahdzib El Fadr (Educating Individual) emphasizes human resource development through education, research, training, and publicity; *Iqamah al-Adl* (Establishing Justice) ensures fairness in operations via fair returns, functional distribution, and interest-free products; and *Jalb of Maslaha* (Public Interest) promotes societal benefit by considering profit ratios, personal income, and investment in the real sector. The *maqāshid syari'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
Educating Individual	<i>D</i> <sub>1</sub> . Advancement of Knowledge	<i>E</i> <sub>1</sub> . Education Grant	<i>R</i> <sub>1</sub> . Education grant of scholarship / Total Expenses	Annual Report
		<i>E</i> <sub>2</sub> . Research	<i>R</i> <sub>2</sub> . Research Exp/ Total Expenses	Annual Report
	<i>D</i> <sub>2</sub> . Instilling new skills and improvements	<i>E</i> <sub>3</sub> . Training	<i>R</i> <sub>3</sub> . Training Exp/Total Expenses	Annual Report
	<i>D</i> <sub>3</sub> . Creating Awareness of Sharia banking	<i>E</i> <sub>4</sub> . Publicity	<i>R</i> <sub>4</sub> . Publicity Exp/ Total Expenses	Annual Report
Establishing Justice	<i>D</i> <sub>4</sub> . Fair Returns	<i>E</i> <sub>5</sub> . Fair Returns	<i>R</i> <sub>5</sub> . Profit Equalization reserves (PER) / Net or Investment Income	Annual Report
	<i>D</i> <sub>5</sub> . Cheap Product and Services	<i>E</i> <sub>6</sub> . Functional Distribution	<i>R</i> <sub>6</sub> . Mudarabah* and Musharakah modes/ Total Investment Models	Annual Report
	<i>D</i> <sub>6</sub> . Elimination of Negative Elements that breed injustices	<i>E</i> <sub>7</sub> . Interest Free product	<i>R</i> <sub>7</sub> . Investment Free Income / Total Income	Annual Report
<i>Maslahah</i>	<i>D</i> <sub>7</sub> . Profitability of bank	<i>E</i> <sub>8</sub> . Profit Ratios	<i>R</i> <sub>8</sub> . Net Income / Total Assets	Annual Report
	<i>D</i> <sub>8</sub> . Redistribution of Income & Wealth	<i>E</i> <sub>9</sub> . Personal Income	<i>R</i> <sub>9</sub> . Zakah* Paid / net Asset	Annual Report
	<i>D</i> <sub>9</sub> . Investment in Vital real sector	<i>E</i> <sub>10</sub> . Investment Ratios in real sector	<i>R</i> <sub>10</sub> . Investment in Real Economic Sector / Total Investment	Annual Report

Table 2 show the outlines Sharia banking performance based on three objectives: Educating Individual (knowledge, skills, awareness via education, research, training, publicity), Establishing Justice (fair returns, functional distribution, interest-free products), and *Maslahah* (profitability, income redistribution, real sector investment), with all measures derived from annual report ratios.

#### 4.1.2 Indeks *Maqāshid Syarī'ah* Bedoui in 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.

Table 3. Indeks *maqāshid syarī'ah* Bedoui

Key Objective	Consequences
Protecting the Value of Human Life	Faith
	Human rights
Protecting Oneself	Oneself
	Intelligence
Protecting Society	Descendants
	Human entities
Protecting the Environment	Wealth
	Living environment

Table 3 summarizes key objectives of Sharia principles and their consequences: protecting human life emphasizes faith and human rights; protecting oneself focuses on personal safety and intelligence;

protecting society highlights the welfare of descendants and human entities; and protecting the environment concerns wealth and the living environment. The concept was then developed by Bedoui by establishing 33 indicators from 8 dimensions of AM Najr.

Table 4 Bedoui's *maqāshid syarī'ah* index

Main Purpose	Dimensions	Indicator (Vj)
Secure the Value Human Life	Faith	Musharakah and Mudharabah / Total Investment
		Interest Free Income/ Total Income
	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		
Protect Humans	Self	Investment in Riil Sector
	Intelligence	Educational Grants / Total Costs
		Training Cost/ Total Costs
		Publicity cost / Total costs
	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)		
Maintain Society	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
Maintain The Environment	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	
	Ecology	Environmental Protection
Ecological Donation / Qard and Total Donation		

Table 4 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 ([M. O. 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

Concept	Dimensions	Element
Faith ( <i>Din</i> )	<i>D</i> <sub>1</sub> . Non- Negative Elements	<i>E</i> <sub>1</sub> . Interest Free Product
	<i>D</i> <sub>2</sub> . Creating Awareness of Sharia banking	<i>E</i> <sub>2</sub> . Publicity
Self ( <i>Nafs</i> )	<i>D</i> <sub>3</sub> . Justice	<i>E</i> <sub>3</sub> . Charity
	<i>D</i> <sub>4</sub> . Removal of Proverty	<i>E</i> <sub>4</sub> . Employee Welfare
	<i>D</i> <sub>5</sub> . Job Opportunities	<i>E</i> <sub>5</sub> . Zakat Fund
Intellect (' <i>Aql</i> )	<i>D</i> <sub>6</sub> . Education	<i>E</i> <sub>6</sub> . Total No.of branch
	<i>D</i> <sub>7</sub> . Research	<i>E</i> <sub>7</sub> . Education Grant
Posterity ( <i>Nasl</i> )	<i>D</i> <sub>8</sub> . Health Environment	<i>E</i> <sub>8</sub> . Research Expense
	<i>D</i> <sub>9</sub> . Moral Development	<i>E</i> <sub>9</sub> . Agricultural Financing
Wealth ( <i>Mal</i> )	<i>D</i> <sub>10</sub> . Affordable Prooduts and Services	<i>E</i> <sub>10</sub> . Training
	<i>D</i> <sub>11</sub> . Profit Sharing Ratio	<i>E</i> <sub>11</sub> . Non-Performing Finance
		<i>E</i> <sub>12</sub> . Mudarabah Financing
	<i>D</i> <sub>12</sub> . Restructured Financing	<i>E</i> <sub>13</sub> . Musyarakah Financing
		<i>E</i> <sub>14</sub> . Restructured Mudharabah Financing
	<i>D</i> <sub>13</sub> . Earning Ability	<i>E</i> <sub>15</sub> . Restructured musyarakah financing
		<i>E</i> <sub>16</sub> . ROA
<i>D</i> <sub>14</sub> . Management Quality	<i>E</i> <sub>17</sub> . ROE	
	<i>E</i> <sub>18</sub> . Operational Efficient	

Table 5 shows the links Sharia banking concepts to measurable dimensions and elements. Faith (*Din*) emphasizes interest-free products and Sharia awareness. Self (*Nafs*) focuses on justice, charity, employee welfare, poverty alleviation, and job opportunities. Intellect ('*Aql*) covers education and research. Posterity (*Nasl*) addresses health, agricultural financing, and moral development. Wealth (*Mal*) includes affordable products, profit sharing, restructured financing, earning ability, and management quality. Each element provides a tangible measure for evaluating the implementation of Maqāsid Shariah principles.

#### 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 ([Asmar, Andriansyah, & Masuwid, 2023](#)). 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 measurement of Sharia conformity is carried out using three ratios: the islamic investment ratio, the islamic income ratio, and the profit-sharing ratio. Meanwhile, conventional financial performance (profitability) is assessed using three ratios: Return on Assets, Return on Equity,

and Net Profit Margin. The concept and operational elements of performance measurement based on Sharia Conformity and Profitability are presented as follows ([Mustaring, 2022](#); [Romero et al., 2010](#)).

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	<i>Mudharabah</i> + <i>Musyarakah</i> / Total Financing	Rasio
Profitability	ROA	Net Income / Total Asset	Rasio
	ROE	Net Income / Shareholders Equity	Rasio
	NPM	Net Income / total Operating Revenue	Rasio

Table 6 shows the defines variables for measuring Sharia banking performance. Sharia Conformity is assessed through ratios of Islamic investment, Islamic income, and profit-sharing financing. Profitability is evaluated using financial ratios including ROA (Net Income/Total Assets), ROE (Net Income/Equity), and NPM (Net Income/Operating Revenue). The sharia conformity and profitability are measured by first calculating the ratios within the SCnP variable, and then averaging these ratios using a specific formula to obtain an overall assessment.

#### 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. 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:

- Islamicity Disclosure Index, developed by [Nurfalah \(2023\)](#), 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.
- Ethical Identity Index, developed by [Esen and Esen \(2019\)](#), 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).
- Maqāshid Syari'ah* Index, developed by is a measurement of the performance of Sharia banking that measures three sharia objectives, namely education, justice, and public benefit.
- CAMEL (Capital, Asset quality, Management, Earning, Liquidity) by [Xiang and Fesenmaier \(2016\)](#), 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, 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 (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 7.

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	MSI = 1; In accordance with Shariah, 1 < MSI < 0.70; Grey Area, 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

Table 7 shows the first index uses the goal of purifying the soul (*tazkiyah al-nafs*) 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-nafs* consists of two words, *tazkiyah* and *al-nafs*. *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-nafs*, 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).

#### 4.3 Discussion

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-nafs* 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. *Tazkiyah al-nafs* is a process that is not immediate, so it requires time, practice and habituation in order to be truly done (Mutholingah & Zain, 2021). 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 a Sharia bank are 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 a 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 Islam emphasizes fairness, balance, and truth in all aspects of life, including economic transactions. In Islamic economics, justice is reflected through fair income distribution using instruments such as zakat, alms, and charity to transfer wealth from those with excess resources to those in need ([Husni, 2020](#)). Welfare or *maslahah* is measured through real investment because it provides long-term economic benefits and supports the objectives of *maqāshid syarī'ah*, namely protecting faith, life, reason, lineage, and wealth ([Fadlan, 2019](#)). Social welfare is also supported by zakat, proper wealth distribution, and government policies based on justice and public benefit ([Sodiq, 2015](#)).

## 5. Conclusions

### 5.1 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 in 2009, the *maqāshid syarī'ah* Index of Bedoui in 2012, the *maqāshid syarī'ah* Index of Hoodaefi and Nurdin, the Sharia

Conformity and Profitability (SCnP) Concept in 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.

### 5.2 Research Limitations

This study is limited by its reliance on a literature review and secondary data, which may not capture the full complexity of Sharia banking operations in practice. Additionally, the proposed *maqāshid syarī'ah* measurement framework has not been empirically tested across a wide range of banks, limiting its generalizability and applicability to different regional or institutional contexts.

### 5.3 Suggestions and Directions for Future Research

Future research could empirically validate the proposed *Maqāshid Syarī'ah* Index by applying it to multiple Sharia banks and comparing results across different countries or financial environments. Further studies may also explore additional dimensions, such as corporate governance, risk management, and social responsibility, to refine the measurement of Sharia compliance and overall bank performance.

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### Authors Contributions

MR contributed to conceptualization, methodology, and writing of the original draft. GP was responsible for data collection, formal analysis, and supervision. ML handled the literature review, validation, and project administration. ARMA contributed to data interpretation, editing, and the final review of the manuscript.

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