



Evaluating Performance of Bank Syariah Indonesia Using the Maqashid Syariah Index

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DOI: <https://doi.org/10.54099/aijb.v4i1.1239>

ARTICLE INFO

Research Paper

Article history:

Received: 30 December 2023

Revised: 26 January 2024

Accepted: 11 February 2024

Keywords: Bank Syariah Indonesia, Maqashid Syariah, Maqashid Syariah Index

ABSTRACT

This study aims to evaluate the performance of Bank Syariah Indonesia (BSI) using the Maqashid Syariah Index for the period 2021-2023. The findings reveal a significant decline in the index, from 6.91 in 2021 to 4.11 in 2023, highlighting the need for improvements in educating individuals, promoting justice, and preserving public welfare. While educational grant ratios have improved, the quality of training programs requires enhancement. In the justice aspect, a decline in equitable transactions underscores the necessity for policy evaluations to ensure transparency and compliance with Sharia principles. Furthermore, although profitability has increased, investments in vital sectors have decreased, necessitating more robust investment strategies. The implications of this study include strengthening CSR programs, enhancing transparency in Sharia reporting, improving financial literacy, and developing Sharia-aligned business strategies. This research contributes to the Maqashid Syariah literature and serves as a performance evaluation framework to enhance customer trust and societal welfare. Future studies should consider external factors and develop holistic theoretical models.

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INTRODUCTION

The Islamic finance sector has shown significant growth in recent years (Anggrayni, 2022). According to the ICD-Thomson Reuters Islamic Development Report 2022, global Islamic financial assets are projected to reach \$5.9 trillion by 2026, with Islamic banking contributing the largest share at 50%. This growth demands more precise and comprehensive performance measurement. Performance assessment approaches focused solely on financial aspects are no longer adequate, necessitating methods that also account for Sharia compliance and the welfare of society (Karim, 2021). One emerging approach is the Maqashid Shariah framework, which reflects the objectives of Islamic law and serves as a performance evaluation framework in the context of Islamic banking in Indonesia.

Islamic banking operates based on Shariah principles. A primary principle is the achievement of Shariah objectives, or Maqashid Shariah, which aim to promote welfare and prevent harm across various aspects of human life, including economic and financial domains (M. M. Khan, 2019). The performance of Islamic banks is evaluated not only through financial metrics but also by incorporating social and ethical dimensions aligned with Maqashid Shariah principles (Dusuki, A. W., & Abdullah, 2020).

Islamic banking performance can be evaluated through various indicators, such as financial, operational, and Shariah compliance aspects. Key financial indicators include profitability ratios like return on assets (ROA) and return on equity (ROE), which measure the bank's ability to generate profits. Operational efficiency is often assessed through the cost-to-income ratio, while asset quality is evaluated using the non-performing financing (NPF) ratio. On the other hand, Shariah compliance involves Shariah audits and monitoring the application of Shariah principles in the bank's operations.

To achieve a more comprehensive evaluation, implementing the Maqashid Shariah Index, particularly from Abu Zahrah's perspective, becomes essential. This index evaluates not only financial indicators but also the bank's contributions to societal welfare, individual rights protection, and social well-being. A study by Bank Syariah Indonesia (2023) revealed that using the Maqashid Shariah Index provides broader insights into the effectiveness of Islamic banks in achieving Shariah objectives by assessing justice, transparency, and the social impact of their operations (“Annual Report BSI 2023; Al-Qaradawi, 2022).

The performance trends of Bank Syariah Indonesia (BSI) over the past three years (2021, 2022, and 2023) demonstrate significant dynamics in addressing economic and security challenges. In 2021, BSI experienced substantial asset growth following the merger of three major Islamic banks in Indonesia, which enhanced competitiveness and market penetration. However, in 2022, growth slowed despite BSI maintaining stability amid inflation pressures and global economic uncertainties. The most significant challenge emerged in 2023 when BSI faced a data breach, raising concerns about digital security and customer trust. This incident impacted not only financial performance but also questioned the extent to which BSI adhered to the Maqashid Shariah principles, particularly in safeguarding wealth (hifz al-maal) (Zainuddin, 2023).

Abu Zahrah emphasizes that Maqashid Shariah encompasses three main dimensions: individual education (tahdzib al-fard), justice enforcement (iqamah al-adl), and the pursuit of benefits and prevention of harm (jalb al-maslahah wa dar' al-mafsadah). Ideally, implementing Maqashid Shariah in Islamic banking involves efforts to not only pursue financial gains but also promote broader social welfare and protect customers' assets. However, the hacking incident at BSI highlighted a violation of Maqashid Shariah, especially regarding hifz al-maal. This underscores that while BSI has made progress in some areas, there remains room for improvement in applying Maqashid Shariah holistically (Hassan, A., & Aliyu, 2019; Zainuddin, 2023).

Muhammadiyah's withdrawal of funds following the hacking incident raised concerns about stability and trust in Islamic banking in Indonesia. This decision indicates a crisis of confidence that could affect the reputation and performance of Islamic banks as a whole (Rahman, 2024).

Research on performance measurement based on Maqashid Shariah has been conducted by (Antonio, M. S., Sanrego, Y. D., & Taufiq, 2020; Hudaefi, F.A., & Badeges, 2022 and Taufik, M., Muhammad, R., & Nugraheni, 2023). However, opportunities to deepen research in this field remain open, particularly in exploring the application of Maqashid Shariah concepts according to Abu Zahrah. This study aims to address these challenges by exploring the integration of individual education, justice, and social welfare in measuring the performance of Islamic banks. It is hoped that this research will contribute significantly to understanding and evaluating the performance of Islamic banks (Hassan, M. K., & Mollah, 2023).

The Maqashid Shariah Index integrates governance, risk management, and regulatory compliance to ensure that Islamic banks operate ethically and responsibly (Hasibuan & Islamic, 2017). This approach differs from conventional banks, which focus on maximizing shareholder profits. Islamic banks are expected to achieve social benefits based on Islamic ethical values known as Maqashid Shariah (Mergaliyev et al., 2021).

The recent study conducted by Mardini, A., Priantoro, C. E., & Fahmi, (2023) reveals that the performance of Islamic banks in Indonesia, both before and after the merger, remained below average.

However, the merger had a positive impact on improving their performance post-merger based on the Maqashid Syariah Index.

This study emphasizes the importance of measuring the performance of Islamic banks based on the Maqashid Syariah Index to ensure that their orientation extends beyond profitability to include social and ethical dimensions. Sa'diyah et al., (2021) revealed that Islamic banking often leans more toward profit-driven entities rather than fulfilling its social mission. This phenomenon raises intriguing issues for further investigation, particularly concerning the "Sharia" dimension, which, according to Khoiriyah & Salman (2020), remains suboptimal.

Antonio et al. (2020) observed that the implementation of Maqashid Syariah in Islamic banking is still far from optimal, as the primary focus often revolves around commercial goals and profitability. Islamic banking products and services are frequently adaptations of conventional banking offerings, falling short of fully embodying Maqashid Syariah values such as spiritual development, environmental sustainability, and equitable wealth distribution. Hudaefi, F.A., & Badeges (2022) highlighted that Islamic banks in Indonesia have not yet achieved full transparency in performance reporting based on Maqashid Syariah principles. Additionally, Taufik, M., Muhammad, R., & Nugraheni, (2023) found that the educational background of the Sharia Supervisory Board does not significantly influence the enhancement of Maqashid Syariah-based performance.

Overall, Maqashid Syariah-based performance measurement faces challenges in terms of regulation, reporting formats, and education (Hudaefi & Noordin, 2019 ;Taufik, M., Muhammad, R., & Nugraheni, 2023). Regulatory reforms represent a strategic step to align the operations of Islamic banks with Islamic principles, bolster public trust, and bridge the gap between theoretical frameworks and practical implementation (Zailani et al., 2022;Hidayat, S. E., & Abduh, 2023).

Considering the growth of the Islamic finance sector and the dynamics faced by Bank Syariah Indonesia, performance measurement based on the Maqashid Shariah Index provides a relevant solution to meet the need for holistic assessment. Further research and implementation are needed to ensure that Islamic banks can make a tangible contribution to societal welfare, support economic stability, and build public trust in the Islamic financial system.

LITERATURE REVIEW

Shariah Enterprise Theory

Shariah Enterprise Theory posits that organizations should not solely focus on profit generation but also uphold social and spiritual values in alignment with Islamic principles. This theory broadens the organizational objectives to include societal welfare and adherence to ethical standards. According to Antonio, M. S., Sanrego, Y. D., & Taufiq, (2020), implementing this theory helps organizations align their operations with the goals of Maqashid Shariah, encompassing the preservation of religion, life, intellect, lineage, and wealth. The integration of this theory into performance measurement frameworks, such as the Maqashid Shariah Index, provides a more holistic evaluation of organizational success.

Azmi, W. N., & Wahyuni, (2021) assert that the adoption of these principles enables organizations to assess their effectiveness in achieving Shariah objectives, enhancing transparency and accountability, and promoting practices that benefit both organizations and society. Moreover, implementing this theory strengthens stakeholders' trust in the organization. Nugraha, A., & Wibisono, (2022) emphasize the importance of ethical considerations in business operations to build sustainable enterprises.

Hameed, S., & Al-Tamimi, (2021) argue that this theory balances the interests of all stakeholders by emphasizing *falāḥ* (success and prosperity) through ethical practices. Abdullah, M., Azam, M., & Khatibi (2022) underline accountability to God as the core of this theory. Rahman, A., & Al-Mamun, (2023) highlight that this theory encourages investment in social projects to promote community welfare, support sustainable development, and address socio-economic challenges.

Bank Syariah Indonesia

UU No.21 tahun 2008 on Islamic Banking serves as the primary legal foundation governing the operations of Islamic banks in Indonesia. This regulation provides a comprehensive framework encompassing aspects of capitalization, supervision, and consumer protection. According to Aminah, (2022), the main challenge lies in the public's limited understanding of Sharia principles, necessitating continuous adjustments to align with global dynamics. The Financial Services Authority (OJK) has supported the development of Islamic banking through governance regulations aimed at enhancing transparency and accountability. Irfan (2023) highlights the positive impact of these regulations on the profitability and compliance of Islamic banks, although periodic evaluations remain essential.

Bank Syariah Indonesia (BSI) resulted from the merger of Bank Syariah Mandiri, BNI Syariah, and BRI Syariah to strengthen competitiveness and service accessibility. Ihsan, H., & Widodo (2021) explain that this merger created the largest Islamic bank in Indonesia, while Hendar and Triana (2022) note that this move aligns with the objectives of Maqashid Shariah. Following the merger, BSI recorded significant increases in assets and profits (Yulia, 2022) but continues to face challenges in operational efficiency (Firdaus, A., & Ratnasari, 2023.). Technology-driven innovations have also been implemented to expand financial inclusion, consistent with the principles of Maqashid Shariah (Rahman, A., & Mustika, 2022). A focus on real sector investments and corporate social responsibility (CSR) programs further strengthens BSI's contribution to economic and social development, in line with the views of (Abdullah, R., & Syafrizal, 2022).

Performance of Syariah Bank With Maqashid Syariah

Maqashid Syariah serves as a guiding principle in Islamic finance, ensuring that all operations align with the objectives of Sharia law. Islamic banks adopt these principles, emphasizing equality, justice, and social welfare (Iqbal, Z., & Mirakhor, 2020). In the context of performance measurement, Maqashid Syariah emphasizes evaluating compliance with its five primary objectives: the protection of religion, life, intellect, lineage, and wealth. Integrating these objectives into performance measurement frameworks is essential to ensure ethical and sustainable banking practices (Hassan, K., & Mahlknecht, 2021). Empirical studies highlight varying levels of compliance and their impact on the performance of Islamic banks. For instance, Rashid (2023) found that Islamic banks in Malaysia adhering more closely to Maqashid Syariah principles exhibited greater financial stability and improved customer satisfaction. However, challenges such as standardizing performance metrics, regulatory compliance, and balancing profit motives with social responsibility remain significant issues (El-Komi, 2022). From an Islamic perspective, social performance encompasses the fulfillment of trust, promises, and contracts, as reflected in the Qur'an (QS 5:1; 23:8). Related studies indicate that the social performance indicators of Islamic banks involve stakeholders such as shareholders, employees, communities, and regulators. The role of quality performance management acts as a driving force for achieving organizational goals, whether profit-oriented or non-profit (Prasetyowati & (Prasetyowati & Handoko, 2019).

Maqashid Syariah Abu Zahrah

The concepts of maqshad and maqashid in Arabic originate from the root word "qashd," which means intention, goal, principle, purpose, or ultimate objective. The term Maqashid Syariah consists of two main elements: maqashid, which refers to objectives or purposes, and syariah, which denotes the path to the source of life or principles for meaningful living. According to Dr. Said Ramadhan al-Buthi, mashlahat (benefit) is not an independent source of law like the Qur'an, hadith, consensus (ijma), or analogy (qiyas), but rather a general principle derived from legal rulings based on Islamic legal sources. Thus, mashlahat serves as a principle that supports the protection of human interests in both this world and the hereafter (Lutfi et al., 2016). It is important to note that mashlahat must be supported by Islamic legal evidence to have strong legitimacy. Otherwise, this principle cannot serve as a basis for legal rulings (Hasibuan & Islamic, 2017).

Abu Zahrah, a prominent Islamic jurist, explained that Maqashid Syariah is not only a guide for legal rulings but also a tool to contextualize Islamic law to achieve human well-being (Al-Azmeh, 2022). He classified Maqashid Syariah into three main categories: maqashid dharuriyyah (essential needs), maqashid hajiyyah (complementary needs), and maqashid tahsiniyyah (embellishments), which

collectively aim to safeguard religion, life, intellect, lineage, and wealth (M. Khan, 2021 ; Rashid, 2023). The application of Maqashid Syariah requires deep contextual understanding to ensure the relevance of Islamic law in the modern era, including the use of reason and rational considerations (Ahmed, 2020 ; Jamal, 2021). This approach serves as an adaptive tool to address contemporary challenges and ensure justice and human welfare (Bukhari, 2022).

Table 1. Concept of Maqashid Syariah Abu Zahrah

The concept of <i>Maqashid Syariah</i>	Explanation	Main Elements
1. Individual Coaching	Focus on developing individual character and morals in accordance with sharia principles.	- Education and moral development
		- Self-development
		- Implementation of Islamic values
2. Enforcement of Justice	Enforcing laws and regulations to ensure social justice and the law is applied fairly.	- Fair application of law
		- Equal treatment before the law
		- Prevention of discrimination
3. Maslahah (Public Interest)	Prioritize public interest that supports community welfare.	- Policies that are beneficial to the public
		- Implementation of the principle of welfare
		- Damage prevention

Source: Wasyith, 2017

Maqashid Syariah Index

Maqashid Syariah, or the objectives of Islamic law, is a fundamental concept in understanding and applying Islamic law. Abu Zahrah, a prominent jurist, made significant contributions to the understanding of Maqashid Syariah, viewing it not only as a guide for law but also as a tool for contextualizing and applying Islamic law to achieve human welfare. Abu Zahrah identified three categories of Maqashid Syariah: maqashid dharuriyyah, maqashid hajiyyah, and maqashid tahsiniyyah, encompassing basic needs to complementary needs (Rashid, 2023). The application of these principles, he argued, is crucial to ensure that Islamic law remains relevant and adaptable to the changing times (Jamal, 2021; Ahmed, 2020).

Based on the description above, the researcher created a conceptual framework

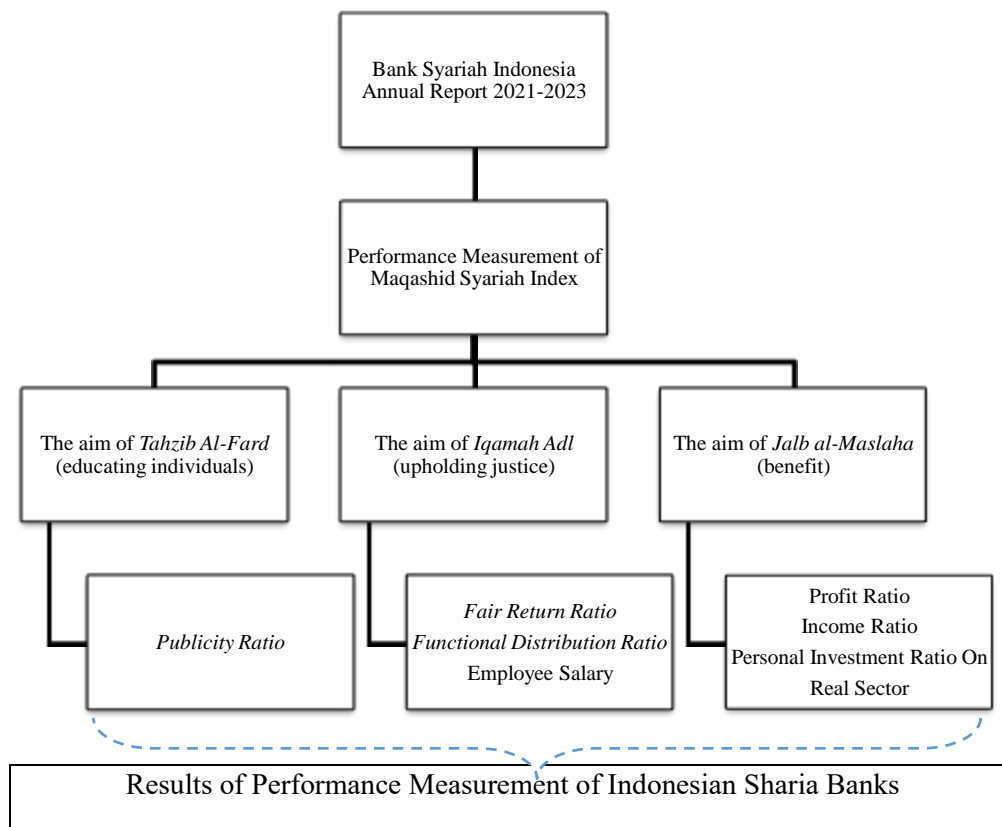


Figure 1: Conceptual Framework

Individual education, as part of the first principle, has implications for increasing the individual's capacity for knowledge and skills to improve the spiritual dimension. Sharia banks are expected to design training programs that include moral values to improve employee competence. Apart from that, banks must also ensure that the products offered comply with sharia principles. Indicators in the first principle include educational grants, research, training and strategic publicity.

Fairness, as part of the second principle, underscores the importance of honesty and equality in all aspects of business transactions and activities, including products, prices, and contractual agreements. All contracts must be free from injustice such as maysir, gharar and usury. Indicators in the second principle include the PER (Profit Equalization Reserve) ratio, income distribution from mudharabah and musyarakah financing schemes, and the non-interest income ratio.

The third principle, social benefit, requires banks to develop investment projects and social services to improve community welfare. Indicators in the third principle include profit returns, personal income transfer (zakat), and investment ratios in the real sector (Antonio et al., 2020).

METHOD

This study aims to evaluate the performance of Islamic banks through the Maqashid Syariah Index (MSI) approach, which emphasizes the principles of Shariah in financial statement analysis, rather than simply explaining variables as done in regression analysis (Mohammed et al., 2020). This approach highlights the understanding of fundamental Shariah goals, such as the protection of religion, life, intellect, lineage, and wealth, in assessing the performance of banks (Ibnu Ashur, 2006; Abu Zaharah, 2012). Financial analysis is not only focused on profitability but also on the bank's contribution to societal welfare and its alignment with Shariah principles, offering a more ethical and holistic perspective compared to conventional methods (Sekaran, 2000). The study adapts these concepts by breaking down the main goals (C), such as individual education, justice enforcement, and the achievement of maslahah, into more detailed dimensions (D) and measurable elements (E), which are then evaluated using established comparisons (R). Utilizing a descriptive quantitative approach,

this research also develops the "Maqashid Syariah Weighted" theory, which assigns different weights to each Shariah goal according to the context and needs, such as placing higher importance on the goal of protecting wealth in the context of Islamic finance (Sekaran, 2000)

RESULTS AND DISCUSSION

Data on the performance of the Maqashid Syariah concept at Bank Syariah Indonesia (Bank Syariah Indonesia) over three years (2021–2023). Below is a brief analysis of the data:

Educating Individuals Test

Table 2. The Maqashid Syariah Performance Ratio for Educating Individuals

Draft	Dimensions	Element	Amount
1. Educate individuals	D 1. Advancement of knowledge	E 1. Education Grants	Performance Ratio
BSI 2021			0.22
BSI 2022			0.65
BSI 2023			0.68
	D2. Instilling new skills and improvements	E 2. Research	Performance Ratio
BSI 2021			1.14
BSI 2022			0.58
BSI 2023			0.60
	D 3. Creating Awareness of Islamic Banking	E 3.training	Performance Ratio
BSI 2021			3.96
BSI 2022			0.97
BSI 2023			0.98

Source: Attachment to Data Processing Results, 2024

Table 2 Within the framework of Maqashid Syariah, educating individuals holds a profound purpose in shaping individuals who become sources of benefit for their communities, thereby minimizing harm. This education plays a pivotal role in purifying the soul from negative traits, such as envy, fostering a more harmonious and balanced society both spiritually and socially. Bank Syariah Indonesia’s commitment to individual education is reflected in the significant increase in the educational grant performance ratio, which rose from 0.22 in 2021 to 0.68 in 2023. This demonstrates the bank’s growing dedication to supporting education and individual development, contributing to the progress of the community.

However, the rise in research expenditures in 2022 was not followed by a sustained trend, as a decline occurred in 2023, resulting in the research performance ratio dropping from 1.14 in 2021 to 0.60 in 2023. This decline may indicate challenges in maintaining consistent research efforts.

On the other hand, the increase in training expenses in 2022 and 2023 reflects a consistent focus on human resource development. The improvement in the training performance ratio from 3.96 in 2021 to 0.98 in 2023 highlights that investments in training have had a significant impact on creating more skilled and qualified individuals, aligning with the Maqashid Syariah objective of educating individuals.

Establishing Justice

Table 3. The Maqashid Syariah Performance Ratio for Establishing Justice

Draft	Dimensions	Element	Amount
2. Building Justice	D 4. Fair transactions	E 4. Publicity	
BSI 2021			0.57
BSI 2022			0.25
BSI 2023			0.16

BSI 2021	D5. Affordable products and services	E 5. Fair Return	0.17
BSI 2022			0.22
BSI 2023			0.26
BSI 2021	D6. Elimination of injustice	E6. Affordable price	0.92
BSI 2022			1.27
BSI 2023			1.23

Source: Attachment to Data Processing Results, 2024

Table 3 In the perspective of Maqashid Syariah, justice is a fundamental pillar that must be upheld in all forms of social interaction, particularly in muamalah (transactional) activities. This includes efforts to act justly among all parties involved and to ensure that every individual has rights over their property. Bank Syariah Indonesia, as a Sharia-compliant financial institution, carries a significant responsibility to implement justice in all its services. However, based on the data, the fair transaction performance ratio decreased from 0.57 in 2021 to 0.16 in 2023. This indicates a decline in Bank Syariah Indonesia's commitment to upholding the principle of justice in its transactions. This downward trend signals the need for an evaluation and improvement of internal policies to ensure that every muamalah interaction adheres to the principle of justice.

Conversely, the performance ratio for affordable products and services increased from 0.17 in 2021 to 0.26 in 2023. This reflects Bank Syariah Indonesia's enhanced commitment to providing more inclusive and affordable products for the broader community, aligning with the objective of justice in offering equitable financial access. Additionally, the performance ratio for the elimination of injustice rose from 0.92 in 2021 to 1.23 in 2023. This improvement demonstrates Bank Syariah Indonesia's positive efforts in eradicating injustices within its services and transactions. It represents a significant step in achieving the Maqashid Syariah goal of upholding justice and maintaining social balance.

Overall, while there has been a decline in certain indicators, improvements in other aspects highlight Bank Syariah Indonesia's commitment to continuously enhancing and strengthening the application of Maqashid Syariah principles, particularly in fostering justice within social and transactional activities.

Maslahah Test

Table 4. The Maqashid Syariah Performance Ratio for Achieving Maslahah

Draft	Dimensions	Element	Amount
3. Public Interest	D7. Profitability	E7. Interest-free products	
BSI 2021			0.16
BSI 2022			0.29
BSI 2023			0.34
	D8. Redistribution of income & wealth	E8. Profit ratio	
BSI 2021			0.01
BSI 2022			0.01
BSI 2023			0.02
	D9. Investment in real vital sectors	E9. personal income	
BSI 2021			0.01
BSI 2022			0.01
BSI 2023			0.01

		E10. Investment ratio by sector	
BSI 2021			(0.25)
BSI 2022			0.10
BSI 2023			(0.16)

Source: Attachment to Data Processing Results, 2024

Table 4 Maqashid Syariah aims to achieve *maslahah*—the general welfare that prioritizes benefits for both individuals and society at large. This aligns with the message of the Qur'an in Surah Al-Anbiya (21:107), which states that Islam is a mercy for all creation.

In the context of Bank Syariah Indonesia (BSI), the attainment of Maqashid Syariah can be measured through several performance indicators. BSI's profitability ratio increased from 0.16 in 2021 to 0.34 in 2023, reflecting its commitment to strengthening economic stability, which supports the welfare of society. However, while there was a slight increase in the income and wealth redistribution ratio from 0.01 to 0.02 during the same period, this figure remains low, indicating that efforts to distribute wealth more equitably and support underprivileged groups need to be intensified.

On the other hand, the investment ratio in vital sectors experienced a significant decline from 0.01 in 2021 to -0.16 in 2023, signaling a reduced commitment by BSI to support critical sectors that contribute to long-term economic development.

Overall, although there have been improvements in profitability and redistribution efforts, BSI needs to place greater emphasis on strengthening investments in vital sectors to achieve more comprehensive welfare in line with the principles of Maqashid Syariah. These principles prioritize social justice and public welfare as manifestations of Islam's role as a mercy to all creation.

Maqashid Syariah Index Test

Table 5. Calculation of the Maqashid Syariah Index for Bank Syariah Indonesia

Dimensions	Educating Individuals	Dimensions	Upholding Justice	Dimensions	Upholding Justice
	PI(O1)		PI(O2)		PI(O3)
D1	0.22	D4	0.57	D7	0.16
D2	1.14	D5	0.17	D8	0.01
D3	3.96	D6	0.92	D9	(0.25)
BSI 2021	5.32	BSI 2021	1.66	BSI 2021	(0.078)
D1	0.65	D4	0.25	D7	0.29
D2	0.58	D5	0.22	D8	0.01
D3	0.97	D6	1.27	D9	0.10
BSI 2022	2.20	BSI 2022	1.75	BSI 2022	0.41
D1	0.68	D4	0.16	D7	0.02
D2	0.60	D5	0.26	D8	0.01

D3	0.98	D6	1.23	D9	0.21
BSI 2023	2.26	BSI 2023	1.65	BSI 2023	0.21

Source: Attachment to Data Processing Results, 2024

The Maqashid Syariah Index performance of Bank Syariah Indonesia (BSI) from 2021 to 2023 demonstrates significant dynamics across various key indicators, which need to be evaluated and improved to better align with Sharia principles. Below is an explanation that links the provided data with the Maqashid Syariah concept.

Individual Education Index (PI(O1)): The drastic decline from 5.32 in 2021 to 2.20 in 2022, followed by a slight increase to 2.26 in 2023, indicates that BSI's efforts in individual development have not been optimal. According to the Maqashid Syariah concept, developing individual capacity is one of the core objectives to ensure welfare and the fulfillment of basic rights. This decline may signal a lack of focus on education and training that is in line with Sharia principles, which emphasize spiritual and intellectual development.

Justice Enforcement Index (PI(O2)): The stability of the index with slight changes from 1.66 in 2021 to 1.75 in 2022, and a return to 1.65 in 2023, shows that BSI's application of justice principles has not reached an optimal level. Justice is a key pillar in Maqashid Syariah, particularly in the context of financial transactions and relationships between the bank and its customers. This decline may reflect the need to strengthen transparency and accountability in banking products and services.

Preserving Maslahah Index (PI(O3)): The increase from -0.07 in 2021 to 0.41 in 2022, followed by a decrease to 0.21 in 2023, indicates inconsistency in BSI's efforts to maintain public welfare. Maslahah includes the protection of public and environmental interests, which is fundamental in ensuring a balance between business profits and social impact. These fluctuations may be caused by a lack of sustainable strategies in implementing welfare programs.

Overall Maqashid Index: The decline from 6.91 in 2021 to 4.36 in 2022, and 4.11 in 2023, shows a decrease in BSI's overall effectiveness in achieving Maqashid Syariah objectives. This indicates the need for a comprehensive evaluation of BSI's strategies and policies, particularly in ensuring that every aspect of the bank's operations aligns with Sharia objectives, such as individual development, justice enforcement, and the preservation of public welfare.

Thus, the Maqashid Syariah achievements of Bank Syariah Indonesia demonstrate significant room for improvement, especially in the areas of education, justice, and welfare. BSI needs to strengthen more targeted programs and policies to ensure that the bank not only nominally complies with Sharia principles but also delivers tangible and sustainable impacts for individuals, society, and the environment.

DISCUSSION.

Bank Syariah Indonesia (BSI), as an Islamic financial institution, carries a significant responsibility in applying Sharia principles in every aspect of its operations. One way to evaluate the performance of Bank Syariah Indonesia is by using the Maqashid Syariah concept, which encompasses the key Sharia objectives in economic and social life. Maqashid Syariah consists of several important concepts, such as educating individuals, establishing justice, and preserving public interest. In this analysis, we will evaluate the performance of Bank Syariah Indonesia over a three-year period (2021–2023) based on these concepts and the results of the related data analysis.

Concept 1: Educating Individuals

Educational Grant Performance Ratio

The educational grant performance ratio shows a significant increase from 0.22 in 2021 to 0.68 in 2023.

This improvement reflects that Bank Syariah Indonesia has strengthened its commitment to supporting education through grants. It indicates that Bank Syariah Indonesia is striving to fulfill its responsibility in promoting education in line with Sharia principles, which encourage the enhancement of individual knowledge and skills.

Research Costs

Research costs saw an increase in 2022, but declined in 2023. The research performance ratio decreased from 1.14 in 2021 to 0.60 in 2023. This decline may indicate that Bank Syariah Indonesia faced challenges in maintaining consistent allocation of funds for research. A thorough evaluation is necessary to understand the reasons behind these fluctuations and find ways to improve the effectiveness of research expenditures.

Training Costs

Training costs showed an upward trend in both 2022 and 2023, reflected in the increase of the training performance ratio from 3.96 in 2021 to 0.98 in 2023. This increase signifies Bank Syariah Indonesia's efforts to enhance employee capacity and competence, contributing to individual development. However, the decrease in the ratio in 2023 needs further attention to ensure the consistency and quality of the training program.

Concept 2: Establishing Justice

Fair Transaction Performance Ratio

The fair transaction performance ratio decreased from 0.57 in 2021 to 0.16 in 2023. This decline indicates that Bank Syariah Indonesia's commitment to ensuring fair transactions has weakened. This could be attributed to various factors, such as lack of transparency in transactions or insufficient policies that support fairness. Bank Syariah Indonesia needs to conduct a comprehensive evaluation of its policies and transaction practices to strengthen its commitment in this area.

Affordable Products and Services Performance Ratio

The affordable products and services performance ratio increased from 0.17 in 2021 to 0.26 in 2023. This improvement indicates that Bank Syariah Indonesia has made efforts to provide more affordable products and services to its customers. This is a positive step toward creating economic and social justice in line with Sharia principles, which emphasize the provision of fair and accessible services.

The Elimination of Injustice Performance Ratio

The elimination of injustice performance ratio increased from 0.92 in 2021 to 1.23 in 2023. This increase shows that Bank Syariah Indonesia has become more successful in eliminating injustice in various aspects of its operations. It reflects the bank's efforts to better align with the principles of Sharia justice, although further efforts are still required to strengthen these outcomes.

Concept 3: Public Interest

Profitability Performance Ratio

The profitability performance ratio increased from 0.16 in 2021 to 0.34 in 2023. This improvement reflects that Bank Syariah Indonesia has become more focused on achieving better profitability. Increased profitability is crucial for the bank's operational sustainability and positively contributes to the overall welfare.

Income and Wealth Redistribution Performance Ratio

The income and wealth redistribution performance ratio increased from 0.01 in 2021 to 0.02 in 2023. This increase indicates that Bank Syariah Indonesia has started paying more attention to the aspect of wealth redistribution, although the figure remains relatively small. This is an area that requires further attention to ensure that wealth redistribution aligns with Sharia principles and provides greater benefits to the community.

Investment in Vital Sectors Performance Ratio

The investment in vital sectors performance ratio decreased from 0.01 in 2021 to -0.16 in 2023. This decline indicates that Bank Syariah Indonesia has encountered difficulties in investing in vital sectors that could have a significant impact on the community. A deeper evaluation is needed to understand the reasons behind this decline and to find solutions to increase investment in sectors that support public interest.

Concept 4: Maqashid Syariah Index Individual Education Index (PI(O1))

The individual education index has dramatically decreased from 5.32 in 2021 to 2.20 in 2022, with a slight increase to 2.26 in 2023. This decline indicates that the education and training programs provided by Bank Syariah Indonesia require evaluation and quality enhancement. This drop should be addressed with improvements in strategy to ensure success in educating individuals in line with Sharia principles.

Justice Enforcement Index (PI(O2))

The justice enforcement index remained relatively stable, with a slight increase from 1.66 in 2021 to 1.75 in 2022, but it decreased again to 1.65 in 2023. This stability suggests that Bank Syariah Indonesia's efforts to enforce justice principles in its banking operations are still not optimal. Bank Syariah Indonesia needs to enhance transparency in its products and services and ensure compliance with Sharia justice principles through regular internal audits.

Public Interest Maintenance Index (PI(O3))

The public interest maintenance index showed improvement from -0.07 in 2021 to 0.41 in 2022, but it dropped again to 0.21 in 2023. This fluctuation indicates that Bank Syariah Indonesia's efforts to maintain the welfare of its customers and the public have not been consistent. The bank needs to develop more sustainable welfare programs and conduct regular customer satisfaction surveys.

Overall, the Maqashid Syariah Index for Bank Syariah Indonesia decreased from 6.91 in 2021 to 4.36 in 2022, and 4.11 in 2023. This decline indicates that the strategies and implementation of Sharia programs by Bank Syariah Indonesia need to be evaluated and improved. Focusing on improving the quality of education, enforcing justice, and maintaining public welfare should be the main priorities to achieve Sharia goals and enhance the well-being of customers and society.

CONCLUSION

In the evaluation of Bank Syariah Indonesia's (BSI) performance during the 2021-2023 period based on the Maqasid Syariah concept, there was a significant decline in the Maqasid Syariah Index from 6.91 in 2021 to 4.11 in 2023. This reflects the need for improvement in three key areas: educating individuals, building justice, and maintaining public welfare. This decline signals shortcomings in the implementation of Sharia principles at BSI that need to be addressed in order to achieve better Sharia goals.

Firstly, in terms of educating individuals, BSI showed an improvement in the performance ratio of educational grants from 0.22 in 2021 to 0.68 in 2023. However, the individual education index drastically declined from 5.32 in 2021 to 2.26 in 2023. This indicates that while there have been efforts to support education through grants, the quality and effectiveness of the education and training programs need to be enhanced to achieve better results.

The performance ratio of educational grants showed significant improvement, but the individual education index drastically decreased. This suggests that despite the commitment to support education, the quality and consistency of educational and training programs must be improved. BSI must focus on the development and enhancement of its educational programs to be more effective in improving the knowledge and skills of individuals in line with Sharia principles.

Secondly, in the area of building justice, while the performance ratio of affordable products has increased, the performance ratio of fair transactions showed a significant decline. This indicates that BSI needs to conduct a thorough evaluation of its transaction policies and practices. Enhancing transparency and ensuring compliance with Sharia justice principles will be key to addressing this decline and ensuring that all transactions are conducted fairly.

In the justice aspect, progress was observed in the performance ratio of affordable products, which increased from 0.17 in 2021 to 0.26 in 2023. However, the performance ratio of fair transactions sharply

decreased from 0.57 in 2021 to 0.16 in 2023. This decline suggests the need for a comprehensive evaluation of BSI's transaction policies and practices to ensure that Sharia justice principles are consistently and effectively applied.

Thirdly, regarding public welfare, the performance ratio of profitability showed positive improvement, while the performance ratio of investment in vital sectors experienced a sharp decline. This suggests that although BSI has succeeded in improving profitability, investments in sectors that significantly impact society still need improvement. The bank needs to develop better investment strategies to more effectively support public welfare.

In terms of public welfare, the performance ratio of profitability increased from 0.16 in 2021 to 0.34 in 2023, reflecting improvement in achieving profitability. However, the performance ratio of investment in vital sectors decreased from 0.01 in 2021 to -0.16 in 2023. This decline indicates difficulties in making investments that have a significant impact on society, and thus, investment strategies need to be improved to better support public welfare.

Overall, the decline in the Maqasid Syariah Index indicates that BSI needs to evaluate and improve its strategies and the implementation of its Sharia programs. Focus on improving the quality of education, transactional justice, investment in vital sectors, wealth redistribution, and welfare programs should be the top priorities to achieve Sharia goals and enhance the well-being of customers and society. With strong commitment and the right strategies, BSI can improve its performance and meet the expectations of its customers and society in line with Sharia principles.

RECOMMENDATIONS

For future research and practical applications, the researcher recommends that this study be used to enrich the theoretical literature on performance measurement in Sharia banking by integrating the Maqasid Syariah Index. It is suggested that future studies explore the development of more holistic business models and theories that are aligned with the values of Sharia principles. Additionally, Sharia banking practitioners are encouraged to utilize the results of this research to craft business strategies that are in harmony with the goals of Maqasid Syariah. This would enable banks to improve the alignment of their practices with the principles of fairness, justice, and societal welfare as prescribed by Sharia law.

The study also presents the Maqasid Syariah Index as a potential tool for performance evaluation within Sharia banks. The researcher hopes that this tool will assist in assessing the degree to which banks achieve the goals of Maqasid Syariah, leading to enhanced customer trust and satisfaction.

Furthermore, the research can serve as a foundation for future studies on performance measurement in Sharia banking, contributing to the development of more effective and sustainable practices. By expanding the scope of research and incorporating additional factors, future studies can provide deeper insights into the dynamic nature of Sharia banking and its impact on both the financial sector and society at large.

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