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# Exploring Maqashid Sharia Index: Evidence From Indonesian Islamic Bank

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Abstract

Islamic banks as business organizations that carry out activities based on sharia principles are expected to contribute to the achievement of the goals and objectives of Islamic economics, namely maqashid sharia. This study was conducted with the aim of analyzing the performance of Indonesian Islamic Banks for the 2021-2022 period using the Maqashid Sharia Index approach. The study was conducted using a descriptive quantitative method. The sample in this study was all Islamic Commercial Banks in Indonesia for the period 2021 to 2022. The data source used was secondary data in the form of annual reports from each bank. Based on the analysis of this study, it shows that BTPN Syariah achieved the highest Maqashid Sharia Index value with a value of 30.328% compared to other Islamic commercial banks. This illustrates that BTPN Syariah has tried to carry out the achievements of the maqashid sharia objectives well and is expected to be further improved to be more optimal.

Keywords: Islamic bank, performance, Maqashid sharia index, Indonesian Commercial Bank

## INTRODUCTION

Islamic banking has experienced rapid growth in recent years, both nationally and globally. More and more people are choosing to use Islamic banking products and services because they are in accordance with Islamic sharia principles. Islamic banking refers to a banking system that operates in accordance with Islamic sharia principles. These principles prohibit the practice of riba (interest), speculation, and investment in businesses that are forbidden in Islam, and encourage fair and socially responsible transactions.

Hasan (2016) explains several factors that can support the rapid growth of the Islamic banking industry, including (1) increasing public awareness of the values and principles of Islamic finance; (2) the government has provided full support to the Islamic banking industry by implementing policies that facilitate the establishment of Islamic banks and issuing regulations that support their growth; (3) Islamic banking has developed various products and services that are in accordance with Islamic principles, such as interest-free financing (murabahah), profit-sharing contracts (mudharabah), and Islamic-based asset management; and (4) increasing public trust in the Islamic banking industry.

According to Law No. 21 of 2008, Islamic banks are banks with business activities that are carried out in accordance with Islamic rules or principles, while based on the type of business, they

consist of Islamic Commercial Banks (BUS), Islamic Business Units (UUS), and Islamic People's Financing Banks (BPRS).

**Table 1.1 The Development of Indonesian Islamic Banks**

| Indicator | 2020 | 2021 | 2022 |
|---|---|---|---|
| **BUS** | 14 | 12 | 13 |
| **UUS** | 20 | 21 | 20 |
| **BPRS** | 163 | 165 | 164 |

Source: Statistics of Islamic Banking and Financial Services Authority (2023)

**Table 1.2 Number of Offices of Indonesian Islamic Banks**

| Indicator | 2020 | 2021 | 2022 |
|---|---|---|---|
| **BUS** | 2034 | 2036 | 2007 |
| **UUS** | 392 | 444 | 338 |
| **BPRS** | 627 | 495 | 501 |

Source: Statistics of Islamic Banking and Financial Services Authority (2023)

During the period 2020 to 2022, the number of Islamic Commercial Banks (BUS), Islamic Business Units (UUS), and Islamic People's Financing Banks (BPRS) changed. In 2021, the number of BUS decreased because the banking industry in Indonesia, especially Islamic banking, recorded a new history with the inauguration of PT Bank Syariah Indonesia Tbk (BSI) on February 1, 2021 or 19 Jumadil Akhir 1442 H. BSI is a bank resulting from a merger between PT Bank BRI Syariah Tbk, PT Bank Syariah Mandiri and PT Bank BNI Syariah. The Financial Services Authority (OJK) officially issued a merger permit for the three Islamic banking businesses on January 27, 2021 through letter Number SR-3/PB.1/2021. Then in 2022 the number of BUS increased again.

The increasing number and complexity of Islamic banks raises questions about the extent to which Islamic banking performance achieves Islamic objectives. In this context, a comprehensive approach is needed to measure the performance of Islamic banks in order to understand the contribution of Islamic banks to achieving Islamic objectives as a whole.

The maqashid sharia used in this study is in accordance with the concept of maqashid sharia developed by Muhammad Abu Zahrah which was written in his work in the form of the book Usul Fiqh. In his work, it is explained that maqashid sharia in detail has three main objectives, namely Individual Education (Tahzib al-Fardhi), Upholding Justice (Iqamah al-Adl), Upholding Justice (Jalb al-Maslahah), which are measured by several benchmarks based on the three objectives.

Individual education means developing individual knowledge in their activities so that they contain religious values according to sharia. Islamic banks must also conduct training and research programs to improve the knowledge of all employees. Enforcing justice means ensuring that Islamic banks have implemented fair values that include product provisions, prices, and contracts. In addition, the contracts used must also be free from elements of injustice that are prohibited in Islam. In improving welfare, Islamic banks are expected to be able to develop investment values and services in the form of social participation in order to improve community welfare.

In line with the concept of maqashid sharia, the reference in this study is the scientific development efforts by Mohammed, Razak and Taib entitled Developing Islamic Banking Performance Measures Based on Maqashid al-Shari'ah Framework: Cases of Selected Banks which conducted scientific development on their research in creating a measuring instrument based on the

concept of maqashid sharia called the maqashid shariah index. In this study, to measure the performance of Islamic banks there were results that were less appropriate, because the objectives of Islamic and conventional banks were different. The maqashid sharia indicators used can be used as one measure to assess the performance of Islamic banking by achieving the welfare of the people. So that through these indicators it can be seen whether the performance or activities of muamalah have been carried out in accordance with the principles, values, and objectives of sharia.

Based on the description above, the researcher intends to conduct research related to the analysis of Islamic banking performance using the maqashid shariah index approach at Islamic commercial banks registered with the OJK for the 2021-2022 period.

## LITERATUR REVIEW

### Islamic Bank and It's Performance

Sharia principles are the principles of Islamic law in banking activities based on fatwas issued by institutions that have the authority to determine fatwas in the field of sharia. According to Nurhayati and Wasilah (2015), the principles of Islamic finance (Islamic banking) as regulated in the Qur'an and Sunnah are the prohibition of usury, risk sharing, considering money as potential capital, the prohibition of speculative activities, the sanctity of contracts and activities must be in accordance with sharia. So, the principles of sharia finance refer to the principle of mutual consent (antaraddim minkum), no party oppresses and is oppressed (la tazhlimuna wa la tuzhlamun), business results appear together with costs (al kharaj bi al dhaman), and profit appears together with risk (al ghunmu bi al ghurmi).

Islamic banks in carrying out their operations are guided by principles that are in accordance with the foundation of sharia. The foundation of sharia, which includes authentic sources in Islam, is a reference in taking laws and religious arguments. The foundation of Islamic sharia includes the Qur'an, Sunnah, Ijtihad (Fiqh).

Bank performance in general is a picture of the achievements achieved by the bank in its operations (Mutia & Musfirah, 2017). Therefore, bank financial performance is a picture of the bank's financial condition in a certain period, including aspects of fund collection and fund distribution.

Referring to the statement, the performance of Islamic banks is a description of the achievement or accomplishment of Islamic banks in achieving Islamic objectives based on Islamic values and principles in the muamalah activities that have been carried out. Therefore, the performance measurement of Islamic banking should be more reflective of the achievement of Islamic objectives (maqashid shariah), so that the suitability between banking performance or muamalah activities carried out with Islamic values and principles can be known.

In terms of language, Maqashid al-syari'ah is composed of two words, maqashid and syari'ah (Sidiq, 2009). The word maqashid is the plural form of the word maqsid or maqshad which means demands, intentions, goals, or targets. While the word syari'ah in terms of language is defined as "the path to water". Maqashid syariah in terms of language means the intent, purpose or target of sharia. In terms of terminology, maqashid al-syari'ah is al-ma'ani allati syuri'at laha al-ahkam (the content of values that are the goal of legal syari'ah). So maqashid al-syari'ah are the goals to be achieved from a legal determination (Cahyani, 2014). In simple terms, the meaning of maqashid sharia is the goals, values, or meanings that are to be achieved from a legal determination that is maintained by sharia in all of its laws or most of its laws. It can also be said that maqashid sharia is the final goal of sharia and the secrets that sharia places in all of its laws.

Abdul Malik al Juwaini was the initial initiator of the maqashid theory, then developed by al-Ghazali (505 H/1111 AD), continued by al-Syatibi (790 H/1388 AD) with the theory of al masaalih al ammah or public interest, later developed with the theory of al masaalih al mursalah or unlimited interests in the description of maqashid (Sa'diyah, Gumilar, & Susilo, 2021). Asy-Syatibi

in his work al Muwafaqat fi Usul asy-Syari'ah explains in more detail that the main objective of sharia is the realization of human welfare as measured by the fulfillment of human needs, both needs in the world and needs in the hereafter. The division of the level of human needs in the view of asy-Syatibi is seen from the aspect of quality and human interests, divided into three forms, namely as follows (Syatiby).

First, Maslahah ad-Daruriyyah, maslahah at this level is a maslahah related to the basic needs of humans in the world and in the hereafter that must be realized, namely maintaining religion, soul, mind, descendants, and property, in this case included in the scope of maqasid sharia. Second, Maslahah al-hajiyah, namely the maslahah needed to perfect maslahah daruriyah, namely in the form of relief to maintain and care for basic human needs (Harun, 2009). Third, Maslahah Tahsiniyah, namely maslahah which is complementary in nature, in the form of freedom and propriety that can complement the previous maslahah.

**Maqashid Syariah Index**

Al Ghazali's maqashid sharia theory has inspired Muslim scholars to develop a maslahah model for human development and welfare. Many names have used the maqashid sharia theory, such as Abu Zahrah (1997) who expanded the maqashid theory to include justice and education, Chapra (2007) who applied the five basic theories of maqashid sharia as the basis for development and welfare, Dusuki & Mokhtar (2010) who applied the maqshid sharia theory as the basis for the issuance of Sukuk, and there are still many scientists who use the maqashid sharia theory as the basis for the application of sharia in various fields.

Abu Zahrah (1997) in Mohammed, Razak, and Taib (2008), has classified three major areas of Maqashid Syariah, namely: (1) Tahdhib al- Fard (Educating individuals); (2) Iqamah al-ʻAdl (Upholding justice); and (3) Jalb al-Maslahah (Promoting Welfare). The International Institute of Islamic Thought (IIIT) (2013) classifies it as the basis for the objectives of Islamic banking. This theory has been adopted in research in various sectors, both financial and non-financial, and has developed to date.

The Maqashid Syari'ah Index is a measurement tool for Islamic banking performance developed by Mohammed, Razak, and Taib in 2008. The concept of performance measurement in the maqashid syari'ah index refers to the theory of sharia objectives (maqashid syari'ah) put forward by Abu Zahrah, namely:

1) Education for Every Individual (Tahdzib Al-Fard / Educating Individual)

The existence of education for each individual aims so that every Muslim can be a source of goodness, not a source of evil for the community in their environment (Zahrah, 2011). This concept includes four derivative elements, namely as follows (Ali & Rama, 2018).

2) Upholding Justice (Iqamah Al-'Adl / Establishing Justice)

Fairness here means fairness to all parties without looking at religious differences. A Muslim must be fair to fellow Muslims and non-Muslims (Zahrah, 2011). This concept includes three derivative elements, namely (Ali & Rama, 2018).

3) Maslahah or Welfare (Jalb Al-Maslahah / Public Interest)

Maslahah as intended by Islam is maslahah that concerns the public interest, not just the interests of some people (Zahrah, 2011). This concept includes three derivative elements, namely as follows (Ali & Rama, 2018).

**Previous Research**

Suhada and Pramono (2014) analyzed the performance of Islamic banking in Indonesia using the maqoshid index approach. The sample used in this study was Islamic banking that had

published its annual report for 3 years, namely BMI, BSM, BRIS, BMS, BBS, and PBS. The results obtained were that in 2009 and 2010 BMI became the Islamic bank with the best performance with a ratio value of 13.67% and 13.64. While in 2011 BSM became the best with a ratio value of 13.85%.

Fatimatuzahra (2015) conducted a study using the maqashid sharia index as a measure of Islamic banking performance in her study. This study used 12 Islamic banks in Indonesia in 2014 as research objects, namely Muamalat Indonesia, Victoria Syariah, BRI Syariah, West Java and Banten Syariah, BNI Syariah, Syariah Mandiri, Syariah Mega Indonesia, Panin Syariah, Syariah Bukopin, BCA Syariah, Maybank Syariah Indonesia, and BTPN. The results of this study indicate that Bank Muamalat Indonesia achieved the highest total MSI, indicating that Bank Muamalat is a sharia bank that has implemented the maqashid sharia aspects well. The 12 Islamic banks in Indonesia have their respective advantages in implementing the elements of maqashid sharia. Then, Aisah (2016) used 8 Islamic commercial banks in Indonesia as samples. The results of the study showed that Bank Panin Syariah had the highest Sharia Maqashid Index (SMI) score compared to the other seven commercial banks.

Anwar (2019) assessed the performance of Bank Muamalat Indonesia (BMI) from 2015 to 2017 using the maqashid syariah index approach. The results of this study indicate that the performance of Bank Muamalat Indonesia (BMI) using the maqashid syariah index approach with three indicators showed the best performance in 2017, namely 11.6 in 2015 was 11.582 and in 2017 was 11.561. Moreover, Arimiko, Mukhzarudfa, and Wahyudi (2020) examined 22 Islamic Commercial Banks in Southeast Asia, especially in Indonesia, Malaysia, Singapore, and Brunei Darussalam. The study concluded that Bank Muamalat Malaysia was ranked first with the highest SMI value during the 2014-2018 period, with an average SMI value of 0.342279 and the performance of maqashid sharia at Islamic commercial banks in Southeast Asia for the 2014-2018 period mostly had a very low level of performance achievement.

Ritonga (2021) shows that Bank Panin Dubai Syariah achieved the highest Maqashid Syariah Index value with an average of 32.254% compared to other Islamic commercial banks. This illustrates that Bank Panin Dubai Syariah has tried to implement the achievements of the maqashid sharia objectives well and is expected to be further improved to be more optimal.

Chariunnisa (2022) used ten Islamic Commercial Banks registered with the OJK that met the sampling criteria based on the Purposive Sampling method. The results of the study showed that based on the SMI method, BRI Syariah and Bank Victoria Syariah were ranked first and second respectively in the Maqashid Syariah Index (MSI).

## RESEARCH METHODOLOGY

This research aims to analyze the performance of Islamic banking with the maqashid shariah index approach at Islamic commercial banks in Indonesia registered with the OJK in 2021-2022. This study uses a descriptive quantitative research method. The descriptive quantitative research method is a method that aims to describe or describe a situation objectively using numbers, starting from data collection, interpretation of the data and its appearance and results. According to Sugiyono as quoted by Arimiko et al. (2020), the descriptive research method is a method that concerns questions regarding the existence of independent variables, either in only one variable or more. This method was chosen because this study aims to describe the performance of Islamic commercial banks (BUS) registered with the OJK in Indonesia based on the Maqashid Shariah Index (MSI) measurement method. The quantitative approach is a scientific approach because it has met scientific principles, namely concrete or empirical, objective, measurable, rational and systematic (Arimiko et al., 2020). This quantitative approach is intended to measure the performance of Islamic banks based on the measurement ratio contained in the measurement method, namely MSI, as well as to compare the results of performance measurements from the three performance indicators in MSI.

The object of this study is the performance of Islamic banking as measured by the Maqashid Shariah Index (MSI) method. Performance measurement using the MSI method refers to the concept of measuring maqashid sharia adapted from the research of Mohammed, et al (2008), including; (1) education (Tahdzib al-Fard), (2) justice (Iqamah al- 'Adl), and (3) welfare (Jalb al-Maslahah).

The subjects in this study are Islamic commercial banks (BUS) in Indonesia registered with the OJK in 2021-2022, including; Bank Muamalat Indonesia, Bank Mega Syariah, Bank Syariah Bukopin, Bank Panin Dubai Syariah, Bank Victoria Syariah, BCA Syariah, Bank Jabar Banten Syariah, Bank Aladin Syariah, Bank Tabungan Pensiunan Nasional Syariah, Bank Aceh Syariah, BPD Nusa Tenggara Barat Syariah, and Bank Syariah Indonesia.

The selection of subjects in this study was carried out purposively, using the following criteria: (1) having been operating for at least 2 years until 2022, (2) availability of financial reports for 2021 and 2022 for each subject, (3) having complete data for all performance variables based on the maqashid shariah index method. Based on the classification results of these criteria, 12 Islamic commercial banks (BUS) were obtained that met all these criteria.

The type of data used in this study is secondary data. According to Umar as quoted by Tubarad and Indra (2019), secondary data is primary data that has been further processed and presented by other parties. The source of research data used is the annual financial report for 2021 and 2022.

**Data Analysis Technique**

The data analysis technique used is a descriptive data analysis technique by analyzing financial performance through the annual financial reports of Islamic commercial banks for the period 2021-2022 using the maqashid shariah index approach. In previous research by Mohammed et al. (2008), ten Islamic banking performance measurement ratios were determined using the maqashid shariah index approach.

In analyzing financial performance using the maqashid syariah index approach, there are several measurement steps taken. The following are the steps taken in research using the maqashid syariah index:

**a. Determination of Performance Ratio**

In determining the performance ratio is based on the availability of data needed in the study. This study uses ten ratios, which describes in table 3.1 below.

**Table 3.1 Performance Ratio of Maqashid Syariah Index**

| Variable | Dimention | Element | Performance Ratio | Source |
|---|---|---|---|---|
| 1. Individual Education | D1. Advancement of knowledge | E1. Education Grants | **R1. Education grants / Total cost** | *AnnualReport* |
| | D2. Embedding new skills and improvements | E2. Research | **R2. Research cost / Total cost** | *Annual Report* |
| | | E3. Training | **R3. Training cost / Total Cost** | *Annual Report* |

| | | | | |
|---|---|---|---|---|
| | D3. Creating awareness of Islamic banking | E4. Publicity | **R4. Publicity cost / Total Cost** | *Annual Report* |
| 2. Enforcement of Justice | D4. Fair transaction | E5. Fair return | **R5. Earnings / Total Earnings** | *Annual Report* |
| | D5. Affordable products and services | E6. Functional Distribution | **R6. Mudharabah & Musyarakah Financing / Total Investment** | *Annual Report* |
| | D6. Elimination of injustice | E7. Interest Free Products | **R7. Interest Free Income / Total Income (Earnings)** | *Annual Report* |
| 3. Creation of Increased Welfare | D7. Profitability | E8. Profitability ratio | **R8. Net income / Total Asset** | *Annual Report* |
| | D8. Redistribution of income and wealth | E9. Personal income | **R9. Zakat Paid / Net income** | *Annual Report* |
| | D9. Investment in vital real sectors | E10. Investment Ratio in Real Sector | **R10. Investment in real sector / Total Investment** | *Annual Report* |

Source: (Mohammed et al., 2008)

**b. Calculating Performance based on each Maqashid Shariah Index Variable**

In this second step, the indicator value is obtained by multiplying the element weight of each variable by the performance ratio. Systematically, the calculation model is as follows:

**Table 3.2 Calculate Performance based on MSI Variable**

| Variable | Indicator | Explanation |
|---|---|---|
| 1. Individual Education | IK1 = W11 (E1 × R1 + E2 × R2 + E3 × R3 + E4 × R4) | - IK1 is the first maqashid syariah index, namely individual education.<br>- W11 is the weight for individual education<br>- E1 is the weight of the first element value<br>- E2 is the weight of the second element value<br>- E3 is the weight of the third element value<br>- E4 is the weight of the fourth element value |

| | | |
|---|---|---|
| | | - R1 is the measure of sample performance based on the ratio of the first element<br>- R2 is the measure of sample performance based on the ratio of the second element<br>- R3 is the measure of sample performance based on the ratio of the third element<br>- R4 is the measure of sample performance based on the ratio of the fourth element |
| 2. Enforcement of Justice | IK2 = W22 (E5 × R5 + E6 × R6 + E7 × R7) | - IK2 is the second maqashid syariah index, namely the creation of justice<br>- W22 is the weight for the creation of justice<br>- E5 is the weight of the fifth element value<br>- E6 is the weight of the sixth element value<br>- E7 is the weight of the seventh element value<br>- R5 is a measure of sample performance based on the ratio of the fifth element<br>- R6 is a measure of sample performance based on the ratio of the sixth element<br>- R7 is a measure of sample performance based on the ratio of the seventh element |
| 3. Creation of Increased Welfare | IK3 = W33 (E8 × R8 + E9 × R9 + E10 × R10) | - IK3 is the third maqashid syariah index, namely increasing welfare<br>- W33 is the weight for achieving maslahah<br>- E8 is the weight of the eighth element value<br>- E9 is the weight of the ninth element value<br>- E10 is the weight of the tenth element value<br>- R8 is a measure of sample performance based on the ratio of the eighth element R9 is a measure of sample |

| | | |
|---|---|---|
| | | performance based on the ratio of the ninth element<br>- R10 is a measure of sample performance based on the ratio of the tenth element |

Then, we calculate based on the weight of each variable. The average weights given by experts are as follows:

**Table 3.3 Weight of Maqashid Syariah Index Variables**

| Variable | Variable Weight (%) | Element | Weight Element (%) |
|---|---|---|---|
| 1. Individual Education (Tahdhib Al-Fard) | 30 | E1. | 24 |
| | | E2. | 27 |
| | | E3. | 26 |
| | | E4. | 23 |
| | | **Total** | **100** |
| 2. Enforcement of Justice (Al-'Adl) | 41 | E5. | 30 |
| | | E6. | 32 |
| | | E7 | 38 |
| | | **Total** | **100** |
| 3. Creation of increased welfare (Maslahah) | 29 | E8. | 33 |
| | | E9. | 30 |
| | | E10. | 37 |
| **Total** | **100** | **Total** | **100** |

Sumber: (Mohammed et al., 2008)

**c. Summing Up Each Banking Performance in Three Indicators**

Calculate the number of each performance indicator and then analyze the performance of Islamic Commercial Banks registered with the OJK in 2021-2022. Systematically, this third step is formulated as follows:

$$Maqashid\ Sharia\ Index = IK1 + IK2 + IK3$$

## RESULT AND DISCUSSION

This study analyzes the financial performance of Islamic banking in Indonesia registered with the OJK using the Maqashid Shariah Index approach which is reviewed from the perspective of individual education goals, creation of justice, and achievement of welfare during the 2021-2022 period.

**a.Maqashid Sharia Performance Ratio**

The first step in measuring the maqashid sharia index is to calculate the percentage of its performance ratio. The following is the maqashid sharia performance ratio of 12 Islamic commercial banks for the 2021-2022 period based on their respective objectives:

**Table 4.1 Maqashid Sharia Performance Ratio**

| BUS | Average First Objective Performance Ratio | | | | Average Second Objective Performance Ratio | | | Average Third Objective Performance Ratio | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | R1 | R2 | R3 | R4 | R5 | R6 | R7 | R8 | R9 | R10 |
| Bank Muamalat Indonesia | **0.0277** | **0.0239** | **0.0277** | 0.0135 | 0.0124 | 0.2281 | 1.0000 | 0.0003 | **0.5897** | 0.0888 |
| Bank Mega Syariah | 0.0158 | 0.0182 | 0.0158 | 0.0000 | **0.3732** | 0.4006 | 1.0000 | 0.0264 | 0.0421 | 0.2105 |
| Bank Syariah Bukopin | 0.0067 | 0.0067 | 0.0035 | 0.0078 | -1.0974 | **0.8501** | 1.0000 | -0.0236 | 0.0000 | 0.0696 |
| Bank Panin Dubai Syariah | 0.0009 | 0.0009 | 0.0009 | 0.0032 | -0.7455 | 0.8020 | 1.0000 | -0.0199 | -0.0001 | 0.4196 |
| Bank Victoria Syariah | 0.0045 | 0.0221 | 0.0045 | 0.0009 | 0.0744 | 0.5163 | 1.0000 | 0.0026 | 0.0039 | 0.1616 |
| BCA Syariah | 0.0157 | 0.0140 | 0.0157 | 0.0038 | 0.1751 | 0.7707 | 1.0000 | 0.0087 | 0.0008 | 0.0254 |
| Bank Jabar Banten Syariah | 0.0178 | 0.0002 | 0.0178 | **0.1573** | 0.0980 | 0.3048 | 1.0000 | 0.0051 | 0.0130 | 0.2782 |
| Bank Aladin Syariah | 0.0067 | 0.0067 | 0.0067 | 0.0508 | **-5.0619** | 0.4656 | 1.0000 | -0.0559 | -0.0002 | 0.1980 |
| Bank Tabungan Pensiunan Nasional Syariah | 0.0065 | 0.0119 | 0.0065 | 0.0024 | 0.3449 | 0.0029 | 1.0000 | **0.0815** | 0.0000 | **0.8981** |
| Bank Aceh Syariah | 0.0150 | 0.0006 | 0.0150 | 0.0095 | 0.2077 | 0.1573 | 1.0000 | 0.0146 | 0.0014 | 0.6000 |
| BPD Nusa Tenggara Barat Syariah | 0.0161 | 0.0161 | 0.0161 | 0.0354 | 0.2128 | 0.7012 | 1.0000 | 0.0131 | 0.0061 | 0.1991 |
| Bank Syariah Indonesia | 0.0083 | 0.0047 | 0.0083 | 0.0294 | 0.2025 | 0.3254 | 1.0000 | 0.0127 | 0.0411 | 0.5776 |

The first element is the Education Grant which is described by the ratio of education grant to total cost (R1). In this first element, Bank Muamalat Indonesia has the largest ratio value of 0.0277 or 2.77% which shows that the bank is considered the best in developing education both internally and externally to banking. Then followed by Bank Jabar Banten Syariah with a value of 0.0178 or 1.78%. While the bank that is considered the lowest in developing education is Bank Panin Dubai Syariah with a value of 0.0009 or 0.09%.

The second element is Research which is described by the ratio of research costs compared to total costs (R2). In this second element, Bank Muamalat Indonesia has the largest ratio value of 0.0239 or 2.39% which shows that the bank is considered the best at developing the research capabilities of its workforce so that it can help Islamic banks to be more innovative according to the needs of the wider community, and can help to improve the quality and services of Islamic banks to become better. Then followed by Bank Victoria Syariah with a value of 0.0221 or 2.21%. While the bank that is considered the lowest in research development is Bank Jabar Banten Syariah with a value of 0.0002 or 0.02%.

The third element is Training which is described by the ratio of training costs compared to total costs (R3). In this third element, Bank Muamalat Indonesia again has the largest ratio value of 0.0277 or 2.77% which indicates that the bank is considered the best at developing the abilities and skills of employees so that they can provide the best performance for the bank. Then followed by Bank Jabar Banten Syariah with a value of 0.0178 or 1.78%. While the bank that is considered the lowest in training is Bank Panin Dubai Syariah with a value of 0.0009 or 0.09%.

The fourth element is Publicity which is described through the ratio of publication costs incurred divided by total costs (R4). In this fourth element, Bank Jabar Banten Syariah has the highest ratio value of 0.1573 or 15.73% which indicates that the bank is considered to have the largest role in disseminating Islamic banking knowledge to the wider community. Then followed by Bank Aladin Syariah with a value of 0.0508 or 5.08%. While the bank that is considered the lowest in publicity is Bank Victoria Syariah with a value of 0.0009 or 0.09%. Bank Mega Syariah does not provide details of publication costs in its annual report so that the ratio value is 0.0000.

The fifth element is Fair Return which is described through the ratio of profit to total income (R5). In this fifth element, several Islamic banks have negative values because the bank made a loss in 2021 and/or 2022. Bank Aladin Syariah has a ratio of -5.0619 or -506.19% which shows that the bank is considered to be increasingly implementing the goal of establishing justice. On the other hand, Bank Mega Syariah has a ratio of 0.3732 or 37.32% due to the high profit to total income. This shows that the value of the goal of establishing justice at Bank Mega Syariah is not good.

The sixth element is Functional Distribution which is described by the ratio of investment with profit sharing scheme (mudharabah and musyarakah) to total investment (R6). In this sixth element, Bank Syariah Bukopin has the highest ratio of 0.8501 or 85.01% of the total investment using profit sharing scheme. Then after Bank Syariah Bukopin, followed by Bank Panin Dubai Syariah with a ratio of 0.8020 or 80.20%. Meanwhile, the bank that is considered the lowest in functional distribution is BTPN Syariah with a value of 0.0029 or 0.29% because in its annual report it only includes musyarakah financing.

The seventh element is Interest-Free Products which is described through the ratio of interest-free income compared to total income (R7). All Islamic commercial banks have the same ratio of 0.1000 or 100% in this seventh element. This shows that the income of all Islamic commercial banks in Indonesia from activities free from usury (interest) is 100% of their total income.

The eighth element is the Profitability Ratio which shows the ability of Islamic banks to manage their assets optimally and wisely to obtain high profits. This ratio is described through the ratio of net profit compared to total assets (R8). In this eighth element, Bank Tabungan Pensiunan Nasional (BTPN) Syariah has the highest ratio of 0.0815 or 8.15%. This shows that the net profit obtained by BTPN Syariah is 8.15% of the total assets it owns. After that, it is followed by Bank

Mega Syariah which has a ratio value of 0.0264 or 2.64%. Meanwhile, the three samples of Indonesian Islamic banks can be said to be still low in their ability to manage assets to obtain high profits. It can be seen that Bank Panin Dubai Syariah, Bank Syariah Bukopin, and Bank Aladin Syariah have negative ratio values, namely -1.99%, -2.36%, and -5.59% respectively.

The ninth element is Personal Income which is described by the ratio of zakat issued by Islamic banks to their net profit (R9). The highest ratio in this ninth element is Bank Muamalat Indonesia with a value of 0.5897 or 58.97%. This means that the amount of zakat issued by Bank Muamalat Indonesia is equivalent to 58.97% of its net profit. This is followed by Bank Mega Syariah and Bank Syariah Indonesia with ratio values that are not much different, the zakat issued is equivalent to 4.21% and 4.11% of its net profit respectively. Meanwhile, Bank Syariah Bukopin and BTPN Syariah do not include the value of zakat issued in their annual reports so that the ratio value is 0.0000.

The tenth element is the Investment Ratio in the Real Sector which is described by Islamic bank investment in the real economic sector compared to all Islamic bank investments (R10). BTPN Syariah has the highest ratio of 0.8981, indicating that 89.81% of its total investment is channeled for investment in the real economic sector. After BTPN Syariah, followed by Bank Aceh Syariah and Bank Syariah Indonesia which have ratio values that are not much different, namely 0.6000 or 60% and 0.5776 or 57.76%. While the bank with the lowest investment in the real sector is BCA Syariah with a ratio of 0.0254 or 2.54%.

**b. Maqashid Sharia Performance Indicators**

After obtaining the percentage of the average value of the maqashid sharia performance ratio, the second stage in determining the maqashid shariah index (MSI) is to calculate the maqashid sharia performance indicators. The following are the results of the maqashid sharia performance indicators of 12 Islamic commercial banks for the 2021-2022 period based on their objectives:

**Table 4.2 Maqashid Sharia Performance Indicators First Objective**

| BUS | Performance Indicator for First Objective | | | | |
|---|---|---|---|---|---|
| | IK11 | IK12 | IK13 | IK14 | TOTAL IK1 |
| Bank Muamalat Indonesia | **0.00200** | **0.00193** | **0.00216** | 0.00093 | 0.00703 |
| Bank Mega Syariah | 0.00114 | 0.00147 | 0.00123 | 0.00000 | 0.00384 |
| Bank Syariah Bukopin | 0.00048 | 0.00054 | 0.00027 | 0.00054 | 0.00183 |
| Bank Panin Dubai Syariah | 0.00006 | 0.00007 | 0.00007 | 0.00022 | 0.00043 |
| Bank Victoria Syariah | 0.00032 | 0.00179 | 0.00035 | 0.00006 | 0.00252 |
| BCA Syariah | 0.00113 | 0.00114 | 0.00122 | 0.00026 | 0.00375 |

| BUS | Performance Indicator for First Objective | | | | |
|---|---|---|---|---|---|
| | IK11 | IK12 | IK13 | IK14 | TOTAL IK1 |
| Bank Jabar Banten Syariah | 0.00128 | 0.00002 | 0.00139 | **0.01085** | **0.01354** |
| Bank Aladin Syariah | 0.00048 | 0.00054 | 0.00052 | 0.00351 | 0.00505 |
| Bank Tabungan Pensiunan Nasional Syariah | 0.00047 | 0.00097 | 0.00051 | 0.00016 | 0.00210 |
| Bank Aceh Syariah | 0.00108 | 0.00005 | 0.00117 | 0.00066 | 0.00296 |
| BPD Nusa Tenggara Barat Syariah | 0.00116 | 0.00130 | 0.00125 | 0.00244 | 0.00616 |
| Bank Syariah Indonesia | 0.00059 | 0.00038 | 0.00064 | 0.00203 | 0.00365 |

It can be seen from the table above that Bank Muamalat Indonesia excels in three performance indicators related to education grants (IK11), research (IK12), and training (IK13). Overall, Bank Jabar Banten Syariah is better at achieving the first goal of maqashid syariah (Individual Education) compared to other Islamic banks. BJB Syariah's superiority in achieving the first goal is due to the high expenditure channeled for publicity (IK14) to create awareness of Islamic banking by BJB Syariah during the 2021-2022 period.

**Table 4.3 Maqashid Sharia Performance Indicators Second Objective**

| BUS | Performance Indicator for Second Objective | | | |
|---|---|---|---|---|
| | IK21 | IK22 | IK23 | TOTAL IK2 |
| Bank Muamalat Indonesia | 0.00152 | 0.02993 | 0.15580 | 0.18725 |
| Bank Mega Syariah | 0.04590 | 0.05256 | 0.15580 | 0.25426 |
| Bank Syariah Bukopin | -0.13499 | 0.11153 | 0.15580 | 0.13234 |
| Bank Panin Dubai Syariah | -0.09170 | 0.10522 | 0.15580 | 0.16932 |

| BUS | Performance Indicator for Second Objective | | | |
|---|---|---|---|---|
| | IK21 | IK22 | IK23 | TOTAL IK2 |
| Bank Victoria Syariah | 0.00915 | 0.06774 | 0.15580 | 0.23269 |
| BCA Syariah | 0.02153 | 0.10112 | 0.15580 | 0.27845 |
| Bank Jabar Banten Syariah | 0.01205 | 0.03999 | 0.15580 | 0.20784 |
| Bank Aladin Syariah | -0.62262 | 0.06109 | 0.15580 | -0.40573 |
| Bank Tabungan Pensiunan Nasional Syariah | 0.04243 | 0.00039 | 0.15580 | 0.19861 |
| Bank Aceh Syariah | 0.02554 | 0.02063 | 0.15580 | 0.20197 |
| BPD Nusa Tenggara Barat Syariah | 0.02617 | 0.09199 | 0.15580 | 0.27396 |
| Bank Syariah Indonesia | 0.02491 | 0.04269 | 0.15580 | 0.22340 |

Then from the table above it can be seen that Bank Mega Syariah excels in performance indicators related to fair returns (IK21) by the bank. While Bank Syariah Bukopin has the highest functional distribution performance indicator (IK22) compared to other Islamic banks. And in general BCA Syariah obtained the highest score in achieving the second goal of maqashid syariah (Upholding Justice).

**Table 4.4 Maqashid Sharia Performance Indicators Third Objective**

| BUS | Performance Indicator for Third Objective | | | |
|---|---|---|---|---|
| | IK31 | IK32 | IK33 | TOTAL IK3 |
| Bank MuamalatIndonesia | 0.00003 | **0.05130** | 0.00953 | 0.06086 |
| BankMega Syariah | 0.00252 | 0.00366 | 0.02259 | 0.02877 |
| Bank Syariah Bukopin | -0.00226 | 0.00000 | 0.00747 | 0.00522 |
| Bank PaninDubai Syariah | -0.00190 | -0.00001 | 0.04502 | 0.04311 |

| BUS | Performance Indicator for Third Objective | | | |
|---|---|---|---|---|
| | IK31 | IK32 | IK33 | TOTAL IK3 |
| Bank Victoria Syariah | 0.00025 | 0.00034 | 0.01734 | 0.01793 |
| BCA Syariah | 0.00084 | 0.00007 | 0.00273 | 0.00363 |
| Bank Jabar Banten Syariah | 0.00049 | 0.00113 | 0.02985 | 0.03147 |
| Bank Aladin Syariah | -0.00535 | -0.00002 | 0.02125 | 0.01588 |
| Bank TabunganPensiunan Nasional Syariah | 0.00780 | 0.00000 | 0.09636 | 0.10417 |
| BankAceh Syariah | 0.00139 | 0.00012 | 0.06438 | 0.06590 |
| BPD NusaTenggara Barat Syariah | 0.00126 | 0.00053 | 0.02137 | 0.02316 |
| Bank Syariah Indonesia | 0.00121 | 0.00358 | 0.06198 | 0.06677 |

From the table above, it can be seen that BTPN Syariah excels in performance indicators related to bank profitability (IK31). Meanwhile, Bank Muamalat Indonesia has the highest zakat performance indicator (IK32) compared to other Islamic banks. And in general, BTPN Syariah obtained the highest score in achieving the third objective of maqashid syariah (Public Interest). This is due to BTPN Syariah's high investment in the real economic sector (IK33) during the 2021-2022 period.

**c. Maqashid Sharia Index (MSI) of Indonesian Islamic Commercial Banks (BUS)**

Maqashid Shariah Index (MSI) is the result of the sum of the three objectives of the maqashid sharia indicators. Table 4.5 below shows the total Maqashid Shariah Index (MSI) of Islamic commercial banks registered with the OJK for the 2021-2022 period as follows:

**Table 4.5 Maqashid Shariah Index of Indoensian Islamic Commercial Banks for the Period 2021-2022**

| BUS | IK1 | IK2 | IK3 | MSI | Ranking |
|---|---|---|---|---|---|
| Bank Muamalat Indonesia | 0.00703 | 0.18725 | 0.06086 | 0.25514 | 7 |

| BUS | IK1 | IK2 | IK3 | MSI | Ranking |
|---|---|---|---|---|---|
| Bank Mega Syariah | 0.00384 | 0.25426 | 0.02877 | 0.28688 | 4 |
| Bank Syariah Bukopin | 0.00183 | 0.13234 | 0.00522 | 0.13939 | 11 |
| Bank Panin Dubai Syariah | 0.00043 | 0.16932 | 0.04311 | 0.21285 | 10 |
| Bank Victoria Syariah | 0.00252 | 0.23269 | 0.01793 | 0.25314 | 8 |
| BCA Syariah | 0.00375 | **0.27845** | 0.00363 | 0.28583 | 5 |
| Bank Jabar Banten Syariah | **0.01354** | 0.20784 | 0.03147 | 0.25285 | 9 |
| Bank Aladin Syariah | 0.00505 | -0.40573 | 0.01588 | -0.38480 | 12 |
| Bank Tabungan Pensiunan Nasional Syariah | 0.00210 | 0.19861 | 0.10417 | 0.30488 | 1 |
| Bank Aceh Syariah | 0.00296 | 0.20197 | 0.06590 | 0.27083 | 6 |
| BPD Nusa Tenggara Barat Syariah | 0.00616 | 0.27396 | 0.02316 | 0.30328 | 2 |
| Bank Syariah Indonesia | 0.00365 | 0.22340 | 0.06677 | 0.29382 | 3 |

From the table above, it can be seen that the achievement of the first goal, namely individual education (IK1), was best done by BJB Syariah with a value of 0.01354, the achievement of the second goal, namely the enforcement of justice (IK2), was best done by BCA Syariah with a value of 0.27845, and the achievement of the third goal, namely public interest (IK3) was achieved by BTPN Syariah with a value of 0.10417. And for overall performance seen from the maqasid index, BTPN Syariah has the highest value. This is because BTPN Syariah is very good at improving public welfare and has quite good achievements in the other two goals, namely the goal of individual education, enforcement of justice.

## CONCLUSION

This research aims to analyze the performance of Islamic banking with the maqashid shariah index approach at Islamic commercial banks in Indonesia registered with the OJK in 2021-2022. Based on this study, the financial performance of Islamic commercial banks based on the first goal of individual education was highest achieved by Bank Jabar Banten Syariah and the lowest was achieved by Bank Panin Dubai Syariah. In the performance of the first goal of individual education, Islamic commercial banks have made good efforts to implement the four ratios of education grants, research, training, and publications.

Then, the financial performance of Islamic commercial banks based on the second objective of enforcing justice was highest achieved by BCA Syariah and the lowest was achieved by Bank Aladin Syariah. In this second objective of enforcing justice, Islamic commercial banks have consistently continued to distribute financing, especially in the mudharabah and musyarakah schemes which have increased in 2021-2022.

The financial performance of Islamic commercial banks in the third objective of increasing welfare (public interest) was highest achieved by BTPN Syariah and the lowest was achieved by BCA Syariah. In this third objective, there are still Islamic commercial banks that achieve low profitability values due to losses experienced by Islamic commercial banks.

The highest average MSI value of Islamic commercial banks for the 2021-2022 period was achieved by BTPN Syariah supported by maintaining the spirit of partnership of Islamic financial institutions so that the values of maqashid sharia are achieved. While the lowest MSI value was obtained by Bank Aladin Syariah. In general, Islamic commercial banks have tried to implement these three objectives well, even though they have shortcomings and advantages in achieving the maqashid sharia ratio aspect to be further improved.

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