

## Analysis of Indonesian Islamic banking performance using *Sharia Maqasid Index* and simple additive weighting rating

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### Abstract

This study aims to analyze the performance of Islamic Commercial Banks (ICB) and Islamic Banking Units (IBU) in Indonesia in 2021-2023 based on the ***Sharia Maqasid Index*** (SMI) and Simple Additive Weighting Rating (SAWR). Assessment of the performance of ICB and IBU in the Annual Report so far is only based on financial ratios, so it cannot evaluate the basic principles of Islamic banks. Therefore, the SMI and SAWR approaches are used to measure the performance of Islamic banks. The object of this research is 13 ICB and 20 IBU registered with OJK (Financial Services Authority). The results showed that the highest total score was Bank Mega Syariah (BMS) in 2021, Bank Panin Dubai Syariah (BPDS) in 2022 and 2023, IBU BPD Nagari (Sumatra Barat) in 2021 and 2023, and IBU BPD Jawa Timur in 2022. Each ICB and IBU has generally been able to carry out all of its objectives, namely ***Tahdzib al-fard*** (educating individuals), ***Iqamah al-adl*** (upholding justice), and ***Jabl al-Maslahah*** (Creating welfare). This research provides implications for further evaluation and development regarding the appropriate performance assessment of ICB and IBU and the following Sharia principles prioritizing the benefit of the people.

**Keywords:** Islamic banking performance, sharia maqasid index, tahdzib al-fard, iqamah al-adl, jabl al-maslahah

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## Introduction

The public is now looking at Islamic commercial banks (ICB) and Islamic banking units (IBU). It must compete with both Islamic commercial banks and conventional banks in providing superior products to increase sales, customer trust, and satisfaction; providing excellent service, professional human resources, facilities, and infrastructure that is fast and precise are things that need to be done to maintain the good name of Islamic commercial banks (Al Arif, 2010). ICB and IBU must provide the best performance every year to improve the trust of the public, stakeholders, and investors from both financial and non-financial sides. The increase in the financial performance of Islamic banks is expected to be directly proportional to performance based on Islamic concepts. For adequate **Sharia**-based performance, ICB and IBU can prove that the business system implemented is relevant to Islamic concepts, values, and ethics (Silvia et al., 2019).

The measurement of financial performance in banking is critical to describe the achievements made in operational activities and to know the health condition of a bank (Cakhyaneu, 2018). In the current Islamic banking journey, performance measurement still applies conventional measurement instruments and is limited to financial ratios (Ramdhoni & Fauzi, 2020). Similar to conventional bank ratio measurements such as the CAMEL method (Capital, Assets, Management, Earning, Liquidity) (Muhammad & Oktaviyanti, 2020), Return on Asset (ROA), Return on Equity (ROE) (Samad, 1999), Data Envelopment Analysis (DEA) (Al-Ghifari et al., 2015). Similarly, Hassan (2006) and Yudistira (2004) found that measurement using traditional benchmarks is inefficient in Islamic banking. Ika and Abdullah (2011) study did not find significant differences in Islamic and conventional banking performance, except liquidity. Islamic banks' liquidity is better than conventional banks (Indriyani, 2015).

Islamic banking performance assessment based on the calculation of CAMEL financial ratios and others has several weaknesses: 1). Financial ratios as the primary determinant of banking performance assessment make managers neglect long-term plans; 2). Neglecting non-financial measurement aspects and fixed assets will give bank managers the wrong view of the present and future; 3). Banking performance based only on past financial performance cannot help the company achieve its goals in the future (Antonio et al., 2012). Similarly, Kuppusamy, Saleh, and Samudhram (2010) only considered the profitability factor when measuring commercial performance.

In their implementation, ICB and IBU are not only looking for profit. However, they must carry out **Sharia** principles to seek the blessings of the world and the hereafter. Performance is very strongly related to ethics and is not only limited to the financial dimension but also includes dimensions that are not only oriented towards owners but for all stakeholders and society as a whole. Hudaefi and Noordin (2019) sought to develop the best benchmark for measuring religious and financial performance. The

aim is to assess the operational performance of Islamic banking using a comprehensive benchmark called Integrated **Maqashid Al-Sharīah**-based Performance Measurement (IMSPM). The best IMSPM is illustrated by Koch and MacDonald (2014). This underlies the importance of **maqasid Sharia**-based performance. **Sharia Maqasid Index** (SMI), which is from the development of **Maqasid Sharia** theory by Abu Zahrah, consists of **Tahdzib al-fard** (Educating Individuals), **Iqamah al-adl** (Upholding Justice), and **Jabl al-Maslahah** (Creating welfare) (Cakhyaneu, 2018).

Research related to the performance of Islamic banks using the **Sharia Maqasid Index** (SMI) has been conducted by Antonio, Sanrego, and Taufiq (2012) regarding the performance of Islamic banking in Indonesia and Jordan with data from 2008 - 2010 and the results that Bank Muamalat Indonesia is in the first position with the highest total **Sharia Maqasid Index** (SMI) value among all research objects. Further research was conducted by Cakhyaneu (2018), who used the same method (SMI) on ICB in Indonesia with data from 2011 - 2016 and found that Bank Syariah Mandiri was in the first position with an SMI of 27.69%. Amalia (2020) used SMI on Indonesian ICB in 2020 and obtained the results of Bank Panin Dubai Sharia, which had the highest performance value. This research was conducted using the **Sharia Maqasid Index** (SMI) and Simple Additive Weighting Method (SAW) in 2021 - 2023 through an in-depth analysis of the annual reporting standards of the Indonesian ICB and IBU.

## Method

The type of research is quantitative research with a descriptive approach. Quantitative descriptive research provides an overview of the variables of the phenomenon or event under study (Ramadhani & Mutia, 2016). Descriptive research usually does not require further testing, such as testing the relationship between one variable and another or using statistical tools to test hypotheses. This research focuses on three **Maqasid Sharia** objectives.

The data source of this research is secondary data in the form of annual financial reports covering the 2021-2023 reporting year from 13 ICB and 20 IBU registered with the OJK. Annual reports are available on the official website of the ICB and IBU. Data collection techniques are carried out through documentation and literature study. Literature research aims to obtain a conceptual and theoretical basis by considering various literature, journals, and documents related to the object of research (Cakhyaneu, 2018).

The population of this study is ICB and IBU operating in Indonesia registered with OJK during the 2021-2023 period. Because the entire population was sampled in this study, a saturated sample was used for the sampling technique. Saturated sampling is a sampling technique that samples all members of the population. Another term for

saturation is census (Sugiyono, 2007). A population can be sampled if the number of population members is small. The table below shows the abbreviations of ICB included in this study and their abbreviations in the table of ICB performance indicators.

Table 1. Islamic Commercial Banks in Indonesia registered by OJK in 2023.

No.	Islamic Commercial Bank	SMI Performance Indicator Table Code
1.	PT Bank Aceh Syariah	BACS
2.	PT BPD Riau Kepri Syariah	BRKS
3.	PT BPD Nusa Tenggara Barat Syariah	BNTBS
4.	PT Bank Muamalat Indonesia	BMI
5.	PT Bank Victoria Syariah	BVS
6.	PT Bank Jabar Banten Syariah	BJBS
7.	PT Bank Syariah Indonesia, Tbk	BSI
8.	PT Bank Mega Syariah	BMS
9.	PT Bank Panin Dubai Syariah, Tbk	BPDS
10.	PT Bank Syariah Bukopin	BSB
11.	PT BCA Syariah	BCAS
12.	PT Bank Tabungan Pensiunan Nasional	BTPN
13.	PT Bank Aladin Syariah, Tbk	BAS

Source: OJK, 2024.

The table below reveals the abbreviations of Islamic banking units covered in this study and those in the Islamic banking unit indicators table.

Table 2. Islamic Banking Units in Indonesia registered by OJK in 2023

No.	Islamic Banking Unit	SMI Performance Indicator Table Code
1.	PT Bank Danamon Indonesia, Tbk	UBDI
2.	PT Bank Permata, Tbk	UBT
3.	PT Bank Maybank Indonesia, Tbk	UBMI
4.	PT Bank CIMB Niaga, Tbk	UBCN
5.	PT Bank OCBC NISP, Tbk	UBON
6.	PT BPD DKI	UBD
7.	PT BPD Daerah Istimewa Yogyakarta	UBDIY
8.	PT BPD Jawa Tengah	UBJT
9.	PT BPD Jawa Timur, Tbk	UBJT
10.	PT BPD Jambi	UBJ
11.	PT BPD Sumatera Utara	UBSU
12.	PT BPD Nagari (Sumatera Barat)	UBSB

No.	Islamic Banking Unit	SMI Performance Indicator Table Code
13.	PT BPD Sumatera Selatan dan Bangka Belitung	UBSSBB
14.	PT BPD Kalimantan Selatan	UBKS
15.	PT BPD Kalimantan Barat	UBKB
16.	PT BPD Kalimantan Timur	UBKT
17.	PT BPD Sulawesi Selatan dan Sulawesi Barat	UBSSSB
18.	PT Bank Sinarmas	UBS
19.	PT Bank Tabungan Negara (Persero), Tbk.	UBTN
20.	PT Bank Jago, Tbk	UBJ

Source: OJK, 2024

This study uses variables based on the **Sharia Maqasid Index** (SMI) method to measure ICB performance (Syofyan, 2017). Mohammed et al. (2008) adopted the current method to develop the operational definition of **Maqasid Sharia** variables into a measurement tool to measure the performance of Islamic banks. The operations for the variables are as follows:

Table 3. Operationalization of **Sharia Maqasid Index** (SMI) Variables

Sharia Objectives	Dimensions	Elements	Performance Indicators/Ratios
Education (Tahdib Al-Fard)	D1. Knowledge Advancement	E1. Education Grant/ Donation	R1. Education Grant/Total Cost
		E2. Research	R2. Research Cost/Total Cost
	D2. Embedding new and changing Skills	E3. Training	R3. Training Cost/Total Cost
	D3. Creating awareness of Islamic Banking	E4. Publications	R4. Publication Cost/Total Cost
Justice (Iqamah Al-'Adl)	D4. Fair and equitable outcomes	E5. Fair returns	R5. Operating Profit/Total Revenue
	D5. Low-cost Products and Services	E6. Functional Distribution	R6. <b>Mudharabah</b> and <b>Musyarakah</b> Financing/Total Financing
	D6. Elimination of Injustice	E7. Interest-Free Income	R7. Interest-Free Income/Total Income

Sharia Objectives	Dimensions	Elements	Performance Indicators/Ratios
Welfare (Jabl al-Maslahah)	D7. Bank Profitability	E8. Bank Profitability Ratio	R8. Net Profit/Total Assets
	D8. Redistribution of Wealth and Income	E9. Income Equalization	R9. Zakat/Net Profit
	D9. Investment in the Real Sector	E10. Investment in the Real Sector	R10. Investment in Real Sector/Total Investment

Source: Mohammed et al. (2008)

The average weights given by **Sharia** experts are shown in the table below:

Table 4. Weight of Variables and Weight of Attributes of **Sharia Maqasid Index** (SMI)

Variables	Average Variable Weight (out of 100%)	Attributes	Average Weight of Attributes (out of 100%)
Education (Tahdib al-fard)	30	E1. Education Grant/ Donation	24
		E2. Research	26
		E3. Training	27
		E4. Publications	23
		Total	<b>100</b>
Justice (Iqamah al-adl)	41	E1. Fair return	30
		E2. Functional Distribution	32
		E3. Interest-Free Income	38
		Total	<b>100</b>
Welfare (Jabl al-maslahah)	29	E1. Bank Profitability Ratio	33
		E2. Income Equalization	30
		E3. Investment in the real sector	37
Total	100	Total	100

Source: Mohammed et al. (2008)

In analyzing the **Sharia Maqasid Index** (SMI) approach, three steps were taken to measure the performance of SMI based on Key performance indicators consisting of 10 relationship elements. The performance indicators are: Education grant divided by total cost (R1), Research costs divided by total costs (R2), Training costs divided by total costs (R3), Advertising costs divided by total costs (R4), Operating profit divided by total sales (R5), The amount of **mudharabah** and **musyarakah** financing divided by total investment (R6), Non-interest income divided by gross income (R7), Revenue divided by total assets (R8), Zakat divided by net profit (R9), and Investment in the real sector divided by total investment (R10).

Determining the ranking of ICB and IBU based on performance indicators (IC). This ranking is determined using simple additive weighting (SAW), which uses a weighting, aggregation, and ranking process (Mohammed et al., 2008), where the ratio gives the weight given by the equation below:

$$IK = W \times E \times R \dots\dots\dots(1)$$

Information:

IK: Performance Indicator

W: **Maqasid Sharia** Variable Weight

E: Weighting of **Maqasid Sharia** Variable Elements

R: Sample performance measurement based on element ratio.

The above formula is used for each **Maqasid Sharia** objective/variable. Mathematically, the process of determining performance indicators at the **Maqasid Sharia** Index (SMI) level can be explained as follows.

**Tahzib al-Fard (Educating the Individual).**

Performance indicators for the first objective

$$IK (01) \text{ is: } IK 01 = W1 \times E1 \times R1 + W1 \times E2 \times R2 + W1 \times E3 \times R3 + W1 \times E4 \times R4 \dots\dots\dots(2)$$

Or simplified to:

$$IK 01 = W1 (E1 \times R1 + E2 \times R2 + E3 \times R3 + E4 \times R4) \dots\dots\dots(3)$$

Description:

IK 01: Performance indicator on the first objective of **Maqashid Sharia Tahdzib al-Fard** (Educating the Individual), W1: Variable Weight for **Tahdzib al-Fard** (Educating the Individual) E1: Weight for the first element in 01 (Education Grant), E2: Weight for the second element in 01 (Research), E3: Weight for the third element in 01 (Training), E4: Weight for the fourth element in 01 (Publicity), R1: Performance ratio for the first element at 01, R2: Performance ratio for the second element at 01, R3: Performance ratio for the third element at 01, and R4: Performance ratio for the fourth element at 01.

**Iqamah al-Adl (Upholding justice).**

The performance indicators for the second objective IK (02) are:

$$IK 02 = W2 \times E5 \times R5 + W2 \times E6 \times R6 + W2 \times E7 \times R7 \dots\dots\dots(4)$$

Or simplified to:

$$IK 02 = W2 (E5 \times R5 + E6 \times R6 + E7 \times R7) \dots\dots\dots(5)$$



Description:

IK 02: Performance indicator on the first objective of **Maqashid Syariah Iqamah al-Adl** (Upholding Justice) W2: Variable Weight for **Iqamah al-Adl** (Upholding Justice), E5: Weight for the fifth element in 02 (Fair Return), E6: Weight for the sixth element in 02 (Functional Distribution), E7: Weight for the seventh element in 02 (Interest-Free Income), R5: Performance ratio for the fifth element at 02, R6: Performance ratio for the sixth element in 02, and R7: Performance ratio for the seventh element at 02.

**Jabl al-Maslahah (Creating Welfare)**

The performance indicators for the second objective IK (03) are:

$$IK\ 03 = W3 \times E8 \times R8 + W3 \times E9 \times R9 + W3 \times E10 \times R10 \dots\dots\dots(6)$$

Or simplified to:

$$IK\ 02 = W3 (E8 \times R8 + E9 \times R9 + E10 \times R10) \dots\dots\dots (7)$$

Description:

IK 03: Performance indicators on the first objective of **Maqashid Syariah Jabl al-Maslahah** (Creating welfare), W3: Variable Weight for **Jabl al-Maslahah** (Creating welfare), E8: Weight for the eighth element in 03 (Bank Profitability Ratio), E9: Weight for the ninth element in 03 (Income Equalization), E10: Weight for the tenth element in 03 (Investment in Real Sector), R8: Performance ratio for the eighth element in 03, and R9: Performance ratio for the ninth element in 03 R10: Performance ratio for the tenth element in 03.

**Determining the Sharia Maqasid Index (SMI)**

The **Sharia Maqasid Index** (SMI) for each Islamic Commercial Bank is the total of all Performance Indicators of the three **maqasid** objectives of **Sharia**, namely **Tahzib al-Fard** (Educating Individuals) or IK (01), **Iqamah al adl** (Upholding Justice) or IK (02), and **Jabl al-Maslahah** (Creating Welfare) or IK (03). Mathematically, it can be described as follows:

$$SMI = IK (01) + IK (02) + IK (03) \dots\dots\dots(8)$$

ICB and IBU are ranked first because they achieved the highest value score on the **Sharia Maqasid Index** (SMI) (Mohammed et al., 2008).

**Result and Discussion**

**Tahdzib al-Fard (Educating the Individual)**

The first objective of **Maqasid Sharia** is the purification of the soul, which is developed to improve education. The things that ICB and IBU must do in carrying out the first **Maqasid Sharia** goal, namely **Tahdzib al-Fard** (Educating Individuals) such as, improving community education by providing scholarship assistance to schools,



conducting research activities in the development of Islamic Banks, providing training and education to employees to improve human resources and skills in improving the quality of Islamic Bank services, and conducting socialization activities, and publicity/promotion of Islamic banking products and services for the community (Setiyobono, Ahmar & Darmansyah, 2019). The results obtained from this study after weighting will be shown in the table below:

Table.4 *Tahdzib al-Fard* (Educating Individuals) 2021-2023

IK 01		Tahfidz Al Fard (Educating the Individual)														
Islamic Commercial Bank		IK (01) (%)														
		Education Grants			Research			Training			Publications			Total IK (01) (%)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
BACS		0.18%	0.12%	0.32%	0.00%	0.00%	1.31%	0.01%	0.13%	6.74%	0.00%	0.04%	0.03%	1.81%	0.29%	8.40%
BRKS		0.00%	0.10%	0.10%	0.08%	0.11%	0.11%	0.08%	0.11%	0.11%	0.09%	0.09%	0.09%	0.25%	0.41%	0.41%
BNTBS		0.10%	0.01%	0.35%	0.11%	0.25%	0.38%	0.12%	0.26%	0.39%	0.35%	0.43%	0.75%	0.69%	0.96%	1.86%
BMI		0.36%	0.24%	0.46%	0.02%	0.31%	0.50%	0.41%	0.27%	0.52%	0.06%	0.28%	0.44%	0.85%	1.10%	1.93%
BVS		0.10%	0.04%	0.12%	0.11%	0.01%	0.23%	0.11%	0.04%	0.24%	0.09%	0.01%	0.07%	0.41%	0.10%	0.65%
BJBS		0.21%	0.21%	0.25%	0.01%	0.00%	0.06%	0.24%	0.24%	0.28%	0.01%	0.01%	0.24%	0.47%	0.46%	0.83%
BSI		0.16%	0.06%	0.18%	0.17%	0.10%	0.19%	0.18%	0.07%	0.20%	0.42%	0.09%	0.93%	0.93%	0.32%	1.50%
BMS		0.42%	0.12%	0.39%	0.45%	0.15%	0.43%	0.47%	0.14%	0.44%	0.40%	0.13%	0.68%	1.74%	0.54%	1.95%
BPDS		0.03%	0.47%	0.10%	0.04%	0.46%	0.11%	0.04%	0.53%	0.11%	0.10%	0.41%	0.18%	0.21%	1.87%	0.50%
BSB		0.26%	0.03%	0.03%	0.28%	0.03%	0.03%	0.29%	0.03%	0.03%	0.24%	0.03%	0.03%	1.08%	0.12%	0.12%
BCAS		0.30%	0.13%	0.37%	0.32%	0.14%	0.40%	0.33%	0.15%	0.42%	0.07%	0.01%	1.05%	1.02%	0.43%	2.24%
BTPN		0.15%	0.06%	0.18%	0.16%	0.07%	0.19%	0.17%	0.07%	0.20%	0.39%	0.20%	0.60%	0.87%	0.39%	1.17%
BAS		0.01%	0.06%	0.21%	0.01%	0.01%	0.23%	0.01%	0.07%	0.24%	-0.20%	0.01%	-3.76%	-0.18%	0.14%	-3.07%

IK 01		Tahfidz Al Fard (Educating the Individual)														
		IK (01) (%)														
Islamic Banking Unit	Education Grants			Research			Training			Publications			Total IK (01) (%)			
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
UBDI	0.02%	0.06%	0.07%	0.02%	0.03%	0.02%	0.02%	0.06%	0.08%	0.02%	0.02%	0.02%	0.08%	0.17%	0.20%	
UBT	0.03%	0.04%	0.05%	0.02%	0.04%	0.03%	0.04%	0.04%	0.05%	0.01%	0.03%	0.03%	0.10%	0.16%	0.17%	
UBMI	0.05%	0.05%	0.08%	0.05%	0.06%	0.09%	0.05%	0.06%	0.09%	0.05%	0.05%	0.08%	0.20%	0.23%	0.33%	
UBCN	0.13%	0.13%	0.15%	0.21%	0.17%	0.15%	0.14%	0.15%	0.17%	0.18%	0.15%	0.13%	0.66%	0.59%	0.60%	
UBON	0.11%	0.11%	0.16%	0.12%	0.12%	0.17%	0.12%	0.13%	0.18%	0.10%	0.11%	0.15%	0.44%	0.47%	0.65%	
UBD	0.16%	0.17%	0.16%	0.18%	0.18%	0.18%	0.18%	0.19%	0.18%	0.16%	0.16%	0.16%	0.68%	0.70%	0.68%	
UBDIY	0.05%	0.08%	0.10%	0.01%	0.02%	0.02%	0.06%	0.09%	0.11%	0.01%	0.02%	0.01%	0.13%	0.20%	0.23%	
UBJT	0.06%	0.10%	0.10%	0.05%	0.05%	0.05%	0.07%	0.12%	0.11%	0.05%	0.04%	0.05%	0.24%	0.31%	0.31%	
UBJT	0.05%	0.16%	0.18%	0.02%	0.03%	0.03%	0.05%	0.18%	0.20%	0.02%	0.03%	0.03%	0.15%	0.40%	0.44%	
UBJ	0.04%	0.07%	0.07%	0.08%	0.08%	0.06%	0.04%	0.08%	0.07%	0.07%	0.07%	0.05%	0.23%	0.29%	0.25%	
UBSU	0.05%	0.06%	0.08%	0.00%	0.00%	0.00%	0.05%	0.07%	0.09%	0.00%	0.00%	0.00%	0.10%	0.13%	0.16%	
UBSB	0.15%	0.18%	0.15%	0.03%	0.03%	0.04%	0.17%	0.20%	0.17%	0.03%	0.03%	0.03%	0.38%	0.44%	0.40%	
UBSSBB	0.16%	0.12%	0.13%	0.06%	0.12%	0.09%	0.18%	0.13%	0.14%	0.06%	0.11%	0.08%	0.47%	0.48%	0.43%	
UBKS	0.08%	0.16%	0.27%	0.00%	0.01%	0.01%	0.09%	0.18%	0.30%	0.00%	0.01%	0.01%	0.18%	0.36%	0.60%	
UBKB	0.09%	0.19%	0.19%	0.03%	0.02%	0.03%	0.10%	0.21%	0.22%	0.02%	0.01%	0.02%	0.25%	0.43%	0.46%	
UBKT	0.10%	0.15%	0.17%	0.08%	0.06%	0.08%	0.12%	0.16%	0.19%	0.07%	0.05%	0.07%	0.38%	0.43%	0.50%	
UBSSSB	0.08%	0.15%	0.09%	0.02%	0.20%	0.24%	0.09%	0.16%	0.11%	0.02%	0.17%	0.21%	0.20%	0.68%	0.66%	
UBS	0.03%	0.04%	0.05%	0.11%	0.10%	0.06%	0.03%	0.04%	0.06%	0.10%	0.09%	0.05%	0.26%	0.27%	0.22%	
UBTN	0.04%	0.07%	0.08%	0.05%	0.07%	0.08%	0.05%	0.08%	0.09%	0.04%	0.06%	0.07%	0.17%	0.28%	0.32%	
UBJ	0.03%	0.03%	0.04%	1.27%	0.96%	0.77%	0.03%	0.03%	0.04%	1.12%	0.85%	0.68%	2.45%	1.86%	1.53%	

Source: data processed by researchers, 2024

## Education Grants

The first element of the first **Maqasid Sharia** objective is education grants, with the performance indicator of education grants divided by total costs. Education grants are costs incurred by Islamic banks as a form of concern and social responsibility for education. This grant can be made available through scholarships to schools and assistance to educational institutions. Based on the table of performance indicators IK (01) after weighting the ratios, we can see that, of the 13 ICB and the 20 IBU that are the object of research, all of them provide education grants. There is a change in the proportion of grants as well as from the table above, the highest value of Education grants was carried out by ICB Bank Muamalat Indonesia (BMI) with a value of 0.46% and IBU BPD

Kalimantan Selatan with a value of 0.27% in the latest year. On the other hand, education grants in ICB and IBU are in the form of education programs, scholarships, and **tahfidz**.

### Research

The second element of the first **Maqasid Sharia** objective is Research, with a performance indicator of research costs divided by total costs. Research and development conducted by ICB and IBU are expected to help advance Indonesia's Islamic economy and strengthen the industry, leading to public satisfaction and trust among shareholders and the government. On this basis, the ICB allocates funds for research and development activities. Based on the results of the IK (01) performance indicator table after weighting the ratios, judging from the three tables above, the highest research costs were incurred by ICB Bank Aceh Syariah (BACS) with a value of 1.31% and IBU Bank Jago with a value of 0.77% in the latest year. Research and development at each ICB and IBU are expected to make the latest product innovations based on **Sharia** principles that meet the community's needs. They can find solutions to the problems experienced by ICB and IBU today.

### Training

The third element of the first **Maqasid Sharia** objective is Training, with the performance indicator being training costs divided by total costs. Training and education are essential to all their employees for ICB and IBU. Training is carried out to improve employees' human resources, skills, and motivation to provide the best performance so that ICB and IBU can operate optimally. Based on the IK (01) performance indicator table results after weighting the ratios, it can be seen that all ICB and IBU that are the object of research allocate their funds to provide education and training to their employees. ICB training includes educational programs, internships, socialization, competence, coaching, counseling, mentoring (CCM), internal and external bank training, facilities, certification, and scholarships. From the comparison of the 13 ICB and 20 IBU, ICB Bank Aceh Syariah (BACS) has the highest value at 6.74% and IBU BPD Kalimantan Selatan at 0.30%. Training and education are important because employees are valuable "assets" for ICB and IBU.

### Publicity

The fourth element of the first **Maqasid Sharia** objective is publicity or promotion, with a performance indicator of publicity/promotion costs divided by total costs. Publicity/Promotion is essential for ICB and IBU to introduce their image to the public. Publications or promotions can attract consumer/customer interest, significantly affecting Islamic banks' existence. Without publications, the development of ICB and IBU will run slowly. In addition, publications can also attract investors and potential investors to invest with **Sharia** principles so that the funds they invest can be a blessing. Based on the results of the IK (01) performance indicator table after weighting the ratios, The highest publicity

cost value of the 13 ICB is BCA Syariah (BCAS) with a value of 1.05%, and the 20 IBU is Bank Jago with a value of 0.68%. The high percentage of allocation of publication costs shows that they are earnest about conducting attractive publications/promotions to the broader community, considering the many benefits of publications/promotions in increasing customer interest.

### ***Iqamah al-Adl (Upholding justice)***

The second objective of ***Maqasid Sharia*** is ***Iqamah al-Adl*** (Upholding justice), meaning that Islamic banking must convince the public that every transaction in every business activity is carried out fairly, including products, prices, terms, and conditions of the contract. In addition, Islamic banking must also ensure that every banking business is free from harmful elements that can create bad things such as usury, fraud, and corruption, as well as overall transaction activities that are free from interest (Hartono & Sobari, 2017). In the objective of upholding justice, the results obtained from this study after weighting will be shown in the table below, wherein 2021, the highest total value of IK 02 was obtained for Bank Mega Syariah (BMS), with a value of 20.87%. In 2022, the highest value of IK 02 was at Bank Panin Dubai Syariah (BPDS), with a value of 25.59%. In 2023, the highest value was at Bank Panin Dubai Syariah (BPDS), at 26.91%. Meanwhile, Danamon Indonesia (BDI) has the highest value in 2021 – 2023 for IBU Bank by 27%.

Table 5. ***Iqamah al-Adl*** (Upholding justice) 2021 - 2023

IK 02 Islamic Commercial Bank	Iqamah Al Adl (Upholding Justice)											
	IK (02) (%)									Total IK (02) (%)		
	Fair Returns			Functional Distribution			Interest-Free Income			2021	2022	2023
	2021	2022	2023	2021	2022	2023	2021	2022	2023			
BACS	2%	3%	3%	2%	1%	0%	0%	2%	1%	3.97%	6.19%	4.40%
BRKS	2%	5%	5%	1%	2%	2%	3%	1%	1%	5.79%	7.44%	7.44%
BNTBS	2%	3%	2%	1%	2%	12%	0%	0%	0%	2.99%	6.01%	14.74%
BMI	0%	1%	0%	0%	2%	0%	0%	4%	0%	0.16%	6.79%	0.14%
BVS	-3%	1%	1%	10%	3%	3%	4%	10%	14%	10.91%	13.89%	18.59%
BJBS	0%	2%	1%	3%	3%	5%	3%	13%	12%	5.66%	18.19%	18.22%
BSI	3%	4%	0%	8%	3%	0%	1%	13%	2%	12.10%	19.09%	1.54%
BMS	7%	5%	3%	4%	4%	4%	9%	13%	10%	20.87%	22.68%	17.60%
BPDS	0%	3%	3%	1%	8%	9%	7%	14%	15%	8.24%	25.59%	26.91%
BSB	-11%	-4%	-4%	6%	8%	8%	5%	11%	11%	-0.56%	15.49%	15.49%
BCAS	2%	3%	3%	1%	6%	10%	1%	14%	11%	4.19%	22.68%	23.66%
BTPN	4%	4%	5%	6%	1%	6%	7%	6%	5%	16.82%	11.02%	15.75%
BAS	-42%	-42%	-8%	0%	3%	3%	15%	12%	10%	-26.45%	-26.94%	4.49%

Islamic Banking Unit	Iqamah Al Adl (Upholding Justice)											
	IK (02) (%)									Total IK (02) (%)		
	Fair Returns			Functional Distribution			Interest-Free Income			2021	2022	2023
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
UBDI	2.1%	4%	4%	12.30%	13%	12%	13%	11%	11%	27.32%	27.11%	27.02%
UBT	2.0%	3%	4%	0.06%	0%	0%	12%	13%	13%	14.11%	16.02%	16.58%
UBMI	2.1%	2%	2%	12.91%	13%	13%	9%	9%	8%	23.69%	23.95%	22.97%
UBCN	2.9%	4%	4%	12.95%	13%	13%	10%	10%	8%	25.42%	26.25%	24.67%
UBON	2.9%	4%	4%	1.39%	2%	2%	9%	9%	9%	13.02%	14.60%	14.46%
UBD	2.8%	3%	3%	8.24%	8%	9%	11%	10%	8%	21.87%	21.33%	19.89%
UBDIY	4.0%	4%	4%	5.04%	5%	6%	12%	13%	13%	21.17%	21.56%	22.43%
UBJT	3.3%	5%	4%	4.77%	5%	4%	11%	12%	11%	19.10%	21.00%	18.22%
UBJT	3.3%	3%	3%	6.50%	7%	7%	11%	11%	11%	20.76%	21.44%	21.19%
UBJ	4.0%	4%	5%	4.75%	5%	5%	11%	12%	11%	19.40%	21.14%	20.39%
UBSU	3.0%	4%	3%	9.01%	0%	0%	11%	12%	11%	22.83%	15.95%	14.15%
UBSB	2.4%	2%	3%	3.60%	3%	3%	10%	11%	10%	16.06%	16.62%	15.30%
UBSSBB	3.0%	3%	3%	9.64%	10%	9%	12%	13%	12%	24.93%	25.29%	24.53%
UBKS	2.6%	3%	3%	6.49%	7%	7%	11%	11%	10%	19.97%	20.85%	19.55%
UBKB	3.8%	4%	4%	2.76%	3%	3%	12%	13%	12%	19.00%	20.27%	20.07%
UBKT	2.6%	3%	2%	3.69%	4%	5%	11%	12%	12%	17.76%	19.37%	18.65%
UBSSSB	4.3%	4%	4%	4.07%	4%	4%	10%	11%	10%	18.82%	18.99%	17.82%
UBS	3.2%	1%	0%	3.40%	3%	4%	11%	12%	12%	17.85%	15.74%	15.52%
UBTN	1.4%	2%	2%	2.46%	2%	2%	8%	9%	7%	11.76%	12.84%	11.01%
UBJ	0.2%	0%	1%	0.02%	0%	1%	14%	14%	13%	14.30%	14.36%	14.58%

Source: data processed by researchers, 2024

### Fair returns

The first element of the second **Maqasid Sharia** objective is fair returns with a performance indicator of operating profit divided by total revenue. Based on the performance indicator table IK (02) after weighting the ratio, it can be seen that in 2021, the highest value of the fair return is owned by Bank Mega Syariah (BMS) with a value of 7%, while there is a phenomenon that in that year three ICBs, namely Bank Victoria Syariah (BVS)-3%, Bank Syariah Bukopin (BSB)-11%, and Bank Aladin Syariah (BAS)-42% with a negative value which indicates that they are experiencing losses. This has an impact on pandemic conditions. Conversely, IBU BPD Sulawesi Selatan dan Sulawesi Barat (UBSSSB) had the highest value. In 2022, the highest value of fair return with a value of 5% is owned by two ICBs, namely BPD Riau Kepri Syariah (BRKS) and Bank Mega Syariah (BMS), also IBU BPD Jawa Timur (UBJT). In 2023, the highest value in 2 ICB, namely BPD Riau Kepri Syariah (BRKS) and Bank Tabungan Pensiunan Nasional (BTPN), was 5%, also IBU BPD Jambi (UBJ). The continuous improvement of each ICB and IBU needs to be pursued by maximizing their profits.

## Functional Distribution

The second element of the **Maqasid Sharia** objective is functional distribution, with the performance indicator being the amount of **Mudharabah** and **Musyarakah** financing divided by total financing. Based on the performance indicator table IK (02) after ratio weighting, in 2021, Bank Victoria Syariah (BVS) has the highest value of 10%, and IBU Bank CIMB Niaga (UBCN) at 13%. Meanwhile, in 2022, the highest value was owned by Bank Panin Dubai Syariah (BPDS) and Bank Syariah Bukopin (BSB) at 8%, and IBU Bank CIMB Niaga (UBCN) at 13%. In 2023, the highest value in BPD Nusa Tenggara Barat Syariah (BNTBS) was 12%, and IBU Bank CIMB Niaga (UBCN) was 13%. The value is from the total investment to finance the community economy through **mudharabah** and **musyarakah** financing. **Mudharabah** and **Musyarakah** financing is a financing scheme with the concept of partnership that provides justice for both parties with the principle of profit and loss sharing.

## Interest-Free Income

The third element of the second **Maqasid Sharia** objective is interest-free income, with a performance indicator of interest-free income divided by total income. Based on the IK (02) indicator table after weighting the ratios, it can be seen that all ICB and IBU that are the object of this study are entirely free from interest income. This is the basic principle of Islamic Banks: to avoid interest because it does not follow Islamic principles and rules.

## **Jabl al-Maslahah (Creating welfare)**

The third objective of **Maqasid Sharia** is **Jabl al-Maslahah**, which creates benefits or welfare. In carrying out the third **Maqasid Sharia** objective, ICB and IBU have a part in creating various investment projects and social activities for the community's welfare. To realize an honest, fair, and equitable benefit, ICB and IBU contribute to community welfare, for example, by allocating funds for **zakat** for those in need to create economic equality in the community. In addition, ICB and IBU also carry out financing in the real sector to drive the community's economy, which is directly related to the basic needs of the community, such as investment in the vital sector, agriculture, animal husbandry, fisheries, small and medium enterprises, construction, manufacturing, and others where must be supported by a good level of profitability to be able to contribute and investment projects and social services. In the objective of creating welfare, the results obtained from this study after weighting will be shown in the table below, where the highest total value of IK 03 from 2021 to 2023 is owned by Bank Muamalat Indonesia (BMI) and IBU Bank OCBC NISP.

Table 6. **Jabl al-Maslahah** (Creating welfare) 2021 – 2023

IK 03	Jabl Al Maslahah (Creating welfare)											
	IK (03) (%)											
	Islamic Commercial Bank	Profitability Ratio			Income Equalisation			Investment in the Real Sector			Total IK (03) (%)	
2021		2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
BACS	0.00%	0.15%	0.14%	0.01%	0.01%	0.04%	8.05%	0.13%	0.04%	8.06%	0.29%	0.22%
BRKS	0.12%	0.07%	0.07%	0.00%	0.01%	0.01%	7.82%	0.02%	0.02%	7.94%	0.10%	0.10%
BNTBS	0.01%	0.13%	0.16%	0.57%	0.05%	0.05%	5.78%	1.46%	9.90%	6.36%	1.65%	10.10%
BMI	0.00%	0.00%	0.00%	7.99%	2.27%	4.04%	7.20%	0.10%	7.20%	15.19%	2.38%	11.25%
BVS	-0.04%	0.02%	0.03%	0.02%	0.02%	-0.02%	0.05%	0.02%	0.36%	0.02%	0.06%	0.37%
BJBS	0.02%	0.08%	0.04%	0.00%	0.01%	0.01%	8.78%	0.46%	9.00%	8.81%	0.55%	9.04%
BSI	0.11%	0.13%	0.15%	0.37%	0.35%	0.31%	7.51%	3.65%	7.06%	7.99%	4.14%	7.53%
BMS	0.37%	0.14%	0.16%	0.07%	0.66%	0.32%	7.57%	0.24%	7.12%	8.01%	1.04%	7.60%
BPDS	-0.09%	0.16%	0.14%	-0.11%	0.22%	0.23%	10.17%	0.52%	10.13%	9.97%	0.90%	10.49%
BSB	-3.57%	-0.09%	-0.09%	0.00%	-0.11%	-0.11%	3.64%	0.70%	0.70%	0.06%	0.50%	0.50%
BCAS	0.08%	0.09%	0.10%	0.00%	0.01%	0.00%	5.37%	0.16%	2.74%	5.44%	0.25%	2.84%
BTPN	0.15%	0.17%	0.13%	0.00%	0.02%	0.00%	4.63%	0.66%	5.72%	4.79%	0.85%	5.85%
BAS	-0.53%	-0.53%	-0.31%	0.00%	0.00%	-0.01%	2.59%	1.59%	1.44%	2.06%	1.05%	1.12%
UBDI	0.18%	0.23%	0.13%	0.06%	0.09%	0.03%	0.34%	0.21%	0.37%	0.58%	0.52%	0.52%
UBT	0.05%	0.08%	0.10%	0.05%	0.01%	0.01%	0.04%	0.03%	0.03%	0.14%	0.12%	0.13%
UBMI	0.10%	0.09%	0.10%	0.56%	0.92%	2.43%	0.07%	0.06%	0.06%	0.73%	1.07%	2.59%
UBCN	0.29%	0.23%	0.29%	0.05%	0.12%	0.14%	1.25%	1.77%	1.88%	1.59%	2.12%	2.31%
UBON	0.11%	0.13%	0.16%	0.45%	0.49%	0.42%	9.46%	9.97%	9.57%	10.02%	10.59%	10.15%
UBD	0.10%	0.11%	0.12%	0.09%	0.04%	0.03%	2.53%	2.75%	2.53%	2.72%	2.90%	2.68%
UBDIY	0.16%	0.16%	0.16%	0.10%	0.12%	0.10%	2.18%	3.33%	4.72%	2.45%	3.61%	4.98%
UBJT	0.16%	0.21%	0.17%	0.29%	0.28%	0.00%	1.20%	2.48%	1.27%	1.65%	2.97%	1.44%
UBJT	0.14%	0.14%	0.14%	0.10%	0.11%	0.10%	1.46%	1.53%	1.57%	1.71%	1.78%	1.81%
UBJ	0.23%	0.26%	0.25%	0.17%	0.17%	0.17%	0.88%	0.87%	1.08%	1.28%	1.30%	1.50%
UBSU	0.15%	0.17%	0.08%	0.00%	0.00%	0.00%	0.21%	1.31%	0.88%	0.36%	1.48%	0.96%
UBSB	0.14%	0.15%	0.16%	0.00%	0.00%	0.00%	0.65%	0.32%	0.32%	0.79%	0.47%	0.48%
UBSSBB	0.15%	0.15%	0.15%	0.41%	0.41%	0.24%	0.80%	0.83%	1.08%	1.36%	1.39%	1.47%
UBKS	0.13%	0.11%	0.10%	0.29%	0.23%	0.48%	2.14%	0.07%	2.30%	2.56%	0.41%	2.88%
UBKB	0.16%	0.17%	0.17%	0.00%	0.01%	0.01%	1.29%	1.24%	1.35%	1.46%	1.42%	1.54%
UBKT	0.09%	0.08%	0.08%	0.19%	0.39%	0.37%	1.50%	1.56%	1.59%	1.78%	2.03%	2.04%
UBSSSB	0.22%	0.21%	0.21%	0.41%	0.00%	0.00%	1.33%	1.20%	1.17%	1.96%	1.41%	1.38%
UBS	0.02%	0.04%	0.01%	0.31%	0.17%	0.70%	3.39%	3.53%	2.94%	3.73%	3.75%	3.65%
UBTN	0.06%	0.07%	0.08%	0.04%	0.18%	0.20%	4.11%	3.71%	3.62%	4.21%	3.96%	3.90%
UBJ	0.07%	0.01%	0.03%	0.17%	0.71%	0.18%	0.03%	0.12%	0.06%	0.27%	0.84%	0.27%

Source: data processed by researchers, 2024



### Bank Profitability Ratio

The first element of the third **Maqasid Sharia** objective is the Bank Profitability Ratio, with the performance indicator being net profit divided by total assets. In the Annual Report of Islamic Banks, information regarding bank profitability ratios can be seen in the financial ratio ROA (Return on Assets). Based on the performance indicator table IK (03), after weighting the ratio in 2021, it shows that Bank Mega Syariah (BMS) and IBU Bank CIMB Niaga have the highest values of 0.37% and 0.29%. In 2022, the highest value was at the Bank Tabungan Pensiunan Nasional (BTPN) and IBU BPD Jambi, with 0.17% and 0.6%. In 2023, the highest value was owned by BPD Nusa Tenggara Barat Syariah (BNTBS), Bank Mega Syariah (BMS) at 0.16%, and IBU Bank CIMB Niaga at 0.29%. The higher the ROA value, it means that the company has shown good asset management and utilized its activities to get maximum profit.

### Income equalization

The second element of the third **Maqasid Sharia** objective is income distribution, with the performance indicator of **zakat** divided by net profit. **Zakat** is an asset that must be issued by **muzakki** (zakat payers) and handed over to **Mustahiq** (zakat recipients). Based on the results in the IK (03) indicator table after weighting the ratios, it can be seen that only Bank Muamalat Indonesia (BMI) and IBU Bank Maybank Indonesia explain in detail the **zakat** funds issued originating from internal companies. At the same time, other ICBs and IBU only function as collectors of zakat funds paid by customers or the public.

### Investment in the Real Sector

The last element of the third **Maqasid Sharia** goal is Investment in the Real Sector, with a performance indicator of investment in the real sector divided by total investment, based on the performance indicator table IK (03) after weighting the ratios with the value of Bank Panin Dubai Syariah (BPDS) 10.17% (2021), Bank Syariah Indonesia (BSI) 3.65% (2022), Bank Panin Dubai Syariah (BPDS) 10.13% (2023), and IBU Bank OCBC NISP (2021-2023) as the highest value. With investment in the real sector, ICB and IBU are expected to improve the community's economy in various sectors directly.

### Performance Rating of Islamic Commercial Banks

To determine the performance ranking of ICB and IBU based on the **Sharia Maqasid Index** (SMI), the thing that is done is to add up the total performance indicators of the three objectives of **Maqasid Sharia**, namely IK (01), IK (02), and IK (03) in each Islamic Bank.

Table 7. Total Performance Indicators of **Sharia Maqasid Index** (SMI) 2021 - 2023

Islamic Commercial Bank	SMI									Total Performance Indicator (%)		
	IK 01			IK 02			IK 03			2021	2022	2023
	2021	2022	2023	2021	2022	2023	2021	2022	2023			
BACS	1.81%	0.29%	8.40%	3.97%	6.19%	4.40%	8.06%	0.29%	0.22%	13.84%	6.77%	13.02%
BRKS	0.25%	0.41%	0.41%	5.79%	7.44%	7.44%	7.94%	0.10%	0.10%	13.99%	7.95%	7.95%
BNTBS	0.69%	0.96%	1.86%	2.99%	6.01%	14.74%	6.36%	1.65%	10.10%	10.04%	8.62%	26.70%
BMI	0.85%	1.10%	1.93%	0.16%	6.79%	0.14%	15.19%	2.38%	11.25%	16.20%	10.26%	13.32%
BVS	0.41%	0.10%	0.65%	10.91%	13.89%	18.59%	0.02%	0.06%	0.37%	11.35%	14.05%	19.62%
BJBS	0.47%	0.46%	0.83%	5.66%	18.19%	18.22%	8.81%	0.55%	9.04%	14.94%	19.19%	28.10%
BSI	0.93%	0.32%	1.50%	12.10%	19.09%	1.54%	7.99%	4.14%	7.53%	21.02%	23.55%	10.57%
BMS	1.74%	0.54%	1.95%	20.87%	22.68%	17.60%	8.01%	1.04%	7.60%	30.62%	24.26%	27.15%
BPDS	0.21%	1.87%	0.50%	8.24%	25.59%	26.91%	9.97%	0.90%	10.49%	18.42%	28.36%	37.89%
BSB	1.08%	0.12%	0.12%	-0.56%	15.49%	15.49%	0.06%	0.50%	0.50%	0.58%	16.11%	16.11%
BCAS	1.02%	0.43%	2.24%	4.19%	22.68%	23.66%	5.44%	0.25%	2.84%	10.65%	23.37%	28.73%
BTPN	0.87%	0.39%	1.17%	16.82%	11.02%	15.75%	4.79%	0.85%	5.85%	22.47%	12.27%	22.77%
BAS	-0.18%	0.14%	-3.07%	-26.45%	-26.94%	4.49%	2.06%	1.05%	1.12%	-24.58%	-25.75%	2.53%
UBDI	0.08%	0.17%	0.20%	27.32%	27.11%	27.02%	0.58%	0.52%	0.52%	27.97%	27.80%	27.74%
UBT	0.10%	0.16%	0.17%	14.11%	16.02%	16.58%	0.14%	0.12%	0.13%	14.35%	16.29%	16.87%
UBMI	0.20%	0.23%	0.33%	23.69%	23.95%	22.97%	0.73%	1.07%	2.59%	24.62%	25.25%	25.90%
UBCN	0.66%	0.59%	0.60%	25.42%	26.25%	24.67%	1.59%	2.12%	2.31%	27.67%	28.96%	27.58%
UBON	0.44%	0.47%	0.65%	13.02%	14.60%	14.46%	10.02%	10.59%	10.15%	23.48%	25.67%	25.25%
UBD	0.68%	0.70%	0.68%	21.87%	21.33%	19.89%	2.72%	2.90%	2.68%	25.26%	24.94%	23.26%
UBDIY	0.13%	0.20%	0.23%	21.17%	21.56%	22.43%	2.45%	3.61%	4.98%	23.74%	25.37%	27.64%
UBJT	0.24%	0.31%	0.31%	19.10%	21.00%	18.22%	1.65%	2.97%	1.44%	20.99%	24.28%	19.97%
UBJT	0.15%	0.40%	0.44%	20.76%	21.44%	21.19%	1.71%	1.78%	1.81%	22.62%	23.62%	23.43%
UBJ	0.23%	0.29%	0.25%	19.40%	21.14%	20.39%	1.28%	1.30%	1.50%	20.91%	22.72%	22.14%
UBSU	0.10%	0.13%	0.16%	22.83%	15.95%	14.15%	0.36%	1.48%	0.96%	23.29%	17.55%	15.27%
UBSB	0.38%	0.44%	0.40%	16.06%	16.62%	15.30%	0.79%	0.47%	0.48%	17.23%	17.52%	16.17%
UBSSBB	0.47%	0.48%	0.43%	24.93%	25.29%	24.53%	1.36%	1.39%	1.47%	26.75%	27.15%	26.43%
UBKS	0.18%	0.36%	0.60%	19.97%	20.85%	19.55%	2.56%	0.41%	2.88%	22.71%	21.62%	23.03%
UBKB	0.25%	0.43%	0.46%	19.00%	20.27%	20.07%	1.46%	1.42%	1.54%	20.70%	22.12%	22.07%
UBKT	0.38%	0.43%	0.50%	17.76%	19.37%	18.65%	1.78%	2.03%	2.04%	19.91%	21.83%	21.20%
UBSSSB	0.20%	0.68%	0.66%	18.82%	18.99%	17.82%	1.96%	1.41%	1.38%	20.98%	21.08%	19.86%
UBS	0.26%	0.27%	0.22%	17.85%	15.74%	15.52%	3.73%	3.75%	3.65%	21.84%	19.75%	19.40%
UBTN	0.17%	0.28%	0.32%	11.76%	12.84%	11.01%	4.21%	3.96%	3.90%	16.14%	17.08%	15.22%
UBJ	2.45%	1.86%	1.53%	14.30%	14.36%	14.58%	0.27%	0.84%	0.27%	17.02%	17.06%	16.39%

Source: Data processed by researchers, 2024

Then, after summing up all indicators, the results obtained are ranked based on the highest value to the lowest value to get the first to last rank of ICB and IBU using the **Sharia Maqasid Index** (SMI) method. The results of ICB and IBU ranking based on the **Sharia Maqasid Index** (SMI) can be seen in the following table:

Table 8. The Rating of ICB and IBU SMI in 2021-2023

2021				2022				2023			
Islamic Commercial Bank	SMI Performance Indicat or Table Code	Total SMI Performance Indicat or (%)	Rating	Islamic Commercial Bank	SMI Performance Indicat or Table Code	Total SMI Performance Indicat or (%)	Rating	Islamic Commercial Bank	SMI Performance Indicat or Table Code	Total SMI Performance Indicat or (%)	Rating
PT Bank Mega Syariah	BMS	30.62%	1	PT Bank Panin Dubai Syariah,Tbk	BPDS	28.36%	1	PT Bank Panin Dubai Syariah,Tbk	BPDS	37.89%	1
PT Bank Tabungan Pensiunan Nasional	BTPN	22.47%	2	PT Bank Mega Syariah	BMS	24.26%	2	PT BCA Syariah	BCAS	28.73%	2
PT Bank Syariah Indonesia,Tbk	BSI	21.02%	3	PT Bank Syariah Indonesia,Tbk	BSI	23.55%	3	PT Bank Jabar Banten Syariah	BJBS	28.10%	3
PT Bank Panin Dubai Syariah, Tbk	BPDS	18.42%	4	PT BCA Syariah	BCAS	23.37%	4	PT Bank Mega Syariah	BMS	27.15%	4
PT Bank Muamalat Indonesia	BMI	16.20%	5	PT Bank Jabar Banten Syariah	BJBS	19.19%	5	PT BPD Nusa Tenggara Barat Syariah	BNTBS	26.70%	5
PT Bank Jabar Banten Syariah	BJBS	14.94%	6	PT Bank Syariah Bukopin	BSB	16.11%	6	PT Bank Tabungan Pensiunan Nasional	BTPN	22.77%	6
PT BPD Riau Kepri Syariah	BRKS	13.99%	7	PT Bank Victoria Syariah	BVS	14.05%	7	PT Bank Victoria Syariah	BVS	19.62%	7
PT Bank Aceh Syariah	BACS	13.84%	8	PT Bank Tabungan Pensiunan Nasional	BTPN	12.27%	8	PT Bank Syariah Bukopin	BSB	16.11%	8
PT Bank Victoria Syariah	BVS	11.35%	9	PT Bank Muamalat Indonesia	BMI	10.26%	9	PT Bank Muamalat Indonesia	BMI	13.32%	9
PT BCA Syariah	BCAS	10.65%	10	PT BPD Nusa Tenggara Barat Syariah	BNTBS	8.62%	10	PT Bank Aceh Syariah	BACS	13.02%	10
PT BPD Nusa Tenggara Barat Syariah	BNTBS	10.04%	11	PT BPD Riau Kepri Syariah	BRKS	7.95%	11	PT Bank Syariah Indonesia,Tbk	BSI	10.57%	11
PT Bank Syariah Bukopin	BSB	0.58%	12	PT Bank Aceh Syariah	BACS	6.77%	12	PT BPD Riau Kepri Syariah	BRKS	7.95%	12
PT Bank Aladin Syariah, Tbk	BAS	-24.58%	13	PT Bank Aladin Syariah, Tbk	BAS	-25.75%	13	PT Bank Aladin Syariah, Tbk	BAS	2.53%	13

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2021				2022				2023			
Islamic Banking Unit	SMI Performance Indicator Table Code	Total SMI Performance Indicator (%)	Rating	Islamic Banking Unit	SMI Performance Indicator Table Code	Total SMI Performance Indicator (%)	Rating	Islamic Business Unit	SMI Performance Indicator Table Code	Total SMI Performance Indicator (%)	Rating
PT BPD Nagari (Sumatera Barat)	UBSB	27.97%	1	PT BPD Jawa Timur, Tbk	UBJT	28.96%	1	PT BPD Nagari (Sumatera Barat)	UBSB	27.74%	1
PT BPD Jawa Timur, Tbk	UBJT	27.67%	2	PT BPD Nagari (Sumatera Barat)	UBSB	27.80%	2	PT Bank Maybank Indonesia, Tbk	UBMI	27.64%	2
PT BPD Sumatera Selatan dan Bangka Belitung	UBSSBB	26.27%	3	PT BPD Sumatera Selatan dan Bangka Belitung	UBSSBB	27.15%	3	PT BPD Jawa Timur, Tbk	UBJT	27.58%	3
PT Bank OCBC NISP, Tbk	UBON	25.26%	4	PT BPD Daerah Istimewa Yogyakarta	UBDIY	25.67%	4	PT BPD Sumatera Selatan dan Bangka Belitung	UBSSBB	26.43%	4
PT BPD Jambi	UBJ	24.62%	5	PT Bank Maybank Indonesia, Tbk	UBMI	25.37%	5	PT BPD Jambi	UBJ	25.90%	5
PT Bank Maybank Indonesia, Tbk	UBMI	23.74%	6	PT BPD Jambi	UBJ	25.25%	6	PT BPD Daerah Istimewa Yogyakarta	UBDIY	25.25%	6
PT BPD Daerah Istimewa Yogyakarta	UBDIY	23.48%	7	PT Bank OCBC NISP, Tbk	UBON	24.94%	7	PT Bank Danamon Indonesia, Tbk	UBDI	23.43%	7
PT Bank CIMB Niaga, Tbk	UBCN	23.29%	8	PT Bank Permata, Tbk	UBT	24.28%	8	PT Bank OCBC NISP, Tbk	UBON	23.26%	8
PT BPD Kalimantan Selatan	UBKS	22.71%	9	PT Bank Danamon Indonesia, Tbk	UBDI	23.62%	9	PT BPD Kalimantan Selatan	UBKS	23.03%	9
PT Bank Danamon Indonesia, Tbk	UBDI	22.62%	10	PT BPD DKI	UBD	22.72%	10	PT BPD DKI	UBD	22.14%	10

2021				2022				2023			
Islamic Banking Unit	SMI Performance Indicator Table Code	Total SMI Performance Indicator (%)	Rating	Islamic Banking Unit	SMI Performance Indicator Table Code	Total SMI Performance Indicator (%)	Rating	Islamic Business Unit	SMI Performance Indicator Table Code	Total SMI Performance Indicator (%)	Rating
PT B+T3+O13: Y20+O13+O13:Z22	UBS	21.84%	11	PT BPD Kalimantan Barat	UBKB	22.12%	11	PT BPD Kalimantan Barat	UBKB	22.07%	11
PT Bank Permata, Tbk	UBT	20.99%	12	PT BPD Kalimantan Timur	UBKT	21.83%	12	PT BPD Kalimantan Timur	UBKT	21.20%	12
PT BPD Sulawesi Selatan dan Sulawesi	UBSSSB	20.98%	13	PT BPD Kalimantan Selatan	UBKS	21.62%	13	PT Bank Permata, Tbk	UBT	19.97%	13
PT BPD DKI	UBD	20.91%	14	PT BPD Sulawesi Selatan dan	UBSSSB	21.08%	14	PT BPD Sulawesi Selatan dan Sulawesi	UBSSSB	19.86%	14
PT BPD Kalimantan Barat	UBKB	20.70%	15	PT Bank Sinarmas	UBS	19.75%	15	PT Bank Sinarmas	UBS	19.40%	15
PT BPD Kalimantan Timur	UBKT	19.91%	16	PT Bank CIMB Niaga, Tbk	UBCN	17.55%	16	PT BPD Sumatera Utara	UBSU	16.87%	16
PT BPD Jawa Tengah	UBJT	17.23%	17	PT BPD Jawa Tengah	UBJT	17.52%	17	PT Bank Jago, Tbk	UBJ	16.39%	17
PT Bank Jago, Tbk	UBJ	17.02%	18	PT Bank Tabungan Negara (Persero), Tbk.	UBTN	17.08%	18	PT BPD Jawa Tengah	UBJT	16.17%	18
PT Bank Tabungan Negara (Persero), Tbk.	UBTN	16.14%	19	PT Bank Jago, Tbk	UBJ	17.06%	19	PT Bank CIMB Niaga, Tbk	UBCN	15.27%	19
PT BPD Sumatera Utara	UBSU	14.35%	20	PT BPD Sumatera Utara	UBSU	16.29%	20	PT Bank Tabungan Negara (Persero), Tbk.	UBTN	15.22%	20

Source: data processed by researchers, 2024

From the ranking table of ICB and IBU above, it can be seen that Bank Mega Syariah (BMS) 30.62% and IBU BPD Nagari (Sumatera Barat) 27.97% (2021), Bank Panin Dubai Syariah (BPDS) 28.36% and IBU BPD Jawa Timur 28.96% (2022), Bank Panin Dubai Syariah (BPDS) 37.89% and IBU BPD Nagari (Sumatera Barat) 27.74% (2023) won the first rank. From the results of this analysis, ICB and IBU in Indonesia in 2021-2023 almost all have implemented the **Maqasid Sharia** principle well, especially at Bank Aladin Syariah (BAS) in 2021 and 2022; it was found that the value was negative, and in 2023 it became positive. However, some of these ICB and IBU do not publish or explain in detail some of the fund allocations in the Annual Report from 2021-2023, which are the financial data used as indicators for calculating this **Sharia Maqasid Index** (SMI). This resulted in a less-than-optimal assessment of the Islamic Bank using the **Sharia Maqasid Index** (SMI).

## Conclusion

Assessment of the performance of Islamic Banks, so far, has only been done using financial ratios such as measuring the performance of conventional banks. So, experts developed a method of measuring the performance of ICB and IBU based on **Sharia** and Islamic principles using the **Sharia Maqasid Index** (SMI) method by calculating the three objectives of **Maqasid Sharia**, namely **Tahdzib al-Fard** (educating individuals), **Iqamah al-Adl** (upholding justice), and **Jabl al-Maslahah** (Creating welfare). Based on the results of the calculation of performance indicators from the three objectives of **Maqasid Sharia**, it can be concluded that the performance ranking of ICB and IBU that achieved the highest total score were Bank Mega Syariah (BMS) in 2021, Bank Panin Dubai Syariah (BPDS) in 2022, and 2023, IBU BPD Nagari (Sumatra Barat) in 2021 and 2023, and IBU BPD Jawa Timur in 2022. Each Islamic Bank has implemented the **Maqasid Sharia** Objectives, namely **Tahdzib al-fard** (educating individuals), **Iqamah al-adl** (Upholding Justice), and **Jabl al-Maslahah** (Creating welfare) well even though some ICB and IBU have not published the allocation of funds which are indicators in the calculation of the **Sharia Maqasid Index** (SMI). From these findings, it is hoped that all ICB and IBU in Indonesia can conduct further evaluation and development regarding suitable performance assessment and Sharia principles that prioritize the benefit of the people. ICB and IBU are expected to pay more attention to every allocation of funds issued to benefit the wider community and achieve the blessings of the world and the hereafter. Finally, the presence of ICB and IBU in Indonesia drives the Indonesian economy.

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