

UNIVERSITI TEKNOLOGI MARA

**REALISATION OF MAQASID
AL-SHARIAH USING VALUE-BASED
INTERMEDIATION (VBI)
IN ISLAMIC BANKS**

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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Maqasid al-Shariah refers to the objectives and rationales of the Shariah which reflect the general view of Islam as a complete and integrated code of life of an individual and a society as a whole, in this world and hereafter. The main objectives in *Maqasid al-Shariah* are protection of religion, life, intellect, wealth and posterity. Value-Based Intermediation (VBI) is a strategy proposed by Bank Negara Malaysia (BNM) as an intermediary tool to deliver the intended outcomes of Shariah through practices, conducts and offerings that generate positive and sustainable impact and values towards the economy, community and environment. Conflict arose when some banks decided not to adopt VBI in their current operation due to the existence of similar concept or strategy as VBI that has been adopted much earlier by them except with different term and they have come out with the same idea as VBI which is to achieve *Maqasid al-Shariah*. Consequently, there are four (4) objectives in this research. The first objective is to explore the perspectives of the Islamic Banks in Malaysia on the realisation of *Maqasid al-Shariah* using VBI. The second objective is to investigate the reason(s) behind the acceptance and rejection of VBI among the Islamic Banks in Malaysia. The third objective is to identify the efforts of the Islamic Banks in Malaysia in realising *Maqasid al-Shariah* using VBI and the fourth objective is to propose a research model on the realisation of *Maqasid al-Shariah* using VBI. This research was conducted using the qualitative research methodology which applied inductive reasoning where the researcher conducted semi-structured interviews with the shapers of VBI or the dedicated officers in CSR initiatives in the Islamic banks based on specific criteria. The in-depth interview questions focus on the respondents' perspectives of the Islamic banks in Malaysia in the realisation of *Maqasid al-Shariah* using VBI, acceptance of VBI in the Islamic banks and the details on the Islamic banks' efforts of implementing VBI in realising *Maqasid al-Shariah* using VBI. Additionally, the respondents were also asked for their ideas regarding the achievement of *Maqasid al-Shariah* using VBI to shape the research model. The respondent banks were divided into two categories – Community of Practitioners (COP) and Non-COP where COP banks were the ones who volunteered to embark on VBI, while Non-COP banks preferred not to adopt the strategy just yet. From the in-depth interviews, the researcher found the implementation of VBI facilitated the Islamic banks in realising *Maqasid al-Shariah* more effectively. Further, this research would contribute to the banking industry by providing a good and comprehensive understanding on the perspective of VBI, as a tool to realise *Maqasid al-Shariah* in the Islamic banks through the application of a holistic framework introduced in this research, which is reflected in the Islamic banks' current efforts in implementing VBI. This research then proposed a research model based on the research finding. It is recommended for BNM to revise and customise VBI in accordance with the Malaysian context and culture in order for it to be fully applicable for the Islamic banks in Malaysia and to create a focus group to discuss on important matters and future plans pertaining to the implementation of VBI or other strategies in the Islamic banks to avoid any conflicts between the regulator and practitioners.

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