

Islamic Bank Performance (Maqasid Sharia Approach)

Shelly Febriana K^a, Inten Meutia^{b*}, Eka Meirawati^c
^{a,b,c}Universitas Sriwijaya, Indonesia
^{*}intenmeutia@unsri.ac.id

Abstract

This study aims to analyze the performance of Islamic banks in Indonesia from the perspective of Maqasid Sharia. For this reason, this study uses two approaches, namely Maqasid Based Performance Evaluation Model (MPEM) and Performance Measurement based on Islamic Maqasid (PMMS). The use of these two approaches is to determine which approach is more appropriate for measuring the performance of Islamic banks. This research is a comparative study that will use a content analysis approach in exploring and analyzing Islamic bank performance data derived from annual reports. To identify bank performance, this study uses data sourced from the annual reports of 9 Islamic Commercial Banks in Indonesia for the period 2016 to 2019. A total of 36 annual reports were analyzed in this study. This research finds that the performance of Islamic banking maqasid in Indonesia is still relatively low, using both the MPEM and PMMS methods. The comparative analysis shows that performance measurement using the MPEM method resulted in higher performance outcomes than the PMMS method. This result proved significant at the five percent level.

Article Info

- **Received** : October 15, 2020
- **Revised** : October 25, 2020
- **Published** : November 09, 2020
- **No. Pages** : 320 - 335
- **DOI** : 10.33019/ijbe.v4i3.327
- **JEL** : G24
- **Keywords** : Maqasid Sharia Performances, Islamic banks, Maqasid Sharia



1. Introduction

Since its founding in 1975, the Islamic banking and finance industry has achieved phenomenal growth over the years. At the world level, after four years of declining growth rates, the industry began to show annual growth in assets of 6.58% during 2018, from the US \$ 2.431 trillion at the end of 2017 to the US \$ 2.591 trillion at the end of 2018. There was a net increase of US \$ 160 billion in the global stock of Islamic financial assets (IFCI 2019).



Figure 1. Global Islamic Financial Assets

Source : (IFCI, 2019)

Islamic banking is the largest sector in the Islamic finance industry, contributing 71%, or USD 1.72 trillion, of industrial assets. This sector is supported by various types of commercial, wholesale, and other banks. However, commercial banking remains the main contributor to growth in this sector. Based on IFCI data (2019), in 2019 Indonesia was ranked first with the highest score of 81.93, beating Malaysia, which since 2011 has always been in the first place.

Maqasid Sharia is the ultimate goal that must be realized with the application of sharia or Islamic law (Asmadi, 2016). In human life, its application can be in the form of creating benefit or goodness on earth, which impacts on the goodness in the hereafter (Mutakin, 2017). Maqasid Sharia in Islamic banks not only prevents transactions that have an element of usury but aims to develop the economy, help people invest, provide welfare, and provide transparency in financial management (c 2015).

Before the presence of Maqasid Sharia, Islamic banking performance measurement still used conventional financial ratios, such as Capital, Assets, Management, Earning, Liquidity, Sensitivity of Market Risk (CAMELS), Data Development Analysis (DEA), and Return on Assets (ROA) and Return on Equity (ROE). In practice, this ratio measurement tool has many weaknesses. Therefore, there must be an effort to measure the performance of Islamic banking which is formulated from a measurement based on sharia principles (Maqasid Sharia) (Al Ghifari, Handoko, & Yani, 2015).

Several studies have tried to form and develop performance measurements based on Maqasid Sharia. Mohammed *et al.*, (2008) are early researchers who developed a measurement of Islamic banking based on Islamic maqasid. The results of the



study classify the Maqasid Sharia theory into 3, namely Individual Education (Tahfidz al-Fard), Creating Justice (Iqamah al-Adl), and Public Interest (Jalb al-Maslaha). The research was continued by developing a method of measuring the performance of Islamic Maqasid with the Performance Measures method based on Islamic Maqasid (PMMS).

Several previous studies that have used the PMMS method, including Afrinaldi (2013) examined the performance of Islamic banking using the PMMS method with profitability ratios. Masykuroh (2014) relates performance measurement using the PMMS method with a stakeholder theory approach that explores CSR. Mohammed & Taib (2015) compared the performance of Islamic banks and conventional banks using the PMMS method. Amalia & Fitriyah (2016) examined the performance of Islamic banking in Indonesia and Malaysia by applying the PMMS method. Rusydiana & Parisi (2016) examined the measurement of Islamic banking performance using the PMMS method comparing with the profitability index. Mutia & Musfirah (2017) conducted a performance measurement in Islamic banking, finding that even though Islamic banking is developing quite rapidly, it does not forget social responsibility. HT & Rama (2018), researching Islamic banking in Southeast Asia found that the majority of Islamic banks have a low Maqasid Sharia index. Cakhyaneu (2018) revealed that the measurement of Islamic banking performance is only limited or the same as conventional banks. Only a few Islamic banks have a high score according to the Maqasid Sharia index. Wira *et al.*, (2018) found that Nagari banks were not maximized in carrying out sharia objectives, this can be seen from the low Maqasid Sharia index. Prasetyowati & Handoko (2019) found varying index scores on the performance of Islamic banks based on the Maqasid Sharia index.

Furthermore, performance measurement based on Maqasid Sharia was developed with a second model, namely the Maqasid-Based Performance Evaluation Model (MPEM) Mohammed *et al.*, (2015). Several previous studies using the MPEM method, including Andriana & Rini (2018) revealed that the performance of Islamic banking in several countries, as measured by the MPEM method, is still very low. Mifrahi & Fakhrunnas (2018) found that the measurement of the performance of Islamic banking in Indonesia shows good performance after being measured by the MPEM method.

Based on previous research, it is known that no research has carried out performance measurement using the Maqasid Sharia theory with the PMMS and MPEM methods together. Therefore, in this study, the authors are interested in analyzing the Performance Measurement of Islamic Banking based on Islamic Maqasid using Performance Measurement Methods Based on Islamic Maqasid and Maqasid Based Performance Evaluation Model. To prove whether there are differences in performance measurement using the two methods, this study uses a paired sample difference test.



2. Literature Review

Maqasid Sharia

The concept of Maqashid Sharia began during the time of al-Juwaini (Imam Haramain) and by Imam Ghazali it was structured by a Maliki fiqh expert from Granada (Spain), namely Imam al-Syathibi (HT & Rama, 2018). Imam al-Juwaini is a scholar in the Maqasid Sharia theory which introduces the theory of the level of needs, namely: necessity (dharurat), general needs (al-hajah al-'ammah), moral behavior (al-makrumat), suggestions (al-mandubat), and what can not be linked for special reasons. Imam al-Juwaini also stated that the purpose of Islamic law or sharia is to protect religion, soul, mind, privacy, and money (Auda, 2008).

Furthermore, Imam al-Juwaini developed a theory of the level of needs related to the level of necessity or absolute need (necessities) to fulfill the Maqasid Sharia objectives into 3 (three) levels (Mohammed *et al.*, 2015); Febriadi (2018), which are as follows:

1. Ad-Dharuriyat is a primary need that must be present, if it is not there it can cause damage and even hinder life such as eating, drinking, praying, and other worship.
2. Al-Hajiyat is a secondary need that should exist so that its implementation is free and avoid difficulties such as congregational prayer and qashar for travelers.
3. At-Tahsiniyat is a tertiary need that should exist for the sake of good morals, if this does not exist then it will not cause damage such as thaharah, a good way of eating. This need is a complement to human life.

In Islamic economics and finance, Maqashid Sharia refers to the objectives of financial transactions and activities that describe the circulation of wealth, transparency and fairness, and justice Shidiq (2009); Mutakin, (2017). Justice involves rights, equality, harmony, and balance to create the benefit of the people (Amaroh & Masturin, 2018).

Metode Performance Measurement Based on Maqasid Sharia (PMMS)

Mohammed, Razak, & Taib (2008) have developed a method of measuring performance based on Maqasid Sharia which is called the Performance Measurement method based on Maqasid Sharia (PMMS). Maqasid Sharia in PMMS is divided into 3 (three) dimensions, namely:

1. Individual education is a dimension that reveals the obligations of Islamic banks in educating employees and contributing to the advancement of education.
2. Creating justice is a dimension that reveals the obligation of Islamic banks to provide economic justice for all stakeholders and society.
3. Public Interest are a dimension that reveals the obligations of Islamic banks in prioritizing the interests and welfare of the people.

These dimensions are formulated based on the theory of Maqasid Sharia Muhammad bin Ahmad Abu Zaharah whose elements are developed based on the



definition of Ibn Ashur (Wasyith, 2017). Abu Zaharah revealed that Islamic law will be a blessing for all ((Shidiq, 2009); (Sudrajat & Sodiq., 2016)). Based on these dimensions Mohammed *et al.*, (2008) formulated 10 elements and 10 performance measurement ratios. After all the representative ratios are formed, then the conformity validation between the components is carried out by giving weight so that PMMS can be used as a model for measuring the performance of Islamic banks which can be seen in table 1.

Table 1. PMMS Operational Concepts and Weighting

Dimension	Element	Performance Ratio	Weight of each element
1. Individual Education (Tahfidz al-Fard)	E1. Education Grand	R1. Education Grand / Total Expense	24
	E2. Research	R2. Research Expense / Total Expense	27
	E3. Training	R3. Training Expense / Total Expense	26
	E4. Publicity	R4. Publicity Expense / Total Expense	23
Total			100
Creating Justice (Iqamah al-Adl)	E5. Fair Returns	R5. Profit Equalization Reserves (PER) / Net or Investment Income	30
	E6. Functional Distribution	R6. Mudharabah and Nusyarakah Model / Total Investment Model	32
	E7. Interest Free Product	R7. Interest Free Income / Total Income	38
	Total		
3. Public Interest (Jalb al-Maslaha)	E8. Profit Rations	R8. Net Income / Total Asset	33
	E9. Personal Income	R9. Zakah Paid / Net Asset	30
	E10. Investment in the real sector	R10. Investment in Real Economics Sectors / Total Investment	37
Total			100

Sumber: (Mohammed *et al.*, 2008)

Maqasid Method Based Performance Evaluation Model (MPEM)

The MPEM method uses the Maqasid Sharia theory from al-Imam al-Ghazali, a reinterpretation of Ibn Ashur which adopts Sekaran (2000) behavioral science content analysis. Al-Ghazali perfected the need for the preservation of 5 important elements (al-darūriyat al-khams), namely religion (al-din), life (al-nafs), intelligence (al-‘aql), descent (al-nasl) and wealth (al-māl). Al-Ghazali focuses on humans who are the subject of Maqasid Sharia. Several researchers have used the five classifications of al-Ghazali to model human development and well-being (Dusuki, 2005); (Mohammed *et al.*, 2015).



1. Preservation of Faith, Ibnu Ashur defines it as freedom of religion; everyone is free to develop their religion.
2. Preservation of Life, according to Ibnu Ashur 2 elements can represent this dimension, namely, maintaining human dignity and maintaining human rights.
3. Preservation of Intellect is maintaining from forbidden things such as intoxicating substances. Ibnu Ashur redefined this dimension into two elements, namely, disseminating scientific thinking and preventing brain drain.
4. Preservation of Progeny is interpreted as a kinship concept, implemented as a form of concern for the welfare of stakeholders.
5. Preservation of Wealth is interpreted into two elements, namely, social welfare and reducing economic inequality. These elements involve the business of Islamic banks in investing in the real sector.

Furthermore, all ratios on the performance dimensions based on Islamic Maqasid with the MPEM method are given validation of the suitability of each component (Mohammed *et al.*, 2015) which is shown in table 2. Some studies have also given weighting ratios, such as research conducted by Andriana & Rini (2018); (Mifrahi & Fakhrunnas, 2018); (Hudaefi & Noordin, 2019). Andriana & Rini (2018) explain briefly that the weighting of the performance ratios based on Maqasid Sharia comes from distributing questionnaires.

Table 2. Operational Concepts of MPEM and Weighting

Dimensions	Weight average	Elements	Performance Ratios	Weight average
1. Preservation of Faith	0,29	Freedom of faith	R1. Mudharabah & Musyarakah Investment / Total Investment	0,32
			R2. Interest free income / Total Income	0,42
			R3. Government Deposit / Total Deposit	0,26
			Total	1
2. Preservation of Life	0,24	a. Preservation of human dignity	CSR expenditure / Total expenses	0,27
			Zakah distribution / Net asset	0,36
		b. Protection of human right	R6. Muslim Investment / Total Investment	0,37
		Total	1	
3. Preservation of Intellect	0,2	a. Propagation of scientific thinking	Investment in technology / Total asset	0,36
			R8. Number of employee left / Total number of employee	0,33
		b. Avoidance of brain drain	R9. CSR for Education and Waqf / Total CSR Burden	0,31
		Total	1	
4. Preservation of Progeny	0,14	Care for family (in case of Public Limited	R10. Market value/ Book value	0,12
			R11. Research expense / Total expense	0,17



		Company/PLC)	R12. Training and development expenses / Total expense	0,18
			R13. Net Income	0,15
			R14. Credit Risk	0,12
			R15. Tax paid / Profit before tax	0,11
			R16. Market value / Book value	0,15
			Total	1
5. Preservation of wealth	0,13	a. Wekkbeing of society	R17. Investment in the real economic sector / Total investment	0,37
		b. Minimising income and wealth disparing	R18. Investment in SMEs /Total investment	0,36
			R19. Investment in Agriculture / Total investment	0,27
Total	1		Total	1

Source : Andriana & Rini (2018)

3. Research Methods

This research is using a quantitative approach, using comparative analysis to compare the performance of Islamic banks in Indonesia with 2 (two) approaches, namely PMMS and MPEM. Then, the performance of Islamic banks is compared using the paired sample t-test. This test is useful for knowing how the performance of a sharia bank is measured by both approaches.

The data used in this study are secondary data obtained from the annual reports of 9 (nine) Islamic banks in Indonesia for 2016-2019. So that a total of 36 reports will be analyzed. Data sourced from:

1. Financial Services Authority (OJK) website for 2016 to 2019 with the address www.ojk.go.id
2. Bank Indonesia (BI) website at www.bi.go.id, with the criteria for financial statements by the ratio used

4. Results and Discussion

Descriptive Statistics

Table 3 presents the financial characteristics of Islamic banking in Indonesia in 2016-2019. Mega Sharia has the highest average ROA among other Islamic banks, a ROA ratio of 1.5025 and the lowest is Panin Dubai Sharia Bank of -2.4725. This ratio shows that Bank Mega Sharia can manage all assets to obtain net income. On the other hand, Panin Dubai Sharia Bank with a minus ratio level means the bank has a negative performance. Thus, it shows that during that period Panin Dubai Sharia Bank experienced a loss, namely the costs incurred were greater than the income received.



Table 3. Average Value of Sample Bank financial Characteristics for 2016-2019

No	Islamic Bank	ROA	ROE	Total Assets (Billion)
1	PT. Bank Sharia Mandiri	0,9375	8,85	94.351.120**
2	PT. Bank Muamalat Indonesia	0,115	1,37	56.316.528
3	PT. Bank Mega Sharia	1,5025**	6,7675	7.128.390
4	PT. Bank BRI Sharia	0,55	3,89	35.067.286
5	PT. Bank BNI Sharia	1,4975	11,8575**	38.541.405
6	PT. BCA Sharia	1,175	2,9625	6.663.797
7	PT. Bank Sharia Bukopin	-0,26	-3,2625*	6.813.507
8	PT. Maybank Sharia Indonesia	0,07	-6,475	999.476*
9	PT. Bank Panin Dubai Sharia	-2,4725*	-22,43	9.323.531

Source : Data processed

Return on equity (ROE) is one of the profitability ratios. ROE will show the final return on investment of the shareholders. Table 3 presents the highest ROE level achieved by Bank BNI Sharia at 11.8575 and the lowest is Bank Sharia Bukopin amounted to -3,2625. The higher the average ROE, the more effective and efficient the use of company equity is to generate income, and vice versa with a very low ROE. Bank Sharia Mandiri shows the highest asset value among several other Islamic banks. Bank Sharia Mandiri assets are IDR 94,351,120,000 and the lowest is Maybank Sharia Indonesia IDR 999,476,000.

Maqasid Sharia Index Based on PMMS Method

As described in the previous chapter, the Islamic Maqasid Performance based on the PMMS method requires performance measurement based on three objectives, namely: individual education, creating justice, and the public interest. Below is a table of the average performance index value for each dimension.

Table 4. Average Value of Performance Index for Each Dimension

No	Islamic Bank	D1	D2	D3
1	PT. Bank Sharia Mandiri	0,002	0,214	0,026
2	PT. Bank Muamalat Indonesia	0,003	0,225	0,026
3	PT. Bank Mega Sharia	0,000*	0,198	0,023
4	PT. Bank BRI Sharia	0,002	0,212	0,042**
5	PT. Bank BNI Sharia	0,006**	0,205	0,029
6	PT. BCA Sharia	0,002	0,266**	0,018
7	PT. Bank Sharia Bukopin	0,003	0,238	0,004
8	PT. Maybank Sharia Indonesia	0,002	0,116*	0,019
9	PT. Bank Panin Dubai Sharia	0,002	0,239	0,013*
	Mean	0,002	0,212	0,022

Source : Data processed, 2020.



Table 4 presents the average dimensional performance index based on Maqasid Sharia with the PMMS method. Dimension 1 of the highest average index (0.006) is achieved by Bank BNI Sharia, while the lowest (0,000) is at Bank Mega Sharia. In dimension 2, the highest average index (0.266) was achieved by BCA Sharia Bank and the lowest (0.013) was achieved by Bank Panin Dubai Sharia. In dimension 3, the highest average index (0.042) was achieved by BRI Sharia Bank and the lowest (0.013) was achieved by Panin Dubai Sharia.

Based on table 4, it is known that Islamic banking has implemented the performance of individual education, even though the average performance index is still low. Except for Bank Mega Sharia, which still has no achievement on the individual education performance index. Furthermore, in the dimension of realizing justice, Islamic banks already have a fairly good performance. Because all samples of Islamic banks in this study have shown a significant average achievement of the performance index for realizing justice. Finally, the dimensions of the interests of the ummah also show that Islamic banking has carried out its performance. This is evidenced by all samples of Islamic banking that have achieved an average performance index in dimension 3.

Table 4 also shows the highest average performance index per dimension (0.212) is achieved in the performance of dimension 2, namely creating justice. The high-performance index of creating justice shows that Islamic banking has carried out its obligation to provide economic justice to stakeholders and society. There are 3 (three) elements that must be fulfilled by Islamic banks in the concept of creating justice, including fairness in contracts and transactions, affordable products and services, and elimination of unfair products and transactions (eliminating interest).

Islamic banks in conducting transactions should be fair to their customers. The type of contract that is carried out in a financial transaction must be based on the principle of fairness, where one party is not allowed to gain an advantage and the other party will suffer losses. Production sharing contracts are a type of contract that is considered fair when compared to interest-sharing contracts. Because this type of contract is based on the financing of mudharabah and musyarakah profit sharing. The higher the financing using mudharabah and musyarakah in Islamic banks shows that Islamic banks can increase their function to realize economic justice through profit-sharing transactions. Finally, Islamic banks strictly prohibit usury instruments (interest rates) in the Islamic banking and financial system. Because usury can hurt the economy and cause injustice in economic transactions.

Table 5. Performance of Islamic Maqasid Based on the PMMS Method

No	Islamic Bank	2016	2017	2018	2019
1	PT. Bank Sharia Mandiri	0,220	0,232	0,252	0,266
2	PT. Bank Muamalat Indonesia	0,245	0,234	0,269	0,266
3	PT. Bank Mega Sharia	0,189	0,223	0,241	0,229
4	PT. Bank BRI Sharia	0,247	0,253	0,260	0,262
5	PT. Bank BNI Sharia	0,237	0,236	0,247	0,235
6	PT. BCA Sharia	0,244	0,254	0,267	0,376**



7	PT. Bank Sharia Bukopin	0,241	0,242	0,245	0,251
8	PT. Maybank Sharia Indonesia	0,052*	0,333**	-0,029*	0,188*
9	PT. Bank Panin Dubai Sharia	0,293**	0,130*	0,293**	0,299

Source: Data processed, 2020.

Table 5 presents the performance based on maqasid sharia with the PMMS method. In 2016 the highest performance index value (0.293) was achieved by Panin Dubai Sharia Bank, while the lowest value (0.052) was found in Bank Maybank Sharia Indonesia. In 2017, the highest performance index (0.333) was achieved by Maybank Sharia Indonesia, while the lowest performance index (0.130) was found at Panin Dubai Sharia Bank. In 2018 the highest performance index (0.293) was achieved by Panin Dubai Sharia Bank and the lowest performance index (-0.029) was found in Maybank Sharia Indonesia. In 2019 the highest performance index (0.376) was achieved by BCA Sharia, while the lowest index (0.188) was found in Maybank Sharia Indonesia.

Table 5 also shows that Islamic banking has been consistent in implementing the Maqasid Sharia performance based on the PMMS method. Several banks, namely: Bank Mandiri Sharia, Bank BRI Sharia, BCA Sharia, and Bank Sharia Bukopin have successfully shown an increase in the performance index over a period of 4 (four) years. Meanwhile, the performance index of several other Islamic banks was still volatile.

Based on table 5, the maximum performance of Islamic Maqasid is 0.376, while the minimum performance of Islamic Maqasid is -0.029. The performance value of Islamic Maqasid an average of 0.237. In addition to presenting the performance based on the Maqasid Sharia, table 5 also shows the maximum, minimum, and mean index value for the performance of Islamic banking. The maximum index value of 0.376 is achieved by Bank BCA Sharia, a minimum index of -0.029 is found in Maybank Sharia Indonesia and a mean of 0.237 is achieved by Bank BNI Sharia. Based on the data above, it shows that the total performance achievement of MS using the PMMS method is still very low. The highest value is only 0.376. Still very far from a perfect 100 percent score.

Maqasid Sharia Index Based on The MPEM Method

Based on the MPEM method, there are five dimensions to measure the performance index of the Maqasid Sharia. These five dimensions are: preservation of faith, preservation of life, preservation of intellect, preservation of progeny, preservation of wealth.

Table 6. Average Value of Performance Index for each Dimension

No	Islamic Bank	D1	D2	D3	D4	D5
1	PT. Bank Sharia Mandiri	0,154	0,039	0,008	0,026	0,014
2	PT. Bank Muamalat Indonesia	0,171	0,042	0,000*	0,014	0,013
3	PT. Bank Mega Sharia	0,14	0,034	0,034**	0,008	0,008*
4	PT. Bank BRI Sharia	0,157	0,038	0,024	0,006*	0,025



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)

5	PT. Bank BNI Sharia	0,147	0,036	0,014	0,028**	0,014
6	PT. BCA Sharia	0,178	0,045	0,008	0,018	0,026**
7	PT. Bank Sharia Bukopin	0,129*	0,032	0,000*	0,01	0,01
8	PT. Maybank Sharia Indonesia	0,169	0,042	0,024	0,025	0,012
9	PT. Bank Panin Dubai Sharia	0,205**	0,050**	0,025	0,017	0,011
Mean		0,161	0,04	0,015	0,017	0,015

Source : Data processed, 2020.

Table 6 presents the average value of the performance index for each dimension based on Maqasid Sharia using the MPEM method. In Dimension 1, the highest average index (0.205) is achieved by Panin Dubai Sharia Bank, while the lowest average index (0.129) is found in Bank Sharia Bukopin. In dimension 2, the highest average index (0.50) was achieved by Panin Dubai Sharia Bank, and the lowest average index (0.032) was found in Bukopin Islamic Bank. In dimension 3, the highest average index (0.034) is achieved by Bank Mega Sharia, while the lowest average index (0.000) is found in Bank Muamalat Indonesia and Bank Sharia Bukopin. Dimension 4 is the highest average index (0.028) achieved by Bank BNI Sharia and the lowest average index (0.006) is found in Bank BRI Sharia. Finally, dimension 5 is the highest average index (0.026) achieved by BCA Sharia while the lowest average index (0.008) is found in Bank Mega Sharia.

Based on table 6, it can be seen that Islamic banking has been consistent in implementing the performance of Islamic Maqasid which is shown by the achievement of the 5 dimensions of the performance of Islamic Maqasid although the average index is still fluktuatif. Meanwhile, Islamic banks that have not shown any achievements are Bank Muamalat Indonesia and Bank Sharia Bukopin in the dimension of Preservation of intellect.

Furthermore, table 6 shows the average performance index per dimension in the MPEM method. The highest average performance index (0.161) is achieved in dimension 1, namely the Preservation of Faith. Interpreting this dimension as an element is "Religious Freedom", which means that everyone has the right to practice and enforce their religious beliefs. To achieve this element, for example, the basic objective of Islamic banks is to establish a usury-free economic system that allows Muslims the freedom to practice their faith. Thus, the high index on the dimension of religious maintenance reflects that Islamic banks have implemented a usury-free economic system for their sharia products and services. Likewise, on the other hand, the low or weak index of religious maintenance reflects the usury-free economic system for sharia products and services that sharia banks have not implemented optimally. While other dimensions have a very low index, indicating the low achievement of Maqasid Sharia in that dimension.

Table 7. Performance of Maqasid Sharia based on the MPEM Method

No	Islamic Bank	2016	2017	2018	2019
----	--------------	------	------	------	------



1	Bank Mandiri Sharia	0,215	0,194	0,223	0,181
2	Bank BCA Sharia	0,176	0,18	0,234	0,202
3	Bank Mega Sharia	0,181	0,229	0,184	0,167
4	Bank BRI Sharia	0,208	0,215	0,205	0,217
5	Bank BNI Sharia	0,193	0,175	0,249	0,196
6	Bank Bukopin Sharia	0,203	0,222	0,28	0,216
7	Bank Maybank Indonesia	0,167*	0,156*	0,150*	0,124*
8	Bank Muamalat Indonesia	0,212	0,218	0,252	0,240**
9	Bank Panin Dubai Sharia	0,255**	0,233**	0,312*	0,230

Source : Data processed, 2020.

Table 7 shows the Maqasid Sharia performance index using the MPEM method. In 2016, the highest performance index (0.255) was achieved by Panin Dubai Sharia Bank, while the lowest index (0.167) was Bank Maybank Indonesia. In 2017, the highest performance index (0.233) was achieved by Panin Dubai Sharia Bank, and the lowest index (0.156) was found in Maybank Indonesia. In 2018 the highest performance index (0.312) was achieved by Panin Dubai Sharia Bank, while the lowest index (0.150) was found in Maybank Sharia. In 2019 the highest index (0.240) was achieved by Bank Muamalat Indonesia and the lowest index (0.124) was Maybank Indonesia. Based on table 7, the maximum performance of Islamic Maqasid is 0.312, while the performance of Islamic Maqasid is at least 0.124. The performance value of Islamic Maqasid an average of 0.208. The data in table 7 also shows that the total achievement of MS performance using the MPEM method is still very low. This is evidenced by the highest value of only 0.255. Still very far from a perfect 100 percent score.

The performance of maqasid sharia in Islamic banks using the PMMS and MPEM methods is still far from the ideal achievement expected by the objectives of maqasid sharia as stated by Imam Al Ghazali (Mohammad & Shahwan, 2013). This finding supports what was conveyed by (Auda, 2019) that the objectives of the sharia are the basis the establishment of an Islamic bank has not been achieved well.

Result of Paired Sample t-test

Paired sample difference test is conducted to prove whether there are differences in performance measurement using the two methods, namely MPEM and PMMS.

Table 8. Mean Value of MPEM and PMMS

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	MPEM	.208173	36	.0369454	.0061576
	PMMS	.236724	36	.0689582	.0114930



The table above shows that the mean MPEM value is 0.208173 and the mean PMMS is 0.236724, indicating that there is an average difference between the performance based on MPEM and PMMS. The performance of Islamic banking Maqasid when measured by the PMMS method is higher than that measured by the MPEM method.

Table 9. Correlation Values between MPEM and PMMS

Paired Samples Correlations				
		N	Correlation	Sig.
Pair 1	MPEM & PMMS	36	-.028	.872

The data in the table above shows that the correlation value is -0.028 with a significance value of 0.872. Because the value is $0.872 > 0.05$ probability, it can be said that there is no significant relationship between performance based on MPEM and PMMS.

Table 10. Difference Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	MPEM	-	.0791363	.0131894	-.0553270	-.0017753	-2.165	35	.037
	-	.02855							
	PMMS	12							

The table above shows a significant value (2-tailed) of $0.037 < 0.05$, so it can be concluded that there is an average difference between performance measurement using MPEM and PMMS.

This difference shows that the measurement of the performance of Islamic maqasid using the PMMS method produces higher performance compared to the measurement of the performance of Islamic maqasid using the MPEM method. This higher achievement is possible because the performance measurement in the PMMS method has fewer dimensions than the performance measurement using the MPEM method. PMMS only has three dimensions and ten ratios which are used as the basis for measuring performance. Meanwhile, MPEM has five dimensions consisting of 19 ratios as the basis for measuring performance. This study reveals that a more serious effort is needed for Islamic banks to fulfill the objectives of establishing an Islamic bank as mandated in the maqasid sharia as conveyed by (Dusuki & Bouheraoua, 2011).



Conclusion

This study analyzes the performance of maqasid sharia in Islamic banks in Indonesia using two approaches, namely MPEM and PMMS. Based on the analysis, this study concluded the following matters. Achievements the performance of Islamic banking maqasid in Indonesia is still relatively low using both the MPEM and PMMS methods. The performance achievements of the Islamic Maqasid using PMMS are higher than the performance achievements using the MPEM method. This higher achievement is possible because the performance measurement in the PMMS method has fewer dimensions than the performance measurement using the MPEM method. PMMS only has three dimensions and ten ratios which are used as the basis for measuring performance. Meanwhile, MPEM has five dimensions consisting of 19 ratios as the basis for measuring performance. This study has limitations in terms of the relatively small number of samples, due to the small number of Islamic banks in Indonesia. The next research might be able to increase the unit of analysis by expanding the research year or trying to analyze the performance of Islamic maqasid in Islamic public finance banks.

References

- Afrinaldi. (2013). Analisa Kinerja Perbankan Syariah Indonesia Ditinjau Dari Maqasid Syariah : Pendekatan Syariah Maqasid Index (SMI) Dan Profitabilitas Bank Syariah. *Islamic Economic & Finance (IEF) Universitas Trisakti*, 24(1).
- Al Ghifari, M., Handoko, L. H., & Yani, E. A. (2015). Analisis Kinerja Perbankan Syariah di Indonesia dengan Pendekatan Maqashid Indeks. *Jurnal Akuntansi Dan Keuangan Islam*, 2(3), 47–66. <https://doi.org/10.35836/jakis.v2i1.50>
- Amaroh, S., & Masturin, M. (2018). The Determinants of Maqasid Shariah Based Performance of Islamic Banks in Indonesia. *IQTISHADIA*. <https://doi.org/10.21043/iqtishadia.v11i2.3961>
- Andriana, A. V., & Rini. (2018). Konferensi Ilmiah Akuntansi V Analisis Kinerja Perbankan Syariah Dengan Maqasid Based Performance Evaluation Model (Mpem), 13(1), 70–94.
- Asmadi, M. N. (2016). Memahami kerangka Maqasid Al-Syariah dalam kewangan dan pelaburan. *Seminar “Pasaran Modal Islam Malaysia 2016” Institut Kefahaman Islam Malaysia Dengan Kerjasama Bursa Malaysia*.
- Auda, J. (2019). *Maqasid al-Shariah as Philosophy of Islamic Law A Systems Approach. Maqasid Al-Shariah as Philosophy of Islamic Law*.
- Cakhyaneu, A. (2018). Pengukuran Kinerja Bank Umum Syariah Di Indonesia Berdasarkan Sharia Maqasid Index (SMI). *Jurnal Ekonomi Dan Keuangan Syariah*, 2(2), 154–163.
- Dusuki, A. W. (2005). *Corporate Social Responsibility of Islamic Banks in Malaysia: A Synthesis of Islamic and Stakeholders’ Perspectives*. Loughborough University, U.K.
- Dusuki, A. W., & Bouheraoua, S. (2011). The Framework of Maqasid Al-Shariah and Its Implication for Islamic Finance. *Islam and Civilisational Renewal, International Shariah Research Academy for Islamic Finance (ISRA)*.



- Febriadi, S. R. (2018). Aplikasi Maqashid syariah Dalam Bidang Perbankan Syariah. *Journal of Chemical Information and Modeling*, 53(9), 1689–1699. <https://doi.org/10.1017/CBO9781107415324.004>
- HT, H. A., & Rama, A. (2018). Indeks Kinerja Perbankan Syariah di Asia Tenggara Berdasarkan Konsep Maqâshid al-Syarî`ah. *MADANIA: JURNAL KAJIAN KEISLAMAN*, 22(1), 33. <https://doi.org/10.29300/madania.v22i1.782>
- Hudaefi, F. A., & Noordin, K. (2019). Harmonizing and constructing an integrated maqâsid al-Sharî`ah index for measuring the performance of Islamic banks . *ISRA International Journal of Islamic Finance, ahead-of-p*(ahead-of-print). <https://doi.org/10.1108/ijif-01-2018-0003>
- Hurayra, M. A. (2015). Achievement of Maqasid-al-Shari`ah in Islamic Banking: An Evaluation of Islami Bank Bangladesh Limited. *Global Journal of Computer Science and Technology: A Hardware & Computation*, 15(1), 9–16.
- Masykuroh, E. (2014). Kinerja Bank Syariah da Konvensional Di Indonesia : Pendekatan Teori Stakeholder dan Maqasid Shariah. *Justicia Islamica*, 11(2), 187–218.
- Mifrahi, M. N., & Fakhrunnas, F. (2018). Islamic Bank performance based on Maqasid Based Performance Evaluation Model (MPEM). *Jurnal Ekonomi & Keuangan Islam*, 4(2), 93–103. <https://doi.org/10.20885/jeki.vol4.iss2.art6>
- Mohammad, M. O., & Shahwan, S. (2013). The objective of islamic economic and islamic banking in light of maqasid al-shariah: A critical review. *Middle East Journal of Scientific Research*. <https://doi.org/10.5829/idosi.mejsr.2013.13.1885>
- Mohammed, M. O., Razak, D. A., & Taib, F. M. (2008). The Performance Measures of Islamic Banking Based on the. *IIUM International Accounting Conference (INTAC IV)*, Putra Jaya Marroitt, 1967(June), 1–17.
- Mohammed, M. O., & Taib, M. F. (2015). Developing Islamic Banking Performance Measures Based on Maqasid Al-Shari`Ah Framework: Cases of 24 Selected Banks. *Journal of Islamic Monetary Economics and Finance*. <https://doi.org/10.21098/jimf.v1i1.483>
- Mohammed, M. O., Tarique, K. M., & Islam, R. (2015). Measuring the performance of Islamic banks using maqasid based model. *Intellectual Discourse*.
- Mutakin, A. (2017). Teori Maqâshid Al Syarî`Ah Dan Hubungannya Dengan Metode Istinbath Hukum. *Kanun Jurnal Imu Hukum*, 19(3), 547–570.
- Mutia, E., & Musfirah, N. (2017). PENDEKATAN MAQASHID SHARIAH INDEX SEBAGAI PENGUKURAN (Maqashid Sharia Index Approach as Performance Measurement of Sharia Banking in, 14(2), 181–201.
- Prasetyowati, L. A., & Handoko, L. H. (2016). PENGUKURAN KINERJA BANK UMUM SYARIAH DENGAN MAQASID INDEX DAN SHARIA CONFORMITY AND PROFITABILITY (SCNP). *Jurnal Akuntansi Dan Keuangan Islam*, 4(2), 107–130.
- Prasetyowati, L. A., & Handoko, L. H. (2019). Pengukuran Kinerja Bank Umum Syariah Dengan Maqasid Index Dan Sharia Conformity And Profitability (SCNP). *JURNAL AKUNTANSI DAN KEUANGAN ISLAM*.



<https://doi.org/10.35836/jakis.v4i2.22>

Rusydiana, A. S., & Parisi, S. Al. (2016). The Measurement of Islamic Bank Performance: A Study Using Maqasid Index and Profitability. *Global Review of Islamic Economics and Business*, 4(1), 1–14.

Sekaran. (2000). *Research methods for business: A skill building approach*. New York: John Wiley & Sons.

Shidiq, G. (2009). TEORI MAQASHID AL-SYARI'AH DALAM HUKUM ISLAM. *Majalah Ilmiah Sultan Agung*.

Sudrajat, A., & Sodik, A. (2016). ANALISIS PENILAIAN KINERJA BANK SYARIAH BERDASARKAN INDEKS MAQASID SHARI'AH (Studi Kasus pada 9 Bank Umum Syariah di Indonesia Tahun 2015). *BISNIS: Jurnal Bisnis Dan Manajemen Islam*.
<https://doi.org/10.21043/bisnis.v4i1.1688>

Wasyith, W. (2017). Beyond Banking: Revitalisasi Maqāṣid dalam Perbankan Syariah. *Economica: Jurnal Ekonomi Islam*.
<https://doi.org/10.21580/economica.2017.8.1.1823>

Wira, A., Handra, H., & Syukria, A. (2018). Alfi syukria, (10).

NOTE:

- Just fix the grammar and check the plagiarism
- minor review conclusions and accepted

