

Realisation of Maqasid Al-Shariah using Value-Based Intermediation in Islamic Banks: Acceptance or Refusal

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ABSTRACT

Value-based intermediation (VBI) is a strategy proposed by Bank Negara Malaysia (BNM) as an intermediary tool to deliver the maqasid al-shariah (intended outcomes of Shariah) through practices and product offerings in Islamic banks. However, in reality, VBI has not yet been fully accepted by all Islamic banks in Malaysia even though BNM strongly recommended the implementation. Thus, the objective of this research was to investigate the reason(s) behind the acceptance and refusal of VBI among Islamic Banks in Malaysia. This research used the qualitative research methodology where semi-structured interviews were conducted with the shapers of VBI in Islamic banks or the dedicated officers in corporate social responsibility to gain information on the initiatives. This research showed that the Islamic banks which agree to implement VBI are purely supporting the BNM initiatives. However, the Islamic banks that refused to implement VBI feel that they had adopted a similar concept and strategy as VBI much earlier to achieve maqasid al-shariah. It is recommended that BNM revise and customize VBI in accordance with the Malaysian context and culture for it to be fully accepted by all Islamic banks and be able to avoid any conflicts between the regulator and practitioners.

Keywords: Islamic Banks, Maqasid al-Shariah, Value-Based Intermediation

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INTRODUCTION

Islamic finance is known as one of the fastest developing sectors in the global financial landscape where its origin started alongside the emergence of Islam more than 1,400 years ago. There are many historical books which mentioned about the existence of banking activities during the early years of Islam. Al-Zubair bin Al-‘Awwam who was the cousin and the companion of the Prophet Muhammad peace be upon him (p.b.u.h.) was known to accept deposits as loans from the people and investing them (Alhabri, 2015). This action is somehow similar to some of the banking operation today. The modern Islamic financial system started with the set-up of Mit Ghamr Local Savings Bank in Egypt in the late 1960s and has grown tremendously from being just an alternative financial intermediation for Muslims to a very robust mainstream global financial system ready to serve both Muslims and non-Muslim (Khan, 2021; Naim & Zainol, 2015).

Shariah can be defined as a system of law or the message conferred by Prophet Muhammad (p.b.u.h.) in total (Lahsasna, 2013). The aim of Shariah covers every aspect of human existence including human development and gives particular concern to the general well-being of every individual (Oladapo & Rahman, 2016). Muslims in their daily lives are advised to feel the beauty of worldly life and at the same time, asked by the Shariah to protect themselves from any deeds or actions which have been proven to be medically and socially harmful such as consuming alcoholic drinks or blood or pig meat, taking part in extra-marital affairs, selfish behaviours and unjust economic transactions like *riba* (usury), *gharar* (uncertainty) and *maysir* (gambling) (Muhammad & Ahmed, 2016). Islamic banking and finance, being the daily activities in Muslims’ lives, must be operated with the aim to achieve the *maqasid al-shariah* (objectives of Shariah) where the benefits of Islamic banks and financial institutions should reach the society and environment by offering products and services which could be positively and greatly impactful to them. *Maqasid al-shariah* reflects the general view of Islam as a complete and integrated code of life of individuals and society as a whole, in this world and the hereafter. Islamic banks with different functions, roles, products and services are supposed to achieve the *maqasid al-shariah*, comprising five core values: religion, life, lineage, intellect, and wealth (Ahmed et.al., 2023; Dusuki & Abdullah, 2007; Al-Ghazali, 1997) which can lead people towards well-being and prosperity in this world and the hereafter (Awang & Asutay, 2014).

Banking plays a significant role in the economic development of Malaysia. To date, there are twenty-six (26) commercial banks and sixteen (16) Islamic banks in Malaysia which are the most significant providers of funds in the banking industry (Bank Negara Malaysia, 2023). Malaysia's banking system can be classified as dual-banking whereby Islamic banks operate hand in hand with conventional banks. Also, in the dual-banking system, the conventional banks are given the choice to offer Islamic banking services and products on a window basis or to be an Islamic subsidiary (Sulaiman & Razman, 2013).

It is very clear that the main difference between Islamic banks and conventional banks is that the Islamic banks' operations are free from the elements of *riba*, *gharar* and *maysir* (Ahmed et.al., 2023; Othman, Thani & Ghani, 2009). The main objective of Islamic banking establishments is to carry out operations and businesses through interest-free banking. However, there are some accusations made against Islamic banks claiming that their aim is not fully heading towards achieving the real concept of *maqasid al-shariah* in their banking operations. Mohammed, Tarique and Islam (2015) claimed that some of the member countries of Organisation of Islamic Cooperation (OIC) which offer Islamic banks in their countries still practise some of the forbidden elements in Islam, hence, this does not differentiate them from the conventional banks. Mohammad and Syahidawati (2013) stated that the objectives of Islamic banks mostly aim towards building a profit-oriented entity rather than social-based entity. In other words, Islamic banks are claimed as not fully realizing *maqasid al-shariah* in their banking operation.

Bank Negara Malaysia or the Central Bank of Malaysia introduced the Value-based Intermediation (VBI) Implementation in July 2017 in the form of a strategy paper as a tool and an opportunity for Islamic banks to move beyond just being Shariah-compliant. With VBI implementation, Islamic banking roles and functions can be enhanced to realize the intended outcome of Shariah or *maqasid al-shariah* by giving positive impacts to the nation through their banking services other than just providing Shariah-compliant banking services (Bank Negara Malaysia, 2017). After the directive for the implementation of the VBI was announced by Bank Negara Malaysia, some Islamic banks readily accepted the idea, but some banks simply refused to adopt VBI in their banking system. The development and implementation

of VBI were driven by the Committee of Practitioners (COP), formed by nine (9) Islamic banking players who were committed and interested in becoming the early adopters of VBI in 2017 (Bank Negara Malaysia, 2017).

The VBI community made significant progress and continued to develop when the VBI journey reached Year Five, or in 2021. There were 15 COP members as of October 2021 (Cinar, 2022). The former Governor of Bank Negara Malaysia, Tan Sri Nor Shamsiah Mohd Yunus in 2021 stated that the majority of COP members are only at the «emerging» phase of implementation five years after the VBI initiative was launched in 2017 (Sheila, 2022). Recently, in 2023, it was confirmed by the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) that the numbers of COP banks have increased to sixteen (16) members namely Affin Islamic Bank Berhad, Agrobank, Al Rajhi Banking & Investment Corporation (Malaysia) Berhad, Alliance Islamic Bank Berhad, AmBank Islamic Berhad, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad, Bank Kerjasama Rakyat Malaysia Berhad, CIMB Islamic Bank Berhad, HSBC Amanah Malaysia Berhad, Maybank Islamic Berhad, MBSB Bank Berhad, OCBC Al-Amin Bank Berhad, Public Islamic Bank Berhad, RHB Islamic Bank Berhad and Standard Chartered Saadiq Berhad (Association of Islamic Banking and Financial Institutions Malaysia, 2023).

The implementation of the VBI initiative would take the approach of phase-in adoption by industry players based on each institution's timeline. Since the VBI strategies is just on a voluntary basis and not mandatory, there are some Islamic Banks like Hong Leong Islamic Bank Berhad, Kuwait Finance House and MBSB Bank Berhad which refused to become the COP of VBI. There are a few opinions towards making this VBI initiative as mandatory to all Islamic banks since VBI resembles the fundamentals of Shariah and Islamic banks are supposed to adopt it without hesitation (Ahmed et.al., 2023; Sulaiman, 2021; Musaeva, 2020). In accordance with the blueprint of the United Nation 2030 Agenda for Sustainable Development Goals (the 2030 Agenda), Bank Negara Malaysia took steps to promote VBI among Islamic banks, highlighting 17 United Nation Sustainable Development Goals (SDGs) for promoting peace on Earth and generating wealth for the current and future generations. Malaysia's Islamic banks' VBI implementation arrives at the perfect time to support the United Nation's work on the 2030 Agenda (Dhesi, 2022; Ismail et.al.,

2022). If VBI implementation is made mandatory, each Islamic bank must be held accountable for it to be successful, and Bank Negara Malaysia must implement strict regulations that are consistent throughout. It is necessary to change the industry leaders of all Islamic banks' mental paradigm from compliance to conscience. In a nutshell, this is about getting VBI accepted by players in the industry. Islamic banking would move towards sustainability as envisioned in the 17 United Nation SDGs once this is realized. Most significantly, this VBI initiatives will make it possible for Islamic finance to advance towards achieving maqasid al-shariah (Sulaiman, 2021; Khan, 2021).

This study intended to investigate the reasons behind the acceptance and rejection of VBI to be implemented by all Islamic banks in Malaysia. It can be seen now that there is a conflict between the regulator's ideas to implement VBI with the Islamic banking practitioners. Despite the positive effects of embracing VBI, especially with regard to sustainability agendas, there are a few factors that led a few Islamic banks to either accept or reject the VBI initiatives proposed by Bank Negara Malaysia. It is hoped that the results of this study will assist Bank Negara Malaysia in understanding the reasons behind the rejection or refusal and in developing effective strategies to persuade all Islamic banks to support VBI initiatives rather than simply making their implementation mandatory.

LITERATURE REVIEW

Maqasid Al-Shariah

Al-Ghazali (1997) defined maqasid al-shariah by emphasizing the Shariah component of the term in safeguarding five objectives of Shariah related to the well-being of people, namely their *din* (faith), *nafs* (lives), *aql* (intellect), *nasl* (posterity), and *mal* (wealth). Maqasid al-shariah plays an important role in the development of Islamic economic and finance, as it considered finance as a valuable aspect in life (Ahmed et.al, 2023; Lahsasna, 2013). The Islamic banks need to understand especially how the products and services work to determine whether the products and services offered have fulfilled the maqasid al-shariah or not. In Islamic banking, the principle of protection of wealth can be enhanced through

a number of means and one of them is through implementation of VBI. The specific objectives of VBI share the same objectives as the current Islamic financial practices. It is crucial for Islamic banks to understand and implement the concept of maqasid al-shariah in its entirety. Even so, there have been some previous studies stating that maqasid al-shariah is not fully being implemented by Islamic banks (Hassan & Nor, 2019). The decision to realize the maqasid al-shariah depends on the Islamic banks' intention itself. Moreover, with the main intention to please Allah the Almighty and other relevant objectives, Islamic banking would surely thrive in fulfilling its as well as their customers' needs, supporting the employees in meeting the stakeholders' needs and paying zakat (alms giving) for businesses. With these intentions in mind, the goals of maqasid al-shariah would be realized because surely, Islamic banks would only practice noble actions since their aim is to please Allah the Almighty by abiding to His decree. As such, the services and products by the Islamic Banks should be following Shariah (Shehu & Hayati, 2015).

Value-Based Intermediation

The idea of VBI originated from Values Based Banking (VBB) which was introduced by the Global Alliance for Banking on Value (GABV) in 2009 (Mahyudin & Rosman, 2020; Muhammad, 2018). The GABV is an independent network of banks and banking co-operative using finance to deliver sustainable development for unserved people, communities and the environment, with the strength of 63 Members Banks as of September 2020 (GABV, 2020). The collective goal of the GABV is to change the banking system to be more transparent, economically supportive, socially and environmentally sustainable and have more diverse participating banks serving real economy (Globe Newswire, 2019). In order for VBB to be fully applied by Islamic banks, it should be integrated with the principles of Shariah. In general, the approach of VBI is truly an example of VBB in creating a financial system that thoroughly serves the society as a whole. Thus, the implementation of VBI is expected to bring the same impacts as VBB towards the Islamic banks and the society.

VBI was launched in July 2017 and is targeted to create value to all Islamic financial institutions, for them to be more impactful and sustainable in the growth of business operations (Bank Negara Malaysia, 2017). Bank

Negara Malaysia is putting continuous efforts in promoting the VBI to all Islamic banks as a genuine competitive strategy to revitalise the decreasing growth rate at the material time (Musaeva, 2020). Muhammad (2018) in the 13th International Shariah Scholar Forum mentioned two rationales for VBI. First, the growth of Islamic banking and finance industry should not be limited to profitability only, but it should adhere and conform to maqasid al-shariah which covers economy (profit), committee (people) and environment (planet). Second, the innovation of Islamic financial products and services also should not be limited to legal compliance only but have to adhere and conform to the principles of maqasid al-shariah as well. For example, banking contracts must be fair regarding the contents, where they should be legit, intelligent, and using plain and ordinary language.

The VBI strategy paper also highlighted four underpinning thrusts of VBI and recommended strategies and approaches to implement VBI to become the direction strategically for the industry of Islamic banking. The four underpinning thrusts of VBI are entrepreneurial mindset, committee/consumer empowerment, good self-governance and best conduct (BNM, 2017). Bank Negara Malaysia had launched 3 guidance documents regarding VBI on 3rd October 2018 to further guide the COP particularly in the VBI implementation. The three documents were; Implementation Guide for VBI, VBI Financing and Investment Impact Assessment Framework (VBIAF) and VBI Scorecard (Bank Negara Malaysia, 2018). Bank Negara Malaysia expects that the guidance documents will be able to support the practical adoption of VBI which can lead Islamic banks towards realising the maqasid al-shariah and generate positive and sustainable impact to the economy, community and environment through practices, processes, offerings and conduct.

METHODOLOGY

This research adopted the qualitative thematic analysis methodology where the research findings and analysis mainly depended on the perspectives, opinions, facts and ideas given by the representatives of all Islamic banks involved in this research during the interview sessions and they were labeled as the informants. Due to the flexible nature of thematic analysis, it is best for the researchers to develop themes from the data gained from

the interviews and make interpretations of the outcomes (Braun & Clarke, 2006). The Islamic banks that participated in this research consisted of the COP and the non-COP. In order to acquire the reasons behind the acceptance and refusal towards the VBI among the Islamic banks, the researchers approached only the Islamic banks in Malaysia and neither of the Development Financial Institutions (DFI) in Malaysia even though one of the DFIs which is Agrobank had become a COP. The researchers sent a request to all 16 Islamic banks to seek their permission to be interviewed in order to get the reasons behind their acceptance and refusal towards the implementation of VBI in their banks. The limitations presented during the research were primarily getting the bankers' agreements to partake in this research and, since this field of research is considered new, published resources were scarce and difficult to acquire. Eventually, the final number of Islamic banks involved in this research depended on the data saturation which explained by Fusch & Ness (2015) where if one has reached the point of no new data, one has also most likely reached the point of no new themes; therefore, one has reached data saturation.

The informants were either the shapers of VBI or dedicated officers in CSR initiatives in the Islamic banks. The researchers managed to get the consent of four COP member banks and three non-COP member banks to participate in this research. Those COP member banks were Bank Islam (M) Berhad (BIMB), Bank Muamalat Malaysia Berhad (BMMB), Maybank Islamic Berhad (MIB) and Public Islamic Bank Berhad (PIB), while the non-COP member banks involved in this research were Hong Leong Islamic Bank Berhad (HLISB), Kuwait Finance House Berhad (KFH) and MBSB Bank Berhad. Thus, the finding and analysis for this research were based on the seven interviews conducted with the Islamic bankers. All the interview sessions were conducted through online sessions using the Google Meet platform between June to December 2020. All the seven informants requested for their identities to be hidden and wanted to remain unidentified and anonymous. Thus, they will be marked as R1 to R7. This research also utilized secondary data obtained from the reliable sources such as books and articles on VBI and maqasid al-shariah, Bank Negara Malaysia, AIBIM and Islamic banks' websites as well as the VBI documentation released by Bank Negara Malaysia.

RESULTS AND DISCUSSION

The findings on the reasons behind the acceptance of adoption of VBI by COP and the refusal to early adopt or reject VBI by the Non-COP are analyzed in detail in the following sub-sections to give a clearer idea on the reasoning behind their decisions.

Reasons behind the Acceptance of VBI among Committee of Practitioners

Bank Islam Malaysia Berhad (BIMB)

BIMB was the earliest adopter of VBI among the COP. Based on the R1's answers, it could be seen that BIMB welcomed VBI with open arms as BIMB accepted any new concepts introduced by Bank Negara Malaysia with a positive outlook, especially if the concept introduced is Islamic-related.

Table 1: R1's Quotes on the Reason Behind the Acceptance of VBI

Informant	Quotes	Theme
R1	On any occasion that Bank Negara Malaysia introduces a concept, it would naturally be common for us to want to take the lead as champions, in terms of businesses. Our image will certainly be tarnished should we fail in becoming precedents, more so if the new concept introduced is Islamic in nature. We should show that it originates from Islam. I personally opine that anything new in banking and business is worth getting excited about, to be explored and implemented, otherwise, we would merely be a normal business entity. We may choose not to follow, but then, there would be nothing special about us.	New concept introduced by BNM

In Table 1, BIMB perceived VBI as a new concept to explore and accepted the strategy to add to the uniqueness of the Islamic financial institutions. In fact, BIMB strove to be the first Islamic bank to implement any new Islamic concept introduced for the sake of Islamic religion. Furthermore, it would be unusual if BIMB, as the pioneer of the Islamic banks in Malaysia to reject the implementation of VBI.

Bank Muamalat Malaysia Berhad (BMMB)

It could be observed from Table 2 that BMMB promoted the idea of promoting Islamic banking widely where R2 contended that it is about

time the Islamic financial system ought to look for a way to realise maqasid al-shariah and it could be observed that the new concept of VBI supported this idea. R2 also expressed his disappointment as there were instances where the western banks were more Islamic in their system compared to the Islamic banks in Malaysia. Hence, VBI was considered to be introduced at the right time to raise Islamic banking to the next level as it had already joined the GABV as one of its members for a long time.

Table 2: R2’s Quotes on the Reason Behind the Acceptance of VBI

Informant	Quotes	Theme
R2	The planning for this new concept of VBI should have been in motion since a long time ago. Maqasid al-Shariah is not implemented in most banks as before. So, it is about time for us to focus on achieving Maqasid al-Shariah and VBI, yes, we are supportive of that. In a way, western banks are at times more Islamic than Islamic banks themselves in terms of the practices. So, I guess, this is the right time to elevate Islamic banking to the upper level by implementing VBI.	New concept introduced by BNM

Maybank Islamic Berhad (MIB)

It can be observed from the quotes in Table 3 that R3 personally felt that VBI would provide a more stable and unified financial system for the Islamic banking system in Malaysia and it would be a little bit more resilient. MIB applauds Bank Negara Malaysia’s effort in creating a new framework that is applicable for all Islamic banks and its possibility to further refine the banking system in accordance to the Islamic banks’ own unique efforts in implementing VBI.

Table 3: R3’s Quotes on the Reason Behind the Acceptance of VBI

Informant	Quotes	Theme
R3	We only had a rough picture on the formation, and so, what bank Negara Malaysia had brought is a great idea to provide a new framework and refine the Islamic banks in Malaysia. So even if each bank does have their own journey, the key focus of Bank Negara Malaysia is to provide a coherent framework that everyone can refer to and be aligned with. Personally, I think it will provide a more stable and unified financial system for the Islamic financial system in Malaysia. They will be a little bit more resilient. So, Maybank Islamic agreed to embark on VBI.	New framework introduced by BNM

Public Islamic Bank (PIB)

When the interview was conducted, PIB was still a new member of COP. Interestingly, PIB was reluctant at first to join the COP members but it did so eventually, because as quoted in Table 4, PIB regarded Bank Negara Malaysia as a Regulator in which all banks need to follow, inclusive of its instructions and proposal and in this case, the VBI implementation. Furthermore, as admitted by R4, eventually, the intended outcome of VBI is for the sake of none other than the customers, as it provides some benefits to customers through the banks’ services and products using the new concept of VBI.

Table 4: R4’s Quotes on the Reason Behind the Acceptance of VBI

Informant	Quotes	Theme
R4	To support Bank Negara Malaysia’s VBI initiatives as the Regulator which other banks need to conform to. Bank Negara Malaysia is like a parent; we need to follow its instructions, because at the end of the day, Bank Negara Malaysia’s aim (of implementing VBI) is to protect the customers.	Support BNM initiative

Reasons behind the Refusal of VBI among Committee of Practitioners

The Non-COP were queried on the reasons behind their refusal. The informants’ answers and comments are presented in the next sub-sections where the relevant quotes are provided in Tables and subsequently analysed for each bank.

Hong Leong Islamic Bank (HLIB)

R5 mentioned that HLIB bank did not fully reject the idea of VBI, as observed in Table 5. But since VBI was on voluntary basis, HLIB did not adopt it just yet. As commented by R5, HLIB decided not to join the COP for the time being as the Islamic banks were free to make their own choices with regard to participation. In fact, R5 claimed that non-participation was not equal to non-application of VBI. Therefore, it could be said that HLIB most probably has adopted the components of VBI in its banking system but refused to join the COP just yet, as it was still an option. It was observed that HLIB had the idea that adopting VBI was still on voluntary basis and not a requirement. Hence, HLIB chose not to join the COP for the time being but there was still a possibility of them joining in the future.

Table 5: R5’s Quote on the Reason Behind the Non-Acceptance to Early Adopt VBI

Informant	Quotes	Theme
R5	It is not a requirement. It is an option. Any bank can join the initiative. Since it is just a Committee of Practitioner (COP), any bank that wants to participate can use their own budget. COP is a platform for them to discuss and share their strategies, allocate bank’s budget to travel to German and Netherland to look on models (financial) of VBB. This (VBI implementation) is just an option. Not joining COP does not mean the bank does not apply VBI. Besides joining when they want to, the COP banks can also exit from the COP group when they want to.	An option not requirement

Kuwait Finance House (KFH)

R6 pointed out as per Table 6 that there was a need for a customization of VBI to conform to Malaysia’s Islamic banking system, not simply adopting foreign value-based banking since from its point of view, VBI was seen as incompatible with the current Islamic banking system in Malaysia due to different rulings and incentives. R7 also opined that the there was no need to specifically come out with guidelines for VBI as it is actually already embedded in the system which can be reflected from the Islamic banks’ products themselves. Just like other non-COP banks, KFH was not totally rejecting the VBI strategy but it did not favour the need to introduce VBI as a new and separate component in the banking system.

Table 6: R6’s Quotes on the Reason Behind the Non-Acceptance to Early Adopt VBI

Informant	Quotes	Theme
R6	We are not rejecting the VBI but like we said, it is already there. So, there is no need to follow it specifically. There are a lot of things that can be done under VBI. For example, zakat and hibah (gift). You have to see these beyond that, not just merely observing on how they implement them. Why don’t we customize them based on the Malaysian standard and according to what our people need? If you want to look at VBI, actually there is no need for any explanation or guideline or blueprint for this VBI as it is already embedded in the Islamic banking itself. For example, you reflect on the product itself.	Already embedded in the banking system

MBSB Bank Berhad (MBSB)

R7 mentioned that MBSB also did not fully reject the idea of VBI, as observed in Table 7. MBSB just became a full-fledged Islamic bank in 2018. Thus, as a new Islamic bank, they were focusing on the more important agenda of the bank which is to strengthen its banking operations. They could not afford to implement VBI because it will consume more of their energy in terms of reporting and implementation. Hence, MBSB currently chose not to join the COP for the time being but there is still a possibility for them to join the COP in the future.

Table 7: R7’s Quote on the Reason Behind the Non-Acceptance to Early Adopt VBI

Informant	Quotes	Theme
R7	It is not that we totally rejected the idea of VBI. We just felt that we already implemented the idea of VBI in our banking products and services. The intended outcome of Shariah is achieved when we offer our products and services which are Shariah-compliant in nature. We are also very new in the market as an Islamic bank and very busy in strengthening our operations. If we were to embrace VBI, there are a lot of other things to be done to comply to VBI’s requirement where instead, we should be focusing more on our banking operation.	Already implemented the idea

CONCLUSION

It can be observed that all Islamic banks, including the non-COP banks acknowledged Bank Negara Malaysia’s effort to introduce VBI to the Islamic Banks. The COP banks had embarked on the VBI journey as they agreed with Bank Negara Malaysia’s initiatives and did not find any reasons to disagree with the strategy. BIMB in fact found it refreshing and interesting. In actuality, just like non-COP banks, COP banks had also been practicing similar banking practices as VBI, hence they did not find the VBI strategy as totally new. Therefore, the COP banks did not see the need to refuse it simply because it was already existing while interestingly, the non-COP banks refused to adopt VBI early for the same reason, i.e. they have been implementing similar practices in their banking operations, and hence there was no need to segregate the concept of VBI from their financial operations.

However, this does not mean the non-COP banks totally refuse the idea of adopting VBI in their banking system. It is hoped that the COP banks which have implemented VBI in their system, showed how the implementation has given positive impacts on their revenue and financial stability, would lead by example and influence to the non-COP banks to embrace VBI and implement them. As a recommendation, BNM should revise and customize VBI in accordance with the Malaysian context and culture in order for it to be fully applicable and accepted by all Islamic banks and be able to avoid any conflicts between the regulator and practitioners. To gain a better understanding of the problem on VBI implementation, future research on the difficulties experienced by COP banks in implementing VBI and the difficulties encountered by non-COP banks in not adopting VBI is encouraged.

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