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## **DEVELOPMENT OF ISLAMIC BANK PERFORMANCE MEASUREMENT USING THE MASLAHAH PERFORMA (MaP) APPROACH**

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<b>INFORMATION</b>	<b>ABSTRACT</b>
<p><b>Article History:</b></p> <p>Received : 19.03.2025 Revised : 17.04.2025 Accepted : 16.05.2025</p> <p><b>Keywords:</b> Maslahah Performa, Maqashid Sharia, Sharia Banking.</p>	<p><i>The objective of the research is to develop a performance measurement model for Islamic banks using the Maslahah Performa (MaP) approach. The performance measurement model encompasses six MaP maslahah orientations, namely worship, internal processes, talent, learning, customers, and wealth, with each maslahah orientation comprising specific measures, formulas, and targets. The development of performance measures is informed by a comprehensive array of sources, including the Qur'an and Hadith, financial statements, sustainability reports, Islamic bank governance, and regulations established by the OJK and Bank Indonesia. The research design entailed an exploratory study, wherein secondary data were obtained from financial reports, sustainability reports, Islamic bank governance reports, OJK and Bank Indonesia regulations, and other sources. Data samples were obtained from the annual reports of Bank Syariah Indonesia, Bank Muamalat, Maybank Islamic, and Al-Rajhi Bank. The findings from the data analysis were then used to develop a more comprehensive understanding of the application of maqashid sharia in measuring the performance of Islamic banks. The implications of this study for Islamic banking practitioners are that applying the MaP model can help make more maqashid-oriented decisions, ensuring a balance between profitability and social sustainability. Moreover, the findings of this study can serve as a foundation for regulators to formulate policies and regulations that more effectively support the integration of maqashid sharia principles in the performance assessment of Islamic banks.</i></p>



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## **A. INTRODUCTION**

Islamic banking in Indonesia has shown consistent and rapid growth. The OJK has observed that in 2023, total assets reached Rp892.17 trillion, growing 11.21% YoY. This accomplishment indicates that the Islamic banking industry currently holds a 7.44% market share in the broader national banking sector. This figure shows a 35-basis-point increase from the 7.09% recorded in 2022. The Islamic banking sector has demonstrated robust financing performance, reaching Rp585.46 trillion, marking a 15.72% growth. Third-party funds (DPK) reached Rp684.52 trillion, up 10.49% from the previous year. This growth highlights rising public confidence and the sector's strategic role in the national economy.

The performance of Islamic banks is not solely measured by financial metrics but also by their ability to achieve social objectives aligned with *maqasid syariah* (Asutay & Harningtyas, 2015). This includes promoting social justice, economic welfare (Alhammadi et al., 2022), and equitable income distribution (Khattak, 2018). As moral economic institutions, Islamic banks emphasize socio-economic performance, ethics, and environmental sustainability (Mergaliyev et al., 2021) while avoiding usury (Asutay & Harningtyas, 2015). The triple bottom line: economic, social, and environmental, aligns with Ibn Qayyim Al-Jauziyah's *maqasid syariah* principle, which aims to maximize societal benefits (Hamidi & Worthington, 2023).

To fulfill *maqasid syariah*, Islamic banks must prioritize the public interest (*maslahah*) over private gain (Asutay & Harningtyas, 2015). Their objective extends beyond profit maximization to evaluating the broader impact of each transaction (Julia & Kassim, 2020). Without this consideration, Islamic banking may resemble conventional banking (Lesmana & Haron, 2019). Achieving *maqasid syariah* requires strong moral commitment from all stakeholders, especially management and the sharia supervisory board, to ensure compliance with sharia principles (Saad & Fisol, 2019).

The significance of *maqasid syariah* in Islamic banks necessitates performance evaluation based on its principles (Lesmana & Haron, 2019). Various models have been developed, including the PMMS model (Mohammed & Taib, 2015), Abdul Majid Najjar's *maqashid sharia* concept (Asutay & Harningtyas, 2015), *Maslahah Performa (MaP) Model* (Firdaus, 2017), and *maqashid sharia* principles with a focus on ethical and social dimensions (Alhammadi et al., 2022). The findings of this study indicated that an increase in the percentage of the *maqashid sharia* index is associated with a greater contribution of Islamic banks to social and economic justice within the broader society. However, it is important to note that achieving a high *maqashid sharia* index score comes with a financial cost, as Islamic banks that achieve these scores have made financial sacrifices.

The *Maqasid Shariah Index* is a tool for assessing how well an institution adheres to Shariah principles and achieves its objectives (Cakhyanu et al., 2020). Measuring performance based on the *Maqasid al-Shariah* has become central to financial-sector evaluations. Various models support this framework, including Abu Zahrah's concept, which focuses on education, justice, and public interest (Prasetyowati & Handoko, 2019; Wira et al., 2018; Tarique et al., 2021). Meanwhile, Abdul Majid Najjar's approach emphasizes four key objectives: preserving human life,

safeguarding the self, protecting society, and sustaining the environment, further developed into eight dimensions (Ascarya & Sukmana, 2017).

Maslahah Performa (MaP), introduced by Firdaus (2017), emphasizes a balanced approach to performance measurement based on five key aspects of *maslahah daruriyah*: religion, the soul, offspring, intellect, and wealth. This model provides a holistic perspective on financial sector performance, integrating individual and societal well-being (Sah et al., 2021). The need for Sharia-based financial performance measurement in Islamic banking is increasingly recognized, particularly with the sector's growing demand. Traditional performance assessments rely heavily on financial ratios (Saoqi, 2017). While financial health is crucial, such measurements alone are insufficient due to the distinct nature of Islamic banks. As Sharia-compliant institutions, Islamic banks must assess performance not only financially but also in terms of achieving *Maqasid Shariah*, encompassing moral, social, and ethical dimensions.

Islamic banking performance is regulated by the Financial Services Authority (OJK) under POJK No 37 2019. Chapter 2 mandates Islamic banks to disclose financial reports, risk exposure, capital reports, and material facts. These reports must be submitted to OJK and made publicly available on each bank's official website. This transparency ensures that customers, investors, and stakeholders can monitor the banks' financial health, fostering public trust and accountability.

This study employs the Maslahah Performa (MaP) approach to measure Islamic banking performance, given its comprehensive evaluation of financial and societal impacts. MaP balances five *maslahah* aspects—religion, soul, offspring, intellect, and wealth—ensuring fairness by integrating stakeholder perspectives, material and non-material aspects, and process-outcome orientation (Firdaus, 2017). It also applies the PDCA (Plan-Do-Check-Action) cycle across six orientations: Worship, Internal Process, Talent, Learning, Wealth, and Customer (Firdaus & Ahmad, 2023). Thus, MaP not only assesses current performance but also guides future development.

Previous studies have applied MaP in various financial institutions, such as BMT Umat Mandiri (Sah et al., 2021), Koperasi Alam Korintji (ALKO)'s *maqashid sharia* implementation (Bhinekawati & Suryono, 2022), BPRS Bangun Drajat Warga Yogyakarta (Faizah & Oktarina, 2023) and Baitul Mal Bener Meriah (Kasfuri, 2023). However, no research has specifically developed MaP for evaluating Islamic banking performance, creating a gap that this study aims to address.

This study proposes a novel framework for assessing Islamic banks based on the *maqashid al-sharia* principles. The sample in this study encompasses major Islamic banks both in Indonesia and internationally, thus providing a more comprehensive and representative scope of analysis. This research, from Indonesia, includes prominent Islamic banks such as Bank Syariah Indonesia and Bank Muamalat, which have made significant contributions to the development of the national Islamic finance industry. Meanwhile, to represent a global perspective, the sample also includes leading international Islamic banks, namely Al Rajhi Bank from Saudi Arabia and Maybank Islamic from Malaysia. Both of these banks are recognized as Islamic financial institutions with extensive operational scales. This combination of samples allows for an in-depth comparative analysis of the implementation of social and financial performance of Islamic banks across various geographical and regulatory contexts. Given the need for refined performance measurement, this study

contributes to a more accurate assessment of Sharia compliance in Islamic banking. The MaP approach offers a robust framework to evaluate and enhance the integration of Sharia values in banking operations

## **B. LITERATURE REVIEW**

### **Maslahah Performa (MaP)**

Al-Ghazali defines *maslahah* as anything that brings benefit or prevents harm, emphasizing that the primary goal of sharia is to enhance societal welfare by protecting religion, soul, intellect, offspring, and wealth, which Al-Syatibi classifies as *maslahah daruriyah* or basic needs (Firdaus, 2018). Firdaus (2017) introduced the concept of Maslahah Performa (MaP) as a performance measurement tool based on *maqashid sharia*, outlining six key organizational orientations: worship, internal processes, talent, learning, customers, and wealth (Sah et al., 2021). Worship orientation integrates religious principles into operations, ensuring accountability to God, stakeholders, and the environment. Internal process orientation upholds core values through effective management, while talent and learning orientations focus on developing the next generation and fostering intellectual and emotional growth. Customer orientation builds sustainable relationships, and wealth orientation prioritizes responsible wealth creation and management, all aimed at achieving both worldly success and salvation in the hereafter (Firdaus, 2021; Firdaus & Ahmad, 2023).

### **Sustainability Report**

A Sustainability Report communicates a company's social, environmental, and economic impacts to ensure transparency for stakeholders (Christensen et al., 2021). In Indonesia, No. 51 of 2017 mandates financial institutions to disclose their commitment to sustainable finance and ESG performance, covering economic, environmental, and social aspects. The economic component details financial performance, revenue, profit, and sustainable finance initiatives, requiring a three-year financial comparison if reported separately from the annual report. The environmental aspect assesses the sustainability impact of banking activities, including costs, eco-friendly materials, and renewable energy use. The social component examines sustainable finance's effects on society, addressing employment, fair wages, workplace safety, CSR, financial literacy, and community empowerment aligned with the Sustainable Development Goals (Bank Muamalat Indonesia, 2023a; Bank Syariah Indonesia, 2023a).

### **Good Corporate Governance (GCG) Report**

A GCG report outlines governance principles, including structure, policies, performance, and risk management (Tjahjadi et al., 2021). Globally, GCG follows either a one-tier or a two-tier system (Pellegrini et al., 2021). Indonesia adopts a two-tier model in which the Board of Commissioners supervises and the Board of Directors manages operations, thereby ensuring better oversight (Tjahjadi et al., 2021). Effective GCG is based on fairness, accountability, responsibility, transparency, and independence (Burak et al., 2016). Financial institutions must comply with No. 55 2016 and SEOJK No., which mandate 11 governance assessment factors, including board duties, committee functions, compliance, audits, risk management, and

transparency (Bank Muamalat Indonesia, 2023c; Bank Syariah Indonesia, 2023b). Governance assessments follow the Risk-Based Bank Rating (RBBR) system, which evaluates structure, processes, and outcomes. Governance is rated from 1 to 5, with lower rankings indicating better governance. Banks rated 3, 4, or 5 must submit corrective action plans to the Financial Services Authority.

### **Financial Report**

Financial statements provide insights into an entity's performance, position, and cash flows, helping stakeholders make informed decisions. In Islamic finance, reporting follows PSAK No. 101, which regulates the structure, presentation, and minimum content for Sharia-compliant transactions. These statements include the balance sheet, income statement, cash flow statement, statement of changes in equity, zakat fund distribution statement, benevolent fund statement, and notes to financial statements. Islamic banking performance is assessed through various financial ratios, including liquidity ratios such as the Financing to Deposit Ratio (FDR) and Cash Ratio, profitability ratios like Return on Assets (ROA) and Return on Equity (ROE), efficiency ratios such as the Operational Cost to Operational Income Ratio (BOPO), asset quality ratios including Non-Performing Financing (NPF), capital adequacy represented by the Capital Adequacy Ratio (CAR), and Sharia compliance ratios covering the Islamic Income Ratio (IIR) and Social Fund Ratio (Zakat, Infaq, Sadaqah) (Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c). Financial statements are also key components of the Annual Report, which documents a company's management and supervision over a fiscal year. The preparation of these reports follows POJK No 37 2019 and SEOJK No 16 2021 For public companies, while Islamic banks must adhere to additional guidelines under SEOJK No 10 2020 to ensure transparency and compliance with Sharia principles.

### **Previous Research**

This study builds upon an exploration of previous research on performance measurement using a *Maqasid Shariah*-based approach, forming the foundation for arguments and further analysis. Mohammed & Taib (2015) tested the Performance Measurement Model based on *Maqasid al-Shari'ah* (PMMS) on 24 banks (12 Islamic and 12 conventional). Using both PMMS and conventional financial measures, the Mann-Whitney test showed that Islamic banks outperformed conventional banks under the PMMS framework.

Asutay & Harningtyas (2015) evaluated the social performance of Islamic banks in achieving the objectives of the Islamic Moral Economy using Abdel Majid Najjar's *Maqasid al-Shari'ah* framework with eight orientations. By analyzing the annual reports of 13 banks from six countries from 2008 to 2012, the study found that *achievements in Maqasid al-Shari'ah* were limited. Islamic banks prioritized individual aspects, faith, and stakeholder rights, while their contributions to social, intellectual, posterity, and ecological dimensions remained low. Additionally, variations in *Maqasid* orientation were observed among banks and across different countries.

Ascarya & Sukmana (2017) developed the Islamic Bank Maqasid Index (IBMI), a Shariah-based performance measurement that uses the Analytic Hierarchy Process (AHP) to weight five *Maqasid Shariah* indicators: faith, life, intellect, lineage, and wealth. They applied Sekaran's Behavioral Science Method to define variables and

used Simple Additive Weighting (SAW) and Bedoui's Pentagon formula to calculate IBMI. Analyzing six Indonesian and six international Islamic banks, the study found faith preservation as the most crucial dimension (23.43%). Indonesian banks (BSM, BNIS, BRIS) outperformed global counterparts, with Bedoui's Pentagon method proving more effective for IBMI visualization, while SAW incorporated both dimension and element weights.

Firdaus (2017) introduced *Maslahah Performa* (MaP), a performance measurement system based on six key orientations: worship, internal processes, talent, learning, customers, and wealth. Using the PDCA (Plan, Do, Check, Action) methodology, MaP follows an eight-step system: strategic planning, identifying foundational requirements, defining behaviors, setting performance metrics, establishing performance contracts, implementing, monitoring, and continuous improvement to ensure sustainable *maslahah* benefits.

Tarique et al. (2021) developed and validated a Shariah-based performance evaluation model for Islamic banks using *Maqasid Shariah* principles. The study began with a literature review to design a prototype, which was refined through interviews with Shariah scholars and banking experts. After modifications, the model was validated through focus group discussions with academics and practitioners. The final model integrates the *Maqasid* framework of Imam al-Ghazali and Abu Zahrah, incorporating three core components: justice, education, and *maslahah*, each with specific dimensions, elements, and indicators.

Sah et al. (2021) revealed six benefit-oriented dimensions: worship, internal processes, talent, learning, customers, and wealth, which serve as the foundation for achieving strategic objectives. The study reported a process performance score of 0.400 and an outcome performance score of 0.656, indicating that the institution has yet to fully deliver *maslahah* to its stakeholders.

Bhinekawati & Suryono (2022) revealed the successful integration of six *maslahah* orientations: (1) Worship, commitment to environmental conservation and community empowerment, (2) Internal Process, stakeholder rights in the supply chain, (3) Talent, sustainable leadership recognizing farmers as land stewards, (4) Learning, skill development and free education via ALKO Academy, (5) Customer, consumer-driven communication, and (6) Wealth, fair trade, equitable profit-sharing, and CSR programs for farmers' children.

Cinintya (2022) found that Intellectual Capital (IC) efficiency positively influences social performance. However, the effects of DPS characteristics differ between Indonesia and Malaysia. In Indonesia, the educational background of DPS members positively correlates with social performance, whereas reputation and cross-organizational membership negatively affect it. In Malaysia, DPS characteristics show no significant relationship with social performance, and gender diversity has no impact in either country.

Faizah & Oktarina (2023) found that BPRS BDW has implemented *maslahah* performance across six orientations: worship, internal process, talent, learning, customer, and wealth, each aligned with strategic objectives and performance measures. The measurement was conducted using the *Maslahah Scorecard* (MaSC) for both process and outcome performance. The study found that BPRS BDW achieved a *maslahah* performance score of 0.391, showing that the bank has provided benefits to stakeholders. However, the process performance score of 0.400 suggests

that while a benefit-based performance system has been implemented, some aspects remain unrealized.

Kasfuri (2023) found that Baitul Mal in Bener Meriah Regency, Aceh has a process performance score of 0.550 and an outcome performance score of 0.581, reflecting a significant contribution of Baitul Mal Bener Meriah to stakeholders' welfare.

### C. METHODOLOGY

The research employs a qualitative, exploratory approach to gain preliminary insights, identify problems, or develop research questions for further study. This approach is used when the research problem is not clearly defined or when a deeper understanding of a particular phenomenon is needed before conducting a more detailed study (Cooper & Schindler, 2014). The exploratory study is conducted through several stages:

1. Conducting content analysis of annual reports to extract information related to Maslahah Performa (MaP) items, which will assist in analyzing Maqashid Shariah performance in Islamic banks. According to Krippendorff (2019) Content analysis is a research technique for making replicable and valid inferences from texts to their context of use. Content analysis is also known as a document or text analysis method, which can be used for specific purposes (Neuendorf, 2002). This method has been applied in studies measuring Maqasid Shariah principles in Islamic banks, such as those by Asutay & Harningtyas (2015), Mohammed & Taib (2015), and Alhammadi (2022).
2. Referring to the MaP framework as a foundation for developing the essential requirements of Islamic banks.
3. Developing each aspect of MaP into various indicators and dimensions.
4. Formulating a performance measurement system for Islamic banks based on MaP.

Secondary data is collected from various sources. Previous literature is reviewed to understand the theoretical framework, concept development, and relevant research findings. Some of the referenced literature is over ten years old but remains valid, as it includes key studies that have significantly contributed to the fundamental theories used in this research. The inclusion of such literature ensures a strong theoretical foundation and supports an in-depth analysis. Documents from each Islamic Bank in Indonesia, Malaysia, and Saudi Arabia, including annual reports, sustainability reports, financial reports, and GCG reports, are obtained through the bank's official websites.

This study adopts the MaP measurement framework, comprising six orientations: worship, internal processes, talent, learning, customers, and wealth. These orientations are further divided into multiple performance indicators.

**Table 1. Worship Orientation**

Strategic Objectives	Measure	Formula	Target	Strategic Initiatives
Realizing visionary organizational management	Number of Riba-free products	Number of Riba-free products / total	100%	- Dzikrullah before work - Code of conduct and RJPP, RJMP, RKAP drafting team - Integration of performance

		products		management with SQ - Competency development for the audit team
Enhancing social functions	Percentage increase in CSR budget	% increase in CSR budget	25%	Community empowerment programs
<b>Compliance</b>				
Establishing a compliant and consistent organization	Availability of a code of conduct	Provision time, before the new fiscal year begins	100%	- Competency development programs - Dzikrullah before work - Code of conduct and RJPP, RJMP, RKAP drafting team - Integration of performance management with SQ
	Follow-up on audit findings	Number of audit findings followed up	100%	- Competency development for the audit team

(Source: Data Processed by Author)

**Table 2. Internal Process Orientation**

Strategic Objectives	Measure	Formula	Target	Strategic Initiatives
Realizing Justice	Fair Transactions	Profit / total Revenue	40%	Launching new riba-free products
	Produced Products or Services	Uncollected Receivables / Total Revenue	5%	
	Efforts to Eliminate Injustice	Interest-Free Income / Total Revenue	100%	
	Payment Time to Suppliers/Partners	Time < 30 days	100%	
	Percentage of Outsourced Workers Promoted to Permanent Employees	Outsourced Workers Promoted to Permanent / Total Outsourced Workers	30%	
Improving Economic Function	Production Cost Efficiency	Production Cost / Total Cost	60%	Cost-Cutting Program
Creating high productivity	Product and Service Sales	This Year's Sales / Last Year's Sales	15%	Creating High Productivity
	Product and Service Defect Cost	Defect Cost / Fixed Production Cost ≤ 10%	100%	
<b>Sustainability</b>				
Creating an Organization with Flexibility and Agility to Change	Availability of Organizational Plans (RJPP, RJMP, and RKAP)	Provision Time Before the New Period Begins	100%	- Competency Development Program - Ad hoc Team - PMS Integration with SQ

(Source: Data Processed by Author)

**Table 3. Talent Orientation**

Strategic Objectives	Measure	Formula	Target	Strategic Initiatives
Improving talented workforce satisfaction	Talented workforce satisfaction index	Satisfaction index above 90%	100%	<ul style="list-style-type: none"> <li>- Integrating the recruitment and selection system with competency development.</li> <li>- Management development program.</li> <li>- Establishing a career and performance system for talented employees.</li> </ul>
Ensuring Leadership Sustainability	Number of talented workforces with professional certification	Number of talented employees with professional certification	15	

(Source: Data Processed by Author)

**Table 4. Learning Orientation**

Strategic Objectives	Measure	Formula	Target	Strategic Initiatives
Enhancing Employee Empowerment	Number of improvements made per work unit per year	Improvements/work unit	25/work unit	Propose TQM
The establishment of a learning work culture	Number of sharing knowledge	Number of knowledge-sharing sessions/month/work unit	15/work unit/month	Promote Self-Development
	Number of man/days	Number of training days × employees attending training / total number of employees	30 man/days	Designing competency-based training on worship orientation and organizational competence.
The integration of IT infrastructure as a learning medium.	Customer satisfaction with IT services.	Satisfaction Index	90%	Online process
The establishment of a learning-based reward system.	Skill allowance	Number of employees receiving skill allowances	50% of employees	<ul style="list-style-type: none"> <li>- In-house Training (language)</li> <li>- Speech Contest</li> </ul>

(Source: Data Processed by Author)

**Table 5. Customer Orientation**

Strategic Objectives	Measure	Formula	Target	Strategic Initiatives
Increase customer satisfaction	Customer satisfaction index	Satisfaction index	90%	<ul style="list-style-type: none"> <li>- Review all service procedures</li> <li>- Conduct a Customer Satisfaction Survey in collaboration with a third party.</li> </ul>

Realizing customer empowerment	Response time to customer complaints	The number of response days is a maximum of 2 working days.	100%	- Enhancing customer mobilization activities - Establishing a customer community
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(Source: Data Processed by Author)

**Table 6. Wealth Orientation**

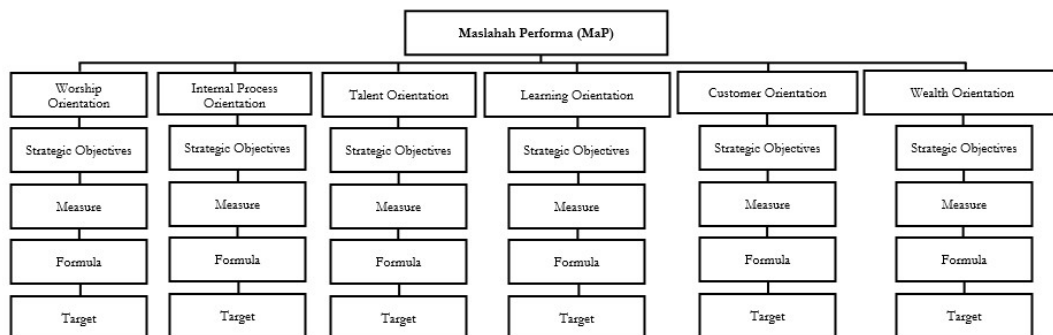
Strategic Objectives	Measure	Formula	Target	Strategic Initiatives
Realizing Double Profit	Net profit	This year's net profit / last year's net profit	200%	Business Process Reengineering in the distribution network systems
Realizing the cleanliness of wealth	Amount of zakat payment	This year's zakat / last year's zakat	200%	LAZ Cooperation
Making the organization an efficient organization	Availability of work plans & budgets, and their monitoring processes	Provision time, before the new budget year starts	100%	Grand strategy that connects vision, mission, goals, targets, objectives and action plans to the budget

(Source: Data Processed by Author)

#### D. RESULT AND ANALYSIS

##### Islamic Bank Performance Measurement Development Model Based on *Maslahah Performa (MaP)*

In order to uphold the concept of the triple bottom line: economic, social, and environmental, aligned with *maqashid shari'ah* (Ibn Qayyim Al-Jauziyah), it is essential for Islamic banks to realize public *maslahah* (Hamidi & Worthington, 2023), achieve social performance in harmony with *maqashid shariah* (Asutay & Harningtyas, 2015), enhance social justice and economic well-being (Alhammadi et al., 2022) promote equitable income distribution (Khattak, 2018), emphasize socio-economic performance, social aspects, ethics, and environmental sustainability (Mergaliyev et al., 2021) and avoid *riba* practices (Asutay & Harningtyas, 2015). Therefore, Islamic banks must establish strategic objectives, performance measures, formulas, and targets based on *maslahah*-oriented principles.



(Source: Data Processed by Author)

The determination of strategic objectives, measures, formulas, and targets is based on various documentary sources, including the Qur'an, Hadith, laws, OJK regulations, DSN-MUI fatwas, academic articles, and others. Additionally, financial reports, sustainability reports, and GCG reports from Bank Syariah Indonesia and Bank Muamalat Indonesia were selected as references for determining these four parameters. Referring to MaP, the strategic objectives of Islamic banks in each *masalah* orientation are worship orientation: ensuring Riba-free products and enhancing social functions; compliance aspect: ensuring sharia compliance and guaranteeing ethical governance; internal process orientation: achieving justice, enhancing economic functions, creating high productivity, and establishing an organization with flexibility and responsiveness to change; sustainability aspect: economic sustainability, environmental sustainability, and social sustainability; talent orientation: enhancing team member competence, ensuring leadership continuity, and increasing team member satisfaction; learning orientation: establishing a learning work culture, supporting team member skill development, and optimizing technology in learning; customer orientation: enhancing customer satisfaction, maintaining service transparency, and increasing customer loyalty; and wealth orientation: increasing profitability, fulfilling social obligations, maintaining operational efficiency, preserving asset health and financial ratios, and optimizing the financing structure. To achieve each strategic objective, performance measures, formulas, and achievement targets are determined. Performance measure serves as an indicator of success in achieving strategic objectives. The formula represents the agreed-upon approach to measuring performance indicators. Meanwhile, the target is a set benchmark for performance achievement. Targets are determined based on regulations set by Islamic banks, relevant regulators such as OJK, BI, DSN, or other authorized institutions.

### Worship Orientation

**Table 7. Worship Orientation**

Strategic Objectives	Measure	References	Formula	MaP Target
Ensuring riba-free products	Percentage of fully sharia-compliant products	(Firdaus, 2017), (Mohammed & Taib, 2015), (Asutay & Harningtyas, 2015)	$(\text{Number of sharia-compliant products} / \text{Total products}) \times 100$	100%
Enhancing social function	Percentage of CSR fund allocation	(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Firdaus, 2017; Maybank, 2024)	$(\text{CSR funds this year} / \text{CSR funds last year}) \times 100$	>25%
Affordable products and services	Functional Distribution	(Al-Rajhi Bank, 2023; Asutay & Harningtyas, 2015; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Maybank, 2024)	$(\text{Musharakah and Mudharabah} / \text{Total Investment}) \times 100$	>30%
<b>Compliance</b>				
Ensuring sharia	Percentage of	(Asutay & Harningtyas,	(Resolved	100%

compliance	compliance in sharia audit	2015; Firdaus, 2017)	findings/Total findings) × 100	
Ensuring ethical governance	Number of code of ethics violations	(Bank Syariah Indonesia, 2023c; Firdaus, 2017)	Total violations per year	<5 cases

(Source: Data Processed by Author)

As an entity based on sharia principles, Islamic financial institutions are not only oriented towards material profit but also towards the implementation of worship values reflected in their operations. This worship orientation is measured through several key indicators. The first is the assurance of *riba*-free products, which is the essence of the Islamic economy. Islam explicitly prohibits *riba* through various verses in the Qur'an and hadiths of the Prophet (PBUH). In Surah Al-Baqarah verses 275–279, Allah explains that trade is permitted while *riba* is forbidden. Those who continue to engage in *riba* after receiving a warning will face severe punishment unless they repent and take only the principal amount without any interest. This prohibition is reinforced in Surah Ali 'Imran verse 130, where Allah commands the believers to avoid usurious transactions and to fear Him so they may prosper. Surah An-Nisa verse 161 also condemns the practice of *riba* among the Jews, which led to their severe punishment. Meanwhile, in Surah Ar-Rum verse 39, Allah emphasizes that wealth generated through *riba* will not be blessed in His sight, whereas wealth given in charity will bring multiple rewards and blessings.

In addition to Qur'anic verses, the prohibition of *riba* is also emphasized in various hadiths of the Prophet (PBUH). In a hadith narrated by Muslim, the Prophet (PBUH) cursed the consumer of *riba*, the giver, the recorder of the transaction, and its witnesses, stating that they all share the same sin. In another hadith narrated by Bukhari and Muslim, the Prophet (PBUH) explained that the sin of *riba* is extremely severe, with some levels equated to the sin of committing adultery with one's own mother. Meanwhile, in a hadith narrated by Ahmad and Ibn Majah, the Prophet (SAW) warned that societies indulging in *riba* will face destruction, both morally and economically. Given these scriptural evidences, it is clear that *riba* is a grave sin that must be avoided by every Muslim. Therefore, Islam promotes a fairer economic system, such as *mudharabah* and *musyarakah*, which emphasize justice and balance between profit and risk as alternatives to the oppressive practice of *riba*.

In addition, the prohibition of *riba* is affirmed in the Fatwa of the National Sharia Board of the Indonesian Ulema Council (DSN-MUI) and regulated by several OJK regulations, including POJK No 8 2014, POJK No 24 2015, POJK No 13 2021, and POJK No 12 2023. Islamic banks must ensure that all offered products comply with Sharia contract principles, such as *murabahah*, *ijarah*, *mudharabah*, and *musyarakah* (Antonio, 2001). Therefore, within this strategic objective, Islamic banks must achieve 100% sharia-compliant products to ensure full adherence to sharia principles and maintain public trust.

Second, the enhancement of social function is measured by the percentage of CSR fund allocation. Islamic banks play a social role in distributing CSR funds, zakat, and benevolent funds to support community welfare (OJK, 2021). The percentage of CSR fund allocation is used to measure the growth of the bank's social contribution. To ensure that banks actively participate in social development, the CSR allocation must grow by at least 25% annually. This target reflects the institution's commitment

to continuously increasing its social contribution, in line with UU RI No 40 2007 and POJK No 51 2017, as well as the implementation of Islamic social responsibility values.

Within the framework of MaP, the measurement of social aspects is conducted through the assessment of the distribution of CSR funds, charity funds, and zakat, reflecting a religious orientation in the operational activities of Islamic banks. These indicators aim to evaluate the extent to which Islamic banks generate tangible social impact, particularly in efforts towards poverty alleviation (Asutay & Harningtyas, 2015) the achievement of economic justice (Alhammadi et al., 2022), and the empowerment of women within the community (Mergaliyev et al., 2021). The application of these social indicators not only reflects a commitment to the principles of *maqashid al-shari'ah* but also serves as a crucial instrument in objectively and measurably assessing the social performance of the bank. Several Islamic banks that have implemented this approach and are included as samples in this research include Al Rajhi Bank, Maybank Islamic, Bank Syariah Indonesia, and Bank Muamalat, which actively channel social funds to support community development agendas based on Islamic values.

Third, affordable products and services are measured through functional distribution. The target of >30% is set based on the consideration that Islamic banks should have a significant proportion of profit-sharing contracts. This aligns with Shariah standards issued by AAOIFI, specifically Shariah Standard No. (12) Sharikah (Musharakah) and Modern Corporations, and Shariah Standard No. (13) Mudharabah.

Fourth, ensuring Shariah compliance is measured through the percentage of compliance in Shariah audits. Compliance with Shariah standards is crucial to maintaining the integrity of Islamic banks (IFSB, 2023). Shariah compliance audits are conducted by the SSB and overseen by OJK & DSN-MUI. The target used is 100%. This percentage reflects the extent to which audit findings have been addressed by the bank. All Shariah audit findings must be resolved 100% to maintain customer and regulator trust. This target ensures that all audit findings are properly followed up and resolved, ensuring that the bank's operations always adhere to Shariah principles.

Fifth, maintaining ethical governance. Islamic banks must uphold ethically driven governance based on Islamic principles, particularly in fraud prevention, transparency, and business ethics (IFSB, 2023). The focus is on tangible outcomes from implementing the Code of Conduct, specifically the level of employee compliance with ethical regulations. Ethics are also an integral part of GCG, as regulated in POJK No. 55 of 2016. The number of violations reflects the effectiveness of ethics education, training, and supervision. The formula used is Total violations per year <5 cases. If violations exceed five cases per year, the compliance policy and ethics training must be re-evaluated. This target is based on Islamic banking industry standards and best governance practices. For large organizations such as Bank Syariah Indonesia, with thousands of employees and complex operations, some violations may still occur despite strict Code of Conduct enforcement. The Islamic banking sector maintains high ethical standards, and ideally, the target should be zero cases. However, achieving absolute compliance is challenging in practice. Thus, setting a target of fewer than five cases is considered realistic for measuring ethical governance effectiveness. This threshold indicates that the organization has implemented

preventive measures, such as ethics training, internal reporting systems, and periodic supervision, to ensure compliance with Islamic ethical standards.

### Internal Process Orientation

**Table 8. Internal Process Orientation**

Strategic Objectives	Measure	References	Formula	MaP Target
Achieving Justice	Fair transactions	(Firdaus, 2017)	$(\text{Operational Profit/Operational Revenue}) \times 100$	>40%
	Products or services provided	(Firdaus, 2017)	$(\text{Uncollectible Receivables/Total Revenue}) \times 100$	<2%
	Average supplier satisfaction index (Likert Scale 1-5)	(Firdaus, 2017)	$\sum \text{Supplier Survey Scores/Number of Suppliers Surveyed}$	>4.0
Enhancing Economic Function	Productive sector financing ratio	(Asutay & Harningtyas, 2015)	$(\text{Productive Sector Financing/Total Financing}) \times 100$	>60%
	MSME financing ratio	(Al-Rajhi Bank, 2023; Bank Syariah Indonesia, 2023a; Maybank, 2024)	$(\text{MSME Financing/Total Financing}) \times 100$	>20%
Fostering High Productivity	Growth in product and service sales	(Firdaus, 2017)	$(\text{Sales This Year/Sales Last Year}) \times 100$	>15%
Developing an Agile and Adaptive Organization	Availability of strategic plans	(Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Firdaus, 2017)	Strategic plans (RJPP, RKAP) prepared before the new period	100%
<b>Sustainability</b>				
Economic Sustainability	Annual revenue growth		$(\text{Revenue Year } n / \text{Revenue Year } n-1) \times 100$	>15%
	Annual net profit growth		$(\text{Net Profit Year } n / \text{Net Profit Year } n-1) \times 100$	>15%
	Percentage of sustainable financing relative to total financing		$(\text{Sustainable Financing/Total Financing}) \times 100$	>20%
	Percentage of local supplier involvement in the business chain	(POJK No 51 2017, 2017), (Bank Muamalat Indonesia, 2023a), (Bank Syariah Indonesia, 2023a)	$(\text{Local Suppliers/Total Suppliers}) \times 100$	>50%
Environmental Sustainability	Energy consumption		Total energy (kWh or m <sup>3</sup> )	Reduction >10%
	Emission reduction		$((\text{Emissions Year } n-1 - \text{Emissions Year } n) / \text{Emissions Year } n-1) \times 100$	>10%
	Waste and effluent management		$(\text{Managed Waste/Total Waste}) \times 100$	>90%
	Biodiversity conservation		Total programs	>5 programs
	CSR fund allocation for environmental issues	(Bedoui, 2012), (Asutay & Harningtyas, 2015)	$(\text{Ecological Donations/Total Qard and Contributions}) \times 100$	According to bank policy

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	Creating a digital future	(Al-Rajhi Bank, 2023)	Digital to manual ratio	>90:10
	Number of individuals/groups benefiting	(Bank Muamalat Indonesia, 2023a), (Bank Syariah Indonesia, 2023a)	Total beneficiaries	≥10.000 people
Social Sustainability	Percentage of social funds distributed	(Bank Muamalat Indonesia, 2023a), (Bank Syariah Indonesia, 2023a), (Mohammed & Taib, 2015), (Asutay & Harningtyas, 2015)	(Distributed Zakat Funds/Total Collected Zakat Funds) × 100	>90%
	Shareholder welfare obligations	(Asutay & Harningtyas, 2015)	(Dividends to Shareholders/ (Total Revenue - Zakat & Tax Payments)) × 100	>25%

(Source: Data Processed by Author)

In the internal process orientation, several strategic objectives must be achieved. First, ensuring justice in Islamic banking operations. Justice is a fundamental principle in Islamic banking, requiring fair profit distribution, transaction transparency, and commitment to social responsibility. Islamic finance aims to avoid exploitation in financing and business transactions (IFSB, 2023). Fair transactions are measured through the operational profit-to-revenue ratio to ensure the bank gains a reasonable profit. The target is >40% to ensure that the bank's profit is neither too small (inefficient) nor too large (exploitative). The fairness of products and services is measured using the formula  $\text{Uncollectible Receivables} / \text{Total Revenue} \times 100$ . This metric aligns with the banking industry standards set by POJK No 35 2018. The average supplier satisfaction index is measured using a Likert scale to ensure fair business relationships. The formula used is  $\sum \text{Supplier Survey Scores} / \text{Number of Suppliers Surveyed}$ , with a target of >4.0, ensuring transparency and fairness in business relationships.

Second, enhancing economic function. Islamic banks must support the growth of the productive sector and the empowerment of MSMEs to create a more equitable economic distribution (OJK, 2023). The productive sector financing ratio ensures that more than 60% of financing is allocated to the productive sector, supporting economic growth. The MSME financing ratio is set at >20%, aligning with OJK's policies for Islamic financial inclusion.

Third, creating high productivity. The growth in product and service sales is measured to assess whether the bank is experiencing healthy business growth. The formula used is  $(\text{Sales This Year} / \text{Sales Last Year}) \times 100$ , with a target of >15% to ensure stable expansion.

Fourth, establishing an organization with flexibility and agility in responding to changes. The availability of a strategic plan (RJPP, RKAP) must be ensured before the start of a new period. The target is 100%, ensuring that the bank has a clear policy direction each year.

In the internal process orientation, sustainability aspects ensure that the organization achieves long-term sustainable growth. Sustainability in Islamic banks not only reflects economic growth but also encompasses social and environmental

responsibility, aligning with Maqashid Shariah and sustainable finance principles. Therefore, MaP measures economic, environmental, and social sustainability through specific, measurable formulas with targets reflecting industry standards and regulations. The economic sustainability aspect consists of four metrics. First, annual revenue growth >15%, aligning with the global Islamic banking industry growth rate, which ranges between 15-20% per year (OJK, 2024b). Second, annual net profit growth >15%, measuring operational efficiency and sustainable bank profitability. This target refers to the average profit growth of Indonesia’s Islamic banking industry over the past five years (OJK, 2024b). Third, sustainable financing >20% of total financing, supporting green projects and Islamic MSMEs. OJK’s 2021-2025 Sustainable Finance Roadmap targets an increase in green financing within the Islamic finance sector (OJK, 2021). Fourth, local supplier engagement >50%, aiming to enhance local economic empowerment. The UN SDGs (Decent Work and Economic Growth, Goal 8) emphasize the importance of local business empowerment (UN, 2023).

The environmental sustainability aspect consists of six metrics: First, energy consumption reduction >10%, covering electricity and water usage. OJK encourages banks to reduce energy consumption as outlined in the Sustainable Finance Taxonomy (OJK, 2024a). Second, emission reduction >10%, supporting Indonesia's Net Zero Emission 2060 commitment (OJK, 2024a) and aligning with the national targets in the Nationally Determined Contributions (NDC) (UNFCCC, 2023). Third, waste management >90%, ensuring that banks implement environmentally friendly policies. This target aligns with ISO 14001, an international standard that establishes a structured approach to environmental protection. Fourth, biodiversity conservation >5 programs per year, requiring Islamic banks to engage in both local and global environmental initiatives. Fifth, CSR fund allocation for environmental issues, with targets adjusted according to each bank’s policies. Sixth, creating a digital future, with targets digital to manual ratio >90:10 (Al-Rajhi Bank, 2023).

Meanwhile, the social sustainability aspect consists of three metrics: First, number of beneficiaries >10,000 individuals/groups, ensuring that the bank delivers widespread social impact. Second, percentage of distributed zakat funds >90%, ensuring optimal disbursement. This target aligns with zakat management regulations in the Islamic banking industry, as stipulated in UU RI No 21 2008, UU RI No 23 2011, POJK No 2 2024, and POJK No 25 2024. Third, shareholder welfare obligation >25%, ensuring a fair dividend payout. The payout ratio typically depends on corporate policies and market conditions (OECD, 2024). A 25% target is set to guarantee that shareholders receive a reasonable return.

## Talent Orientation

**Table 9. Talent Orientation**

Strategic Objectives	Measure	References	Formula	MaP Target
Enhancing Employee Competence	Number of employee training and development sessions	(POJK No 51 2017, 2017), (Bank Muamalat Indonesia, 2023a), (Bank Syariah Indonesia, 2023a), (Al-Rajhi Bank, 2023)	Total training sessions per year	>30 sessions/year
Ensuring Leadership	Percentage of certified employees	(Firdaus, 2017)	(Number of certified employees/Total	>15%

Continuity			employees) × 100	
Improving Employee Satisfaction	Employee satisfaction index	(Firdaus, 2017)	(Employee satisfaction score/Maximum total score) × 100	>90%

(Source: Data Processed by Author)

Competent and high-quality human resources are the primary assets in the Islamic banking industry. Therefore, MaP in the talent orientation focuses on enhancing employee competence, ensuring leadership continuity, and improving employee satisfaction. The first strategic objective is to enhance employee competence. Islamic banks must ensure that their employees possess competencies aligned with industry standards, Sharia regulations, and advancements in digital banking technology. Adequate training improves employee productivity and ensures a strong understanding of Islamic financial principles. The formula used is the total number of training sessions per year >30 sessions. This target is aligned with banking industry standards and benchmarks from Bank Syariah Indonesia (2023c).

The second objective is ensuring leadership continuity. Leadership sustainability in Islamic banks must be maintained through certification programs and the development of high-potential employees. Given the increasing complexity of regulations and financial innovations, certified employees gain deeper insights into Sharia principles, risk management, and Islamic banking innovations. This aligns with the POJK No 19 2023 and POJK No 44 2015. The measure used is the percentage of certified employees, with a target of >15%. This target is based on industry trends, where leading Islamic banks have more than 15% of their employees certified to ensure sustainable leadership quality.

The third objective is to improve employee satisfaction. High employee satisfaction contributes to productivity, retention, and employee loyalty, ultimately impacting the quality of banking services for customers (Sodiq et al., 2024). The employee satisfaction index reflects the effectiveness of bank policies in managing employee well-being, work environment, and work-life balance. The measure used is the employee satisfaction index, with a target of >90%.

## Learning Orientation

**Table 10. Learning Orientation**

Strategic Objectives	Measure	References	Formula	MaP Target
Establishing a learning work culture	Number of knowledge-sharing sessions	(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Firdaus, 2017; Maybank, 2024)	Total knowledge-sharing sessions per year	>50 sessions/year
	Number of mandays	(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah	Number of participants × Training duration (days)	>500 mandays/year

		Indonesia, 2023c; Firdaus, 2017; Maybank, 2024)		
	Number of employees receiving skill allowances	(Firdaus, 2017)	Total employees receiving skill allowances/Total employees × 100	>50% of total employees
Supporting employee skill development	Skill allowance	(Al-Rajhi Bank, 2023; Asutay & Harningtyas, 2015; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Maybank, 2024; Mohammed & Taib, 2015)	Education grants/Total expenses × 100	>2% of total expenses
			Research expenses/Total expenses × 100	
			Training expenses/Total expenses × 100	
Optimizing technology in learning	IT Satisfaction Index as a Learning Medium	(Al-Rajhi Bank, 2023; Firdaus, 2017)	∑ IT Satisfaction Survey Score/Number of respondents	>4.0 (Likert scale 1-5)

(Source: Data Processed by Author)

Islamic banks must ensure that employees cultivate a learning culture. This is crucial for adapting to regulatory and technological developments in the Islamic banking industry, enhancing productivity and innovation in both service quality and operational efficiency, and supporting competent and certified human resources. To achieve this, MaP establishes indicators to measure the learning work culture, employee skill development, and the utilization of technology in learning. These measures align with Maqashid Shariah, as the advancement of knowledge and expertise is part of *hifz al-'aql* and supports the development of high-quality human resources within the Islamic finance ecosystem.

First, fostering a learning work culture. This strategic objective is measured using two key indicators: the number of knowledge-sharing sessions, with a target of more than 50 sessions per year, to assess the extent to which employees exchange knowledge within the organization. The second indicator is the number of mandays, with a target of more than 500 mandays per year, measuring the total time employees spend in training to enhance their skills.

Second, supporting employee skill development. The measure for this objective includes the percentage of employees receiving skill allowances, with a target of more than 50% of total employees. Additionally, the allocation of skill allowances is assessed through three key components: education grants, research expenses, and training expenses, each with a target of at least 2% of total expenditures. This metric aligns with POJK No 47 2017. The 2% target is based on the annual report of Bank Syariah Indonesia, which indicates a continuous increase in investment for employee training and education, with an allocation of approximately 2% of total operational expenses (Bank Syariah Indonesia, 2023c).

Third, optimizing technology in learning. This objective is measured by the IT Satisfaction Index as a learning medium, with a target average score of 4.0 on a Likert scale of 1–5. The IT Satisfaction Index as a learning medium is selected as it reflects the effectiveness of digital technology in supporting employee learning within Islamic

banks. The calculation formula ensures that data is quantifiable, transparent, and can be further analyzed to improve the quality of IT-based learning.

### Customer Orientation

**Table 11. Customer Orientation**

Strategic Objectives	Measure	References	Formula	MaP Target
Enhancing Customer Satisfaction	Customer Satisfaction Index	(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Firdaus, 2017; Maybank, 2024)	$(\text{Customer Satisfaction Score} / \text{Total Maximum Score}) \times 100$	>90%
Ensuring Service Transparency	Percentage of Resolved Customer Complaints	(Firdaus, 2017)	$(\text{Resolved Complaints} / \text{Total Complaints}) \times 100$	>95%
Increasing Customer Loyalty	Customer Retention Rate (CRR)	(Asutay & Harningtyas, 2015)	$((\text{Number of Customers at Year-End } n - \text{New Customers in Year } n) / \text{Customers at Year Start } n) \times 100$	>85%
Building Awareness of Islamic Banking	Promotion Expenditure Ratio	(Mohammed & Taib, 2015), (Asutay & Harningtyas, 2015)	$(\text{Promotion Expenses} / \text{Total Expenses}) \times 100$	>2%

(Source: Data Processed by Author)

Customer satisfaction is a key factor in the success of Islamic banking, as customers tend to choose services that align with Shariah values and offer high quality (Basrowi et al., 2022). High satisfaction levels lead to increased customer loyalty and transaction volume, directly enhancing the bank's performance (McKinsey & Company, 2022). Therefore, in the customer orientation framework, the first strategic objective is to enhance customer satisfaction, with a target index of >90%.

Second, ensuring service transparency is measured by the percentage of resolved customer complaints, with a target of >95%. Banking service standards state that a complaint resolution rate of  $\geq 95\%$  reflects strong responsiveness. Transparency and responsiveness in handling customer complaints demonstrate compliance with GCG principles in Islamic banking. Customers who feel their concerns are acknowledged and addressed are more likely to continue using the bank's services (Sari et al., 2023).

Third, increasing customer loyalty is assessed by measuring the customer retention rate in Islamic banking services. Banks with high customer retention rates experience more stable business growth compared to those relying primarily on new customer acquisition (Aslam et al., 2022). Therefore, a target of >85% has been set, aligning with the industry average for banking.

Fourth, building awareness of Islamic banking is measured using the formula:  $\text{Promotion Expenses} / \text{Total Expenses} \times 100$ . This ensures that Islamic banks are committed to creating informed customers who understand the purpose and products of Islamic banking (Mohammed & Taib, 2015).

Wealth Orientation

Table 12. Wealth Orientation

Strategic Objectives	Measure	References	Formula	MaP Target
Enhancing Profitability	Net profit	(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Firdaus, 2017; Maybank, 2024)	Net profit after tax (Net Income)	Growth >10%
	Return on Asset (ROA)	(PBI No. 13 2011; POJK No 8 2014;	Net profit/Total Asset ×100	>1.5%
	Return on Equity (ROE)	POJK No 4 2016), (Al-Rajhi Bank, 2023; Bank Muamalat	Net profit/Total Equity ×100	>10%
	Net Return (NI)	Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Maybank, 2024)	Net Return Income/Total Financing ×100	>3%
	Net Operation Margin (NOM)	(Al-Rajhi Bank, 2023)	Net Operating Income/Productive Assets ×100	>5%
	Return on Risk-Weighted Assets (RORWA)	(Firdaus, 2017(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Maybank, 2024)), (SEOJK No 10 2020)	Net Profit / Risk-Weighted Assets (RWA/ATMR)×100	>1.5%
Fulfilling Social Obligations	Total Zakat Payment	(Firdaus, 2017(Al-Rajhi Bank, 2023; Bank Muamalat Indonesia, 2023b; Bank Syariah Indonesia, 2023c; Maybank, 2024)), (SEOJK No 10 2020)	Total zakat payment in one year	>2.5% of net profit
	Total Benevolent Fund Donation	(SEOJK No 10 2020)	Total benevolent funds disbursed	According to the bank's policy
Maintaining Operational Efficiency	Operational Expenses to Operating Income (BOPO)		Total Operational Expenses/Operating Income ×100	<80%
	Cost to Income Ratio (CIR)		Total Expenses/Total Revenue ×100	<50%
Maintaining Asset Health and Financial Ratios	Non-Performing Productive Assets to Total Productive Assets	(PBI No. 13 2011; POJK No 8 2014; POJK No 4 2016)(Al-Rajhi Bank, 2023; Maybank, 2024)	Non-Performing Productive Assets/Total Productive Assets ×100	<5%
	Non-Performing Productive and Non-Productive Assets to Total Assets		Non-Performing Assets/Total Assets ×100	<5%
	Allowance for Impairment Losses (CKPN) to Productive Assets		Allowance for Impairment Losses (CKPN)/Total Productive Assets ×100	>100% (full provisioning)
	Non-Performing		Total Non-Performing	<5%

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	Financing (NPF) Gross	Financing/Total Financing ×100	
	Non-Performing Financing (NPF) Net	NPF Gross - Allowance for Impairment Losses (CKPN)/ Total Financing ×100	<2%
	Minimum Capital Adequacy Requirement (KPMM)	Core Capital/Risk-Weighted Assets (RWA/ATMR) ×100	>12%
Optimizing Financing Structure	Financing to Deposit Ratio (FDR)	Total Financing/Total Third- Party Funds (DPK) ×100	80-90%
	Profit-Sharing Financing to Total Financing	Total Profit-Sharing Financing/Total Financing ×100	>30%

(Source: Data Processed by Author)

The wealth orientation framework aligns with the *Maqashid Shariah* principle of Hifz al-Mal and consists of five strategic objectives. First, enhancing profitability, which is measured using five key indicators. Islam does not prohibit profit but regulates its acquisition to ensure fairness, transparency, and freedom from exploitation. As stated in Surah Al-Baqarah: 275, "Allah has permitted trade and has forbidden usury." Profitability in Islamic banking must be derived from legitimate contracts, such as *Murabahah*, *Mudharabah*, *Musarakah*, and *Ijarah*, rather than interest-based earnings, as practiced in conventional banking. One of the key profitability indicators is net profit, which represents the earnings of an Islamic bank after deducting taxes and operational costs, with a target growth of >10%. Next, ROA measures how efficiently a bank generates profit from its assets, with a target of >1.5%. An ROA exceeding 1.5% indicates strong efficiency in the global Islamic banking sector. Islam emphasizes efficient asset utilization to avoid wastefulness, as stated in Surah Al-Isra: 27. Additionally, ROE evaluates the profitability generated from shareholders' capital, ensuring fair distribution of returns according to the principles of *Musarakah* and *Mudharabah*. NI measures net income from financing margins, while NOM assesses a bank's efficiency in generating income from its productive assets. RORWA is used to assess a bank's efficiency in generating profit from its assets.

Second, fulfilling social obligations. Zakat is a fundamental pillar of the Islamic economy, mandated to be taken from growing wealth, as stated in Surah At-Taubah: 103. Islam also emphasizes the importance of *Infaq*, *Sadaqah*, and other social funds to maintain economic balance. As mentioned in Surah Al-Hasyr: 7, "So that wealth does not merely circulate among the rich among you." This strategic objective is measured using two key indicators. The amount of zakat payment is set at a target of >2.5% of net profit, in accordance with Shariah requirements. Meanwhile, the allocation of social welfare funds is determined by the bank's policy, making it voluntary rather than obligatory like zakat. Third, maintaining operational efficiency. Islam prohibits *Tabdzir* (wastefulness) and *Israf* (extravagance), as emphasized in Surah Al-Isra: 26-27: "And do not squander your wealth wastefully. Indeed, the wasteful are brothers of the devils." Islamic banks must manage operational costs optimally to remain competitive. This strategic objective employs two efficiency indicators. The BOPO is targeted at <80%, aligning with the Islamic Financial Services

Board standard (IFSB, 2023), which considers BOPO <80% an indicator of strong efficiency. Additionally, the CIR measures the ratio of total operational costs to operational income, with a target of <50%, reflecting high efficiency in the Islamic banking sector.

The fourth objective is to maintain asset health and financial ratios. Six indicators are used in this strategic objective. The first indicator is the ratio of non-performing productive assets to total productive assets, as maintaining asset quality is part of the trust in Islam (QS. Al-Baqarah: 283). The second indicator is the ratio of non-performing productive and non-productive assets to total assets. Banks must ensure that all assets are well managed and not misused. Islam emphasizes prudence in wealth management. If there are too many problematic assets, it means the bank is failing to uphold the trust in managing funds. The third indicator is the Allowance for Impairment Losses on productive assets. Setting aside funds for risks is part of responsible financial management (QS. Yusuf: 47-48). Islam teaches preparedness for future risks, as demonstrated in the story of Prophet Yusuf, who stored food reserves for seven years of famine. Full provisioning (CKPN >100%) means the bank has sufficient funds to cover problematic financing risks, ensuring stability without burdening customers. The fourth and fifth indicators, NPF Gross and Net, are used to prevent problematic financing that could lead to injustice (QS. Al-Baqarah: 282). The sixth indicator is the Minimum Capital Adequacy Requirement. Islamic banks must have sufficient capital to avoid reliance on interest-based loans, which contradict Shariah principles. Islamic banks should not depend too much on external funding based on *riba* and must have adequate capital to bear risks, as stated in QS. An-Nisa: 29, "Do not consume one another's wealth unjustly."

The fifth objective is to optimize financing structure. Financing in Islam must be based on profit-sharing or fair contracts, as stated in QS. Al-Maidah: 1, "O you who have believed, fulfill your contracts." The FDR and the proportion of profit-sharing financing are used as indicators. FDR reflects the balance between third-party funds and disbursed financing. A healthy FDR ranges between 80-90% to ensure optimal liquidity. Furthermore, the ratio of profit-sharing financing to total financing is used to measure the contribution of profit-sharing-based financing within the total financing portfolio. In addition to referring to Shariah principles, all targets set in the wealth orientation align with PBI No. 13 2011, POJK No 4 2016, SEOJK No 10 2020, and POJK No 35 2018.

In practice, Islamic banks often face a dilemma between pursuing profitability and fulfilling social responsibilities. Through the MaP, banks can identify social and financial performance indicators in a balanced manner, thereby enabling the monitoring of sharia objectives achievement without neglecting financial sustainability (Firdaus, 2017). From an Islamic perspective, a corporation is not only required to seek wealth but also to manage it responsibly. The application of MaP allows banks to measure performance based on *maqashid al-shari'ah*, such as the protection of the economic rights of the community (Alhammedi et al., 2022), equitable distribution of welfare (Khattak, 2018), and the enhancement of quality of life, while maintaining operational efficiency and profitability. Consequently, banks can implement adjustments to their business strategies, such as the optimization of socially impactful economic investments or the innovation of sharia-compliant products, which can mitigate potential trade-offs between financial interests and the

attainment of social goals. This approach also assists banks in evaluating the effectiveness of their social programs and enhancing accountability towards stakeholders.

### **Challenges, Solutions, and Practical Adjustments**

While the MaP approach provides a more comprehensive alternative for measuring Islamic banking performance based on maqashid sharia principles, its practical implementation is confronted with several challenges. Firstly, internal resistance within the organization arises, primarily due to the paradigmatic shift from profit-centric performance measurement to one that incorporates social and spiritual values. Many Islamic banks still employ evaluation systems heavily focused on traditional financial indicators, necessitating fundamental organizational cultural changes for MaP adoption. Secondly, challenges stem from human resource limitations. Maqashid-based measurement requires in-depth understanding of sharia principles and skills in formulating non-financial performance indicators. The scarcity of personnel trained in integrating financial and social performance poses a technical barrier that must be addressed through internal training and development. Thirdly, from a cost and system perspective, integrating MaP indicators into the bank's reporting and monitoring system may require additional investment in both technology and new work procedure development. Fourthly, the absence of industry standards accommodating maqashid performance measurement slows down the MaP adoption process. Specifically in Indonesia, while regulations from the OJK and DSN-MUI promote sharia compliance, they lack specific guidelines for structured maqashid-based measurement methods. Nonetheless, these challenges are not insurmountable. With strategic human resource development, establishment of standardized maqashid measurement guidelines, and active collaboration between regulators, academics, and industry practitioners, MaP implementation can be undertaken gradually to enhance Islamic banks position as institutions that excel both spiritually and economically.

**Table 13. Challenges, Solutions and Practical Adjustments**

<b>Implementation Challenges</b>	<b>Strategic Solutions</b>	<b>Case Study of Banks and Practical Adjustments</b>
Organizational cultural resistance to paradigm shift	<ul style="list-style-type: none"> <li>- Internal awareness and education on maqashid sharia</li> <li>- Embedding maqashid values in the organization's vision and mission</li> </ul>	Maybank Islamic Malaysia adopts 'humanising financial services' as a key component of its mission to promote social welfare.
Human resource competency limitations	<ul style="list-style-type: none"> <li>- Regular training on maqashid-based performance</li> <li>- Partnership with sharia educational institutions</li> </ul>	BSI and Bank Muamalat's Officer Development Program (ODP), Maybank Islamic's Management Development Program (MDP), and Al Rajhi Bank's Graduate Development Program (GDP) can be leveraged to integrate training on MaP metrics.
Additional costs for system integration and reporting	<ul style="list-style-type: none"> <li>- Gradual implementation via pilot projects</li> <li>- Enhancement of existing systems</li> </ul>	Al Rajhi Bank Saudi Arabia has established an internal Sharia Governance framework that applies to all business units, and this initiative is further supported by the Central Bank of Saudi Arabia's "Sharia Governance Framework for Local Banks", which provides a regulatory
Lack of specific industry standards	<ul style="list-style-type: none"> <li>- Advocacy to regulators and industry associations</li> </ul>	

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for MaP	- Establishing internal maqashid-based guidelines	framework for Sharia governance in the banking industry.
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MaP has been aligned with the prevailing regulations in Indonesia, including Bank Indonesia Regulations, Financial Services Authority Regulations, and fatwas of the Indonesian Council of Ulama's National Sharia Council. Therefore, the gap between MaP and regulators in Indonesia is relatively small. For example, the wealth orientation in MaP is reflected in the indicators measured by banking regulations and financial reports of Islamic banks.

**Table 14. Comparison of MaP with other Performance Measures**

Aspect	MaP	PMMS	MSI
Main focus	Internal strategic orientation based on maqashid and sustainability performance	Performance outcomes based on maqashid principles	Integration of Sharia principles in all activities and performance measurement
Main components	6 orientations: worship, internal process, talents, learning, customers, wealth	3 objectives: education, justice, and maslahah	4 objectives: safeguard the value of human life, safeguard of human self, safeguard the value of society, safeguard physical environment.
Approach	Strategic; a combination of outcome-based and process-based performance	Outcome-based	Islamic Moral Economy principles
Practical applications	Conceptual; a weighted index has not yet been developed	Scores and an index are already available	Conceptual approach, not yet widely adopted in practice
Advantages	Integrating strategic performance and the organization's Sharia values	Explicit focus on maqashid al-shari'ah	Assessing Sharia compliance comprehensively
Disadvantages	A weighted index is not yet available; further development is needed for industry applicability	Limited consideration of the organization's internal strategic orientation and environmental dimensions	Limited consideration of strategic innovation

The table above compares MaP, PMMS, and MSI across six key aspects, highlighting that MaP integrates internal strategic orientation based on maqashid principles, while PMMS focuses on Shariah compliance, and MSI emphasizes social performance outcomes. MaP offers a significant advantage by combining Shariah values with strategic organizational processes, addressing the limitations of PMMS, which is strong in compliance but weak in innovation, and MSI, which focuses on outcomes but pays less attention to internal organizational dynamics. Nevertheless, MaP remains at a conceptual stage and has yet to produce a weighted index necessary for objective and standardized performance evaluation. Therefore, developing a weighted index based on MaP is a crucial agenda for future research to support a more comprehensive and adaptive performance measurement framework for Islamic banks.

## **E. CONCLUSION**

This study highlights the importance of measuring the performance of Islamic banks using the Maslahah Performa approach, which reflects a balance between financial performance and the achievement of maqashid syariah. The performance of Islamic banks is measured based on six dimensions of maslahah: worship, internal processes, talent, learning, wealth, and customers, which are further defined through four key parameters: strategic objectives, measures, formulas, and targets. Through this model, Islamic banks can assess and enhance their contribution to social welfare, economic sustainability, and justice in financial transactions, in line with Islamic principles.

### **Research Implications**

This study emphasizes the importance of the MaP model in measuring Islamic banks' performance by balancing financial goals with maqashid syariah. The model enables banks to enhance their contribution to social welfare, sustainability, and ethical financial practices. This study has implications for regulators in enhancing the effectiveness of supervision and regulation of Islamic banks in Indonesia. By understanding the MaP framework and its alignment with existing regulations, regulators can develop more targeted and effective policies to improve the performance and shariah compliance of Islamic banks. The practical implications of these findings indicate that while the application of Maqasid al-Shariah Performance (MaP) holds the potential to enhance both the social and financial performance of Islamic banks, its implementation encounters challenges such as regulatory obstacles, the readiness of human resources, and additional costs associated with managing wealth orientation for social purposes. Therefore, more adaptive regulatory support, talent development programs grounded in maqashid al-shari'ah, and sustainable financing strategies are necessary to enable Islamic banks to fulfill their roles optimally.

### **Research Limitation**

This study has several limitations that warrant noting. Firstly, empirical validation remains limited as this research is focused on a specific banking and regulatory environment, thus requiring cautious generalization to other contexts. Secondly, external factors such as macroeconomic conditions, which could potentially influence the implementation of MaP, haven't been fully incorporated into the analysis. Thirdly, this research is still in the proposal stage of performance measurement, and a comprehensive inter-bank evaluation cannot yet be conducted quantitatively.

### **Recommendation**

For Islamic banking practitioners, adopting the MaP model can aid in making strategic decisions that are more aligned with maqashid syariah, ensuring that banks are not solely profit-oriented but also focused on sustainability and social justice. The implementation of MaP indicators in bank performance reports will enhance transparency and accountability to stakeholders. Meanwhile, regulators such as OJK may consider the MaP model as a framework for assessing the performance of Islamic

banks and integrating it into regulations related to sustainability reporting and Shariah compliance, ensuring that Islamic banks remain aligned with maqashid syariah principles and generate a positive impact on society.

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