



DEVELOPMENT MAQASHID SHARIA PERFORMANCE IN ISLAMIC BANK

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Abstract

Islamic banks differ from conventional banks both in philosophy and practice. Its implication is the measurement of performance with financial measures is inappropriate. Maqashid sharia as an alternative continues to develop, so that existing measurements have shortcomings. This study develops the existing measurement of maqashid sharia. The development was carried out in three stages, namely literacy studies, weighted scores, and semi structured interviews. Interviews were conducted with academics of ushul fiqh, Islamic economics, Islamic accounting and practitioners of Islamic banking. Maqashid Sharia Performance (MSP) as a measurement development compiles operational definitions into legal and social requirements. Legal requirements consist of 11 SSB Report indices, 7 product and activity indices, 4 document confirmation indices, 7 zakat indices, and 7 attestation of accounting indices. The social requirements consist of 11 *daruriyat* ratios, 4 *hajiyat* ratios, and 2 *tahsiniiyat* ratios. This research contributes to finding measurements of maqashid sharia (MSP) for Islamic bank that meet the aspects of form and substance and are comprehensive for all levels of *daruriyat*, *hajiyat*, and *tahsiniiyat*.

Keywords: Maqashid Sharia Performance, Legal Requirement, Social Requirement, financial measurement, Islamic bank

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Introduction

Islamic Bank uses the Islamic worldview as a guide to its philosophy (Dusuki 2008), so it uses Islamic principles in its operations (Ahmed 2014; Magalhães and Al-Saad 2013). These two things make Islamic banks unique

and different from conventional banks that use the western neo-classical worldview and capitalists (Askari, Iqbal, and Mirakhor 2014; Dusuki 2008; Kettell 2012; Lone 2016). Therefore, I found three gaps which produce the purpose and contribution of this paper. The three gap arises from the same thing, namely the performance measurement of Islamic banks. The performance is the institution achievement for the objectives of the institution itself (Asutay and Harningtyas 2015; Hameed et al. 2004). The objectives of Islamic banks are sharia, economic, ethical, and social compliance (Lone 2016).

First, practically, performance measurement carried out by Islamic banks uses financial indicators, such as CAMEL (Antonio, Sanrego, and Taufiq 2012; Asutay and Harningtyas 2015; Mifrahi and Fakhrunnas 2018; Sutrisno and Widarjono 2018). No different, the dominance of previous research on performance measurement of Islamic banks using a financial approach as well (Dusuki 2008). Its result proves financial approach shows high achievements (Mohammed, Tarique and Islam, 2015) and rapidly (Mohammed, Razak, and Taib 2008). Its prove, Islamic bank assets growth 52.47% during 2000 to 2018 (\$ 80 billion to \$ 1.571 billion) (IFSB 2009-2019¹ ; Antonio, Sanrego and Taufiq 2012). Nevertheless, financial measurement by Islamic bank is considered no different from conventional banks that adhere to capitalist values, namely promoting maximum profit (Askari et al. 2014; Dusuki 2008; Kettell 2012; Lone 2016). Referring to Lone (2016), then this phenomenon does not have sufficient substance to achieve the goals of Islamic banks.

Second, alternative performance measurement namely maqashid sharia should be applied cause be the comprehensive measurement (Askari, Iqbal, and Mirakhor 2014; Dusuki 2008; Kettell 2012; Lone 2016). Maqashid sharia is a study that focuses on the goals or objectives of Islamic rules itself (Ullah and Khanam 2018). Referring to Lone (2016), maqashid sharia has substance to achieve sharia, ethical, social, and economic compliance. Before finding the gap, at present, the maqashid sharia's interpretation of Islamic banks has been divided into three groups. The first group, Mohammed, Razak, and Taib (2008), Mohammed and Taib (2010), and Antonio, Sanrego, and Taufiq (2012) use Abu Zaharah's interpretation to create ten financial ratios.

¹ Islamic Financial Services Industry Stability Report 2019 page. 14

The second group, Mohammed, Tarique, and Islam (2015) use Ibn Ashur's interpretation to create sixteen financial ratios. The third group, Asutay and Harningtyas (2015) use the Najjar interpretation to create eighteen financial ratios. Although the three research groups played a role in creating the maqashid sharia measurement, several gaps emerged. First, all measurements use ratios, so they are unable to confirm the form and substance legal requirement of maqashid sharia. Second, all measurements have not provided a derivative from the overall measurement of daruriyat, hajjiyyat and tahsiniyyat. Therefore, there are maqashid sharia abstractions that have not been compiled comprehensively where Lone (2016) states that Islamic banks need to achieve sharia, ethical, social and economic compliance. This abstraction can be answered by the maqashid sharia approach that has recently been studied, namely the legal and social requirements proposed by (Ahmed, 2011).

Third, the gap from an abstraction of legal requirements and social requirements which are similar to the sharia measurement proposed by Rosly (2010). Rosly (2010) proposes four measures in Islamic bank commitments to Islamic values, namely contract, legal documentation, financial reports and maqashid sharia. A contract is a guarantee that there is an exchange of assets in accordance with Islam which is supported by evidence of transactions and agreement documents and is proven by accounting records. Contract, legal and accounting documentation is an inseparable unit to obtain sharia compliance status or legal requirements (Ahmed, 2011). Furthermore, the maqashid sharia proposed by Rosly (2010) has similarities with Ahmed (2011) cause it has the same components, namely social requirements consisting of daruriyat (necessities), hajjiyyat (complementary), and tahsiniyyat (beautifications). However, both Ahmed (2011) and Rosly (2010) have not provided a measurement or conceptual paper.

Referring to the discussion above, this study seeks to develop the measurement of maqashid sharia by referring to Lone (2016), Ahmed (2011), and Rosly (2010). As a result, this study introduces the measurement of maqashid sharia parameter (MSP). MSP divided into two namely legal and social requirements. The legal requirements consist of 11 SSB report indices, 7 product and accessibility indices, 4 document confirmation indices, 7 zakat indices, and 7 attestations of financial reporting indices. The social requirements consist of 17 financial ratios consisting of 11 daruriyat ratios, 4 hajjiyyat ratios, and 2 tahsiniyyat ratios. The accumulated MSP is 53 items.

Mapping Previous Research

First, Mohammed, Razak, and Taib (2008) interprets maqashid sharia in the three concept forms that educating (Tahdhib al-Fard), justice (Iqamah al-`Adl), and public interest (Jalb al-Maslahah). Furthermore, this concept consists into nine dimensions, namely advancement of knowledge (1), instilling new skills and improvements (2), creating awareness of Islamic banking (3), fair dealings (4), affordable products and services (5), elimination of injustices (6), profitability (7), redistribution of income and wealth (8), and investment in vital real sectors (9). All concepts and dimensions in this study are also used by Mohammed and Taib (2010) and Antonio, Sanrego, and Taufiq (2012) where the only difference occurs dimensions reinterprets into elements which are then measured in the form of financial ratios.

Second, the maqashid sharia model uses the maqashid sharia theory from Al-Ghazali with Ibn Ashur's interpretation that was proposed by Mohammed, Tarique, and Islam (2015) under the name Maqashid Sharia Performance Evaluation Modeling (MPEM). Even though Al-Ghazali stated that there are three components of maqashid sharia, namely daruriyat, hajiyyat and tahsiniyyat, Mohammed, Tarique, and Islam (2015) use the concept of daruriyat only. Furthermore, the daruriyat concept creates five dimensions, namely the preservation of faith, life, intellect, progeny, and wealth which interprets into financial ratios.

Third, the maqashid sharia model uses Abdel Majjid Najjar's interpretation. This model was proposed by Asutay and Harningtyas (2015) in the framework of objectives and correlation. Furthermore, the four objectives of an Islamic bank are protecting human life , human self, society and the environment. From these four objectives, it produces eight concepts, namely faith , right and stakeholding , self , intellect , posterity , social

Even though the previous studies adopted three different models, namely Abu Zahara, Ibn Ashur and Abdel Majid Najjar, there are similarities, namely creating financial ratios in their measurements. Furthermore, consistent financial ratios treated as part of maqashid sharia performance (MSP).

Reserach Method: Developing Maqashid Sharia Performance (MSP)

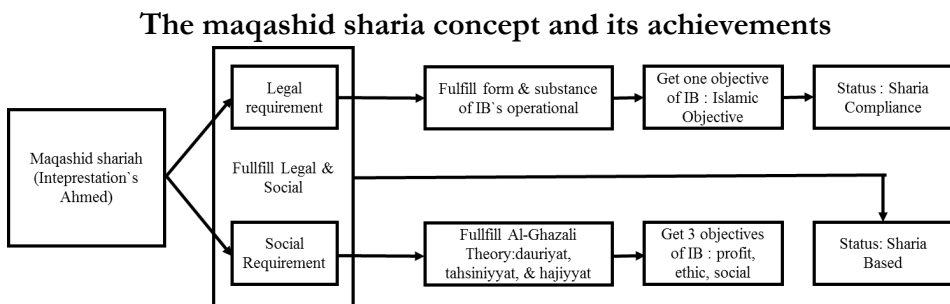
Preparing the maqashid sharia performance (MSP), several steps are taken as follows.

1. Literacy survey
2. Sekaran and Bougie (2016) method for developing MSP and arrange the weighted score
3. MSP validating through a semi-structured interview.

Literacy Survey

Lone (2016) states that there are four objectives of Islamic financial institutions, including Islamic banks, namely sharia compliance, economic, ethics, and social. Maqashid sharia (goal) of Islamic bank consists of two, namely the legal and social requirement (Ahmed 2011). The legal requirement is a commitment to the sharia compliance status. Furthermore, the status of sharia compliance is not only in the form but must be substantiated (Asutay and Harningtyas, 2015). While the social requirement is a commitment to getting the goal of Islamic banks in the aspect daruriyat, hajiyyat and tahsiniyyat that will fulfil economic, social and ethics of Islamic bank (Ahmed, 2011). Furthermore, Ahmed (2011) states that if the legal and social requirements are met, Islamic banks will get sharia-based status. Sharia-based means applying Islamic law in all bank operations. While the sharia compliance status means Islamic banks apply the concept of halal and haram in Islam. At the lowest level, if an Islamic bank does not meet maqashid sharia, then Islamic bank gets Islamic pseudo status. Furthermore, maqashid sharia of the Islamic bank can be described as follow.

Figure 1.



Source: author by developing Rosly (2010), Ahmed (2011) and Lone (2016)

Legal Requirement

a. Contract

First, a contract is defined as the obligation and engagement of two parties to a particular matter (Rosly,2010). Contract as an agreement that describes the contracting parties (al-aqidain), the subject matter (mawdu al-aqad), consequences (muwaqiwat), and offer and acceptance (shigah) (Lahsasna 2014; Manan 2016; Mardani 2015). This contract description creates the original nature of the transaction, namely the transfer of property. The party responsible for ensuring that a contract is in accordance with sharia provisions is sharia supervisory board (SSB). Its flow, management prepared a product that would be offered to customers, which would then result in a contract. A product can be offered to customers after securing sharia compliance guarantees from SSB. Business activity occurs when a bank makes contracts with its customers which may result in prohibited activities. To guarantee that bank products and activities are in accordance with sharia, SSB assertions in the form of SSB reports are needed as a measuring tool (Amalina, Percy, and Stewart 2013). SSB report can fulfil sharia compliance from form aspect through SSB opinion. More than that, the SSB report also fulfils the substance aspect. Its occur because the SSB report also requires SSB to provide recommendations to management and assertions of bank activities such as bank transactions and revenues (Darmadi 2013).

b. Legal Document

Second, a contract is contained in the form of an agreement document. This document is useful as a reference when a dispute occurs (Lahsasna 2014). More than that, the agreement document is useful for confirmation. The reason is that many customers do not understand the contract of bank products and the bank does not explain enough (Magalhães and Al-Saad 2013). Thus, there is a need for substantive testing (Muhammad 2011) with sampling techniques (Lahsasna 2014) to ensure the substance of the contract itself, namely the proper transfer of assets.

c. Accounting

Thrid, sharia compliance is not only about products, but Islamic bank must also ensure business operations (IFSB Act 2012 Section 28). Accounting instrumental in making the contract, registration of transfer function property of the parties to a transaction. This function of accounting allows the detection of business transactions that are not compliant with sharia (Lahsasna 2014).

Accounting recording practices that are not in accordance with sharia are income that is not in accordance with sharia, such as penalty and usury. Conversely, accounting also plays a role in supporting Islamic banking activities such as zakat.

Social Requirement

Social requirements mean that Islamic banks provide social, economic and ethical implications through the fulfilment of three aspects of needs, namely daruriyat (necessity/survival need), hajiyyat (complementary/security need), and tahsiniyyat (embellishment/growth need). These three aspects are components of the maqashid sharia proposed by Al-Ghazali and identic to (Lahsasna 2014).

Daruriyat is a fundamental goal that must be fulfilled by Islamic banks (Ahmed 2011). Daruriyat by Al-Ghazali consists of preservation of faith, intellect, life, posterity, and wealth. Directly, the five dimensions must have economic, social and ethical values in their operational definitions. Furthermore, the measurement of daruriyat will use consistency from previous research conducted by Mohammed, Razak, and Taib (2008), Mohammed and Taib (2010), Antonio, Sanrego, and Taufiq (2012), Mohammed, Tarique, and Islam (2015) and Asutay and Harningtyas (2015). While, hajiyyat is a level of need below the level of daruriyat where the motive for this need is to be on guard (security) and tahsiniyyat is a level of need below the hajiyyat level where the motive for this need is to grow or develop (growth) (Ahmed 2011).

Sekaran and Bougie (2016) Method

Sekaran and Bougie (2016) propose the concept (C), dimension (D) and element (E) input together a measure. A concept is an idea or an abstract whose characteristics cannot be observed, namely legal requirements and social requirements. Dimensions are translations of concepts, whereas elements are observable measurements of dimensions. Furthermore, referring to the discussion of literacy surveys, the dimensions of legal requirements are contract, legal documentation, and accounting. Furthermore, the concept of social requirements creates three dimensions, namely daruriyat, hajiyyat, and tahsiniyyat.

Semi Structured Interview

The following are the semi-structured interview questions that have been conducted (developed from Mohammed, Tarique, and Islam 2015).

1. Is the goal of Islamic banks economic performance - financial - profit? Are these objectives consistent with the philosophy of Islamic banking?
2. What is your opinion regarding the performance measurement of Islamic banks with the maqashid sharia approach?
3. What is your opinion regarding the measurement model that the researcher proposes: maqashid sharia performance (MSP)? (attached)
4. What is your opinion regarding the weighted score (percentage,%) that the researcher proposes in the maqashid sharia performance (MSP)? (attached)
5. Do you have any other thoughts, adding or subtracting MSP?
6. How is your opinion regarding maqashid sharia performance (MSP) that MSP is valid and can be accepted as a measure of the Islamic bank's performance?
7. What is your opinion about the ability of maqashid sharia performance (MSP) as an alternative to measuring the performance of Islamic banks?

Furthermore, the criteria for selecting respondents, number of interviews, and other information can be observed below.

Tabel 1.
Appointment criteria in interview

Respondents	Appointment Criteria			Minutes
	First Appointment	Second Appointment		
R1*	PhD Fiqh	Academics ushul fiqh and Islamic economic philosophy, as well as deans of the faculty of sharia and law		59.61
R2	MBA Finance - Islamic	Practitioners are the director of BPRS Unisia Insan Indonesia and the former Head of Bank Muamalat Branch in		41.23

	Bank Risk Managem ent	Samarinda, Yogyakarta, Semarang and Surakarta.	
R3*	PhD Economic Accounting	Islamic accounting academics, Islamic accounting theory, auditing and supervision of Islamic financial institutions, and Islamic economic research methodology	66.37
R4	PhD Economic Accounting	Academics of Islamic finance and banking, Islamic banking management, Islamic financial management, and Islamic business ethics	31.22
Total Minutes			198.43

Note: * interview was conducted twice.

The summary of the interview results is presented as follows.

1. Is the goal of Islamic banks economic performance - financial - profit? Are these objectives consistent with the philosophy of Islamic banking?

All respondents have the same answer to this question, namely that the purpose of Islamic banks has no substance if only profit. *“If our goal (Islamic banks) is profit, (then) we will lose to conventional banks ... financial performance with ROA, ROE ratio, adjusting or taking from conventional banks (as a measure of performance), we will lose. So, the financial ratio is not enough there are other objectives (R2)”*. Furthermore, *“no, because the function of Islamic banks that distinguishes them from conventional (banks) is one, namely social function if that's all (profit), (then) it is against the philosophy of the Islamic bank itself (R4)”*.

2. What is your opinion regarding the performance measurement of Islamic banks with the maqashid sharia approach?

All respondents stated that maqashid sharia is performance measurement in accordance with Islamic banks. *“Not (only profit), (but) ethics (and) social must be pursued (R2)”*. Others, *“I think it is very important (maqashid sharia) so that the direction of Islamic banks is not wrong (R3)”*. Finally, *“I think it is true the performance of Islamic banks is not only measured by ROA (and) ROE, but must also be measured by maqashid sharia*

as well. Thus, the measurement of the performance of Islamic banks cannot follow the patterns of conventional banks (R3)". These statement appropriate with Lone (2016) that Islamic banks have goals (maqashid) in the form of sharia, ethical, social, and profit compliance. Furthermore, Lone (2016) explains that the goal of sharia compliance is to promote Islamic values, and the goal of ethics is to follow Islamic ethics. For example, R2 gives an example that Islamic banks do not treat penalty of default because "*the bank does not get anything, the educational effect is counterproductive. This means that maqashid sharia teaches Islamic values and provides benefits*".

3. What is your opinion regarding the measurement model that the researcher proposes: maqashid sharia performance (MSP)? (attached)
All respondents did not provide a revised measurement of the legal requirements or agree with the measurements proposed by the researcher. R1 state that "*the bank is safeguarding assets (transacting) by aqad (contract), al-kitabah (legal documentation and accounting. keeping property (transacting) fairly in size and scales*". However, all respondents provided revisions to social requirements, providing elements of faith, intellect, life, posterity, and wealth at all levels of daruriyat, hajjiyyat, and tahsiniyyat. R1 state that "*Maqashid sharia consist of daruriyat, hajjiyyat, and tahsiniyyat. Sequentially, maqashid sharia level is daruriyat, hajjiyyat, and tahsiniyyat. (Meanwhile), maqashid sharia five things mean faith, intellect, life, posterity, and wealth. As a comparison, there is a faith with a level of daruriyat, but there is a faith with a level of hajjiyyat, a faith with a level of tahsiniyyat. Likewise intellect, life, posterity, and wealth*". After finding the existence of faith, intellect, life, posterity, and wealth at all levels of daruriyat, hajjiyyat, and tahsiniyyat, the next step is to review the measurements. In summary, measurements of social requirements are the ratios in which the respondent revises the change in the denominator (the divisor in the ratio) and changes its placement (daruriyat, hajjiyyat, or tahsiniyyat).

- a. Faith in daruriyat

In measuring faith in daruriyat, R3 and R4 provide input to add one ratio, namely qardh financing / total financing. R3 explained that "*if a bank maintains compliance with maqashid sharia, then there should*

be qard hasan. Qardh hasan, I am more in line it is part of daruriyat, qardh financing / total financing". R3's statement is in accordance with R4 in relation to the objectives of Islamic banks, "Therefore, there are social contract such as qardh hasan. That is an example of an Islamic bank having a social function".

b. Intellect in daruriyat

There were no revisions for all respondents.

c. Life in daruriyat

There are two ratios as a measure of life in daruriyat, namely zakat / net asset and CSR / total expense. R1 suggested that *"if there is legal (regulation or law), then it becomes daruriyat, otherwise it can become hajjiyyat or tahsiniyyat"*. Until now, there has not been found any binding regulation for banks to give social responsibility. Others, R2 as a practitioner of Islamic banking gave a suggestion, *"yes, zakat (for the additional question which is more important to pay zakat or CSR), the CSR goes down to hajjiyyat"*. Furthermore, there is a difference in addressing the denominator of zakat where R1 and R4 as experts in Islamic jurisprudence and economics choose net assets, while R2 as practitioners and R3 as Islamic accounting academics choose profit after tax. R1 stated, *"if it is based on fiqh science, then zakat should be divided by assets"*. Furthermore, R4 stated, *"in fiqh terms, as far as I know, the net asset (the denominator of zakat)"*. Conversely, R2 stated, *"zakat payment based on earnings"*, and R3 stated, *"basic zakat payment not the asset, so strange, the bank may not charge assets. This zakat is definitely paid based on a percentage of profit. So pity if the small income but cause large asset should pay zakat based on an asset. That's why you have to choose a profit."* Referring to the statement, there is a difference between R1 and R4 with R2 and R3 regarding the denominator (divider) of the zakat ratio. Until now, there has not been a methodology for paying zakat on banks in Indonesia where zakat is stipulated in the general meeting of shareholders (GMS). On the other hand, the Malaysia Accounting Standard Board (MASB) in Malaysia sets a methodology for calculating zakat using the adjusted working capital method or the adjusted growth method (MASB TR i-1 paragraphs 10-13). The conclusion of the denominator of zakat in Indonesia is profit, in contrast to

the adjusted working capital method in Malaysia. This happens because R2 as a practitioner of Islamic banking states that the calculation of zakat used is profit. On the other hand, MASB TR i-1 paragraph 11 is written, "*The adjusted working capital method calculates zakat base as net current assets*". Its means that the proposed R1 and R4 are the same as MASB TR i-1 paragraph 11 the adjusted working capital method.

d. Posterity in daruriyat

There were no revisions for all respondents.

e. Wealth in daruriyat

There are no revisions of all respondents on the ratio of non-performing financing. Conversely, there is a change in the denominator of profit equalization reserves (PER), namely expenses of investment income or cost of funds which previously were investment income. The change was conveyed by R2, that "*for calculating income smoothing (PER) we use the cost of funds - the cost of funds, cost of sharing (the investment income)*". Furthermore, R1 and R3 proposed the placement of funds at the central bank to become daruriyat because it is mandatory for Islamic banks or what is called the Minimum Statutory Reserves (GWM). Furthermore, R2 stated that "*the placement of funds is based on third party funds, namely savings and current accounts*".

f. Faith in hajjiyyat

R1 proposes ijarah or lease financing. This is based on the lower derivation of faith di daruriyat that Islamic banks must do. R1 states, "*the mudharabah musyarakah (PLS) is in dauriyat, ijarah in hajjiyyat, and maybe murabahah is in tabsiniyyat*".

g. Intellect in hajjiyyat

There is no ratio, this happens because there are no more bank needs that must be fulfilled after fulfilling training, education, and research / total expenses in the intellect section at daruriyat. Furthermore, no ratio is a suggestion from R1, that "*I think everything in daruriyat, hajjiyyat, and tabsiniyyat will be synchronized in real terms so that there is no confusion*".

h. Life in hajiyyat

CSR / total expense based on discussion at life in daruriyat.

i. Posterity in hajiyyat

The ratio of posterity measurement in hajiyyat is dividend / profit after tax. This refers to R1 which states to the researcher with the conclusion that dividends are not required to be paid by the bank, so that R1 gives a statement, “*dividends go to hajiyyat because dividends are not obligatory in nature*”.

j. Wealth in hajiyyat

Initially, the measurement of wealth at hajiyyat was the ratio of securities funds / total assets consisting of minimum statutory reserves (GWM) and funds placement in other banks. However, based on discussion wealth in daruriyat then the GWM was moved to daruriyat. Furthermore, R2 explained that both the reserve requirement and the placement of bank funds were shared on the basis of third party funds or Profit Sharing Investment Account Holders (PSIAH).

k. Faith in tahsiniyyat

Referring at faith in hajiyyat, then faith in cost plus financing (murabahah) / total financing in tahsiniyyat.

l. Intellect in tahsiniyyat

There is no ratio, because there are no more bank needs that must be fulfilled after fulfilling the intellect section at daruriyat.

m. Life in tahsiniyyat

There is no ratio, this happens because there are no more bank needs that must be met after fulfilling zakat at daruriyat and CSR at hajiyyat.

n. Posterity in tahsiniyyat

There is no ratio, because there are no more bank needs that must be fulfilled after fulfilling net income, employee fees, and IAH Right at daruriyat as well as dividends at hajiyyat

o. Wealth in tahsiniyyat

Initially, the measurement proposed by the researchers was the growth fund / current asset ratio. Formers of growth funds are

investment securities. R2 changed the name from a growth fund to a securities fund. Furthermore, the denominator of a securities fund is a third party fund or Profit Sharing Investment Account Holder.

4. What is your opinion regarding the weighted score (percentage,%) that the researcher proposes in the maqashid sharia performance (MSP)? (attached)

The weight scores that are of concern to the respondents are the legal and social requirements, as well as their dimensions. All respondents have no difference with the researcher's proposal for the weight score of legal and social requirement which are 50%, except R4. R4 proposes the weight score both legal and social requirement are 100%. This refers to the quote from the R4 statement, *“I tend to each 100%. So it's not 50% (and) 50% straight away. Assume legal requirement is only 50%, so sharia compliance is only 50% in total”*.

Furthermore, the legal requirement dimension consists of contract, legal documentation, and accounting. Sequentially, R1 gives a score of 50, 25, and 25 (1), R2 gives a score of 60, 20, and 20 (2), R3 gives a score of 60, 20, and 20 (3), and R4 gives a score of 60, 20, and 20 (4), while the researcher proposes 60, 20, and 20. Based on these descriptions, the researcher decided that the weighted scores to be used are 60 for aqad, 20 for legal documentation, and 20 for accounting. The reason for the weighting of the score refers to the statement of R1 that aqad is dominant, while the legal documentation and accounting function as supporting.

Furthermore, the social requirement dimension consists of daruriyat, hajiyat and tahsiniyat. Sequentially, R1 gives a score of 70, 20, and 10 (1), R2 gives a score of 75, 15, and 10 (2), R3 gives a score of 70, 20, and 10 (3), and R4 gives a score of 75, 15, and 10 (4), while the researcher proposes 75, 15, and 10. Based on these descriptions, the researcher decides that the weighted scores to be used are 70 for daruriyat, 20 for hajiyat, and 10 for tahsiniyat. The reason for the weight of the score refers to R1's statement that, *“daruriyat is very important. This was fulfilled first, recently, recently. In my opinion, 70, 20, 10 so. It's still big, but there are demands to fill this part”*.

Table 2.
The weighted score of MSP

Information	Author	R1	R2	R3	R4	Final Score
Legal requirements	50	50.00	50.00	50.00	100.00	100.00
1. Aqad	60	50.00	60.00	60.00	60.00	60.00
2. Legal Document	20	25.00	20.00	20.00	20.00	20.00
3. Accounting	20	25.00	20.00	20.00	20.00	20.00
Social requirements	50	50.00	50.00	50.00	100.00	100.00
1. Daruriyat	75	70.00	75.00	70.00	75.00	70.00
2. Hajjiyat	15	20.00	15.00	20.00	15.00	20.00
3. Tahsiniyyat	10	10.00	10.00	10.00	10.00	10.00

5. Do you have any other thoughts, adding or subtracting MSP?

None of the respondents revised the legal requirements. Furthermore, all respondents gave suggestions to add faith, intellect, life, posterity, and wealth in each daruriyat, hajjiyat, and tahsiniyyat.

6. How is your opinion regarding maqashid sharia performance (MSP) that MSP is valid and can be accepted as a measure of the Islamic bank's performance?

R3 stated, "*in the future the measurement of maqashid sharia can be done by field research using a performance audit, ... (but) for now, this measurement is sufficient*".

7. What is your opinion about the ability of maqashid sharia performance (MSP) as an alternative to measuring the performance of Islamic banks?

R3 states, "... (however) for now, this measurement is sufficient".

The Weighted Score of Maqashid Sharia Performance

Based on the discussion of the answers to the questions in the semi structured interview, the following is a table of weighted scores from the MSP.

Table 3.
Revised Weighted Score of Maqashid Sharia Performance

Concept (C)		Dimension (D)		Element (E)		
Concept	Score (a)	Dimensions	Score (b)	Element	Final Score (c) *	
Legal requirements	100	Aqad	60	SSB report	30	
				Product and Activity	30	
		Legal documentati on	20	Document Confirmation	20	20
					Accounting	20
		Attestation of Financial Report	10			
		amount	100	-	100	-
Social Requirements	100	Daruriyat	70	Faith	14	
				Intellect	14	
				Life	14	
				Posterity	14	
				Wealth	14	
				Hajiyyat	20	Faith
		Intellect	na			
		Life	5			
		Posterity	5			
		Tahsiniyyat	10	Wealth	5	
					Faith	5
					Intellect	na
					Life	na
		Tahsiniyyat	10	Posterity	na	
Wealth	5					
amount	100	-	100	-	100	

Note: Final score = (axb) / 100 / number of elements

Table 4.
Measurement of legal requirement

No.	Measurement	Source
SSB Report		
1	Title	
2	Addressee	
3	Opening/introductory paragraph (clear purpose of engagement)	
4	Scope paragraph describing nature of work performed	
5	A clear statement that the management of Islamic financial institutions is responsible for proper complying with Shari'ah rules dan principles	
6	Confirmation that the SSB has performed appropriate tests, procedures dan review – general: 1. Transactions dan dealings 2. Appropriateness of Shari'ah basis of allocation of investment account 3. Earnings (lawful/prohibited) 4. Zakat compliance	Amalina, Percy, and Stewart (2013)
7	Shari'ah opinion will include matters pertaining to : 1. Contracts, transactions dan dealings 2. Equitable allocation of profit & losses 3. Earnings (lawful/prohibited) 4. Zakat	
8	Report on the violations of Shari'ah compliance (if any)	
9	The SSB's report should be signed by all members of the Board	
10	Date of the report	
11	Additional: SSB give rekomendasi to management	Darmadi (2013)
Product and activity		
1	Bank state that management make consultation about sharia compliance to SSB	Development by Aribi and Gao (2010)
2	Bank dan SSB statements on new products:	

No.	Measurement	Source
	1. Bank state that rise new product (if any)	Author
	2. Introduction of SSB-approved new product (if any)	Amran et al., (2017)
	3. Basis of Sharia concept on new products (if any)	
3	Bank disclosing Islamic financial product descriptions	Noordin and Kassim (2019)
4	nature of unlawful transactions (if any)	Amran et al., (2017) and Farook, Hassan, and Lanis (2011)
5	Bank state that sharia screening during investment	Noordin and Kassim (2019)
6	Bank state that no investment in non-permissible activities	
	SSB statement on non compliant events:	Noordin and Kassim (2019)
	1. Bank state dan disclosing sharia non compliance event (if any)	
7	2. Bank disclosing hdanling of the sharia non-compliance events	
	3. Bank disclosing reasons for involvement in sharia non-compliance events (if any)	
	Document confirmation	
1	company state that examination of documents based on sample	Amran et al., (2017) dan Aribi and Gao (2010)
2	Bank state what percentage of customer which understdans about the contract & product	Development by Magalhães and Al-Saad (2013) and Aribi and Gao (2010)
	Statement of defective product:	
3	1. Bank state that defect or no defects in products;	Amran et al., (2017)
	2. Report defect on product (if any)	
	Bank statement of contract default:	
4	1. Bank state dan disclosing wanprestasi of contract event (if any)	Author
	2. Bank disclosing consequences of wanprestasi of contract event (if any)	Author

No.	Measurement	Source
	3. Bank disclosing handling of wanprestasi of contract event (if any)	Development by Noordin and Kassim (2019)
Zakat		
1	Statement of sources dan uses of zakat***	Amalina, Percy, and Stewart (2013) and Farook, Hassan, and Lanis (2011)
2	Policy on zakat**	
3	Zakatable amount***	Amalina, Percy, and Stewart (2013)
4	Zakat beneficiaries***	
5	SSB's attestation regarding the computation dan distribution of zakat funds***	Amalina, Percy, and Stewart (2013) dan Amran et al., (2017)
6	Method of zakat computation***	Amalina, Percy, and Stewart (2013)
7	The balance of the zakat fund, dan reasons for non distribution	Farook, Hassan, and Lanis (2011)
Attestation of financial report		
1	SSB assertion that status financial reports are compliance to sharia	Amalina, Percy, and Stewart (2013)
2	External auditor attestation that status financial reports are unqualified opinion	Development by Amalina, Percy, and Stewart (2013)
3	Statement of beneficery (qard hasan)	Development by Farook, Hassan, and Lanis (2011)
4	Bank state the amount of revenue from non compliance sharia	Farook, Hassan, and Lanis (2011) and
5	Bank state how the bank disposed, or intends to dispose non compliance income	Noordin and Kassim (2019)
6	Policy on qard hasan	Noordin and Kassim (2019)
7	The amount given to beneficiaries	Farook, Hassan, and Lanis (2011)

Tabel 5.
Measurement of social requirement

Concept	Element	Measurement
Daruriyat	Faith	1 Profit loss sharing financing/ total financing
		2 Qardh hasan financing/ total financing
		3 Non compliance income/ total income
	Intellect	4 Training, education, research/ total expense
	Life	5 Zakah/ net current asset (Malaysia)
		Zakah/ profit after tax (Indonesia)
	Posterity	6 Net income/ total asset
		7 Employee fee/ total expense
		8 IAH right/ investment income
	Wealth	9 Non performing financing
		10 Profit equalization reserves/ expenses of investment income (cost of fund)
11 Fund in central bank/ PSIA Account		
Hajiyat	Faith	12 Lease financing/ total financing
	Intellect	- N.A.
	Life	13 CSR expense/ profit after tax
	Posterity	14 Dividend/ profit after tax
	Wealth	15 Fund in other bank/ PSIA Account
Tahsiniyyat	Faith	16 Cost plus financing/ total financing
	Intellect	- N.A.
	Life	- N.A.
	Posterity	- N.A.
	Wealth	17 Securities investment/ PSIA Account
-	-	-

Conclusion

This research tries to developing a comprehensive measurement of maqashid sharia. Furthermore, this study uses the interpretations of Ahmed (2011) and Rosly (2010) to achieve the objectives of Islamic banking, namely sharia, economic, social, and ethical compliance (Lone 2016). Therefore, the objective of measuring Islamic banks is called Maqashid Sharia Performance (MSP) which consists of legal and social requirements. Sekaran and Bougie method (2016) was used in developing the MSP so that the MSP was evidence of inovation study.

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