

MAQASID AL-SHARIAH IN ISLAMIC BANKS BEFORE VALUE-BASED INTERMEDIATION IMPLEMENTATION

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ABSTRACT

Bank Negara Malaysia (BNM) had introduced Value-Based Intermediation (VBI) initiatives to help Islamic banks implement a structuralised form of maqasid al-shariah (objectives of shariah (Islamic law)) in their banking operations. Thus, questions were raised by the public on whether or not Islamic banking institutions in Malaysia had been achieving maqasid al-shariah in their banking operations prior to VBI. This paper aims to discuss the real concept of maqasid al-shariah that should be realised in Islamic banks and investigate whether Islamic banks had truly been achieving maqasid al-shariah in their banking operations before the introduction of VBI. Library research is conducted to obtain information on maqasid al-shariah and the qualitative methodology is adopted to gain information from three bankers representing three Islamic banks in Malaysia via semi-structured interviews. The researchers found that the fundamental concept of maqasid al-shariah in Islamic banks includes the protection of religion, life, intellect, progeny and wealth in human life through the products and services offered by the banks. The Islamic banks were found to have developed their products and services to achieve maqasid al-shariah even before VBI was introduced by BNM. However, with VBI, a proper framework in achieving maqasid al-shariah has been developed.



Keywords: maqasid al-shariah, Islamic banks, operation

INTRODUCTION

The first modern Islamic Bank, the MitGhamr Bank, was established in Egypt in 1963 having operated for four years until 1967 (Alharbi, 2015). Eight years later, the Dubai Islamic Bank was established in 1975 and had continued to operate for 43 years (until 2018). The establishment of the Dubai Islamic bank was considered 'new' in the industry as opposed to conventional banking, which had been around for over 900 years. The Islamic banking and finance industry in Malaysia, however, started in the year 1983 with the establishment of the first Islamic bank in Malaysia, namely Bank Islam Malaysia Berhad, followed by the establishment of the first takaful operator in the year 1984, namely Syarikat Takaful Malaysia Berhad (Muhammad & Ahmed, 2016). The Malaysian government had expanded and promoted the Islamic banking industry by allowing conventional banks to offer Islamic banking products through 'Islamic windows' in 1993 to enhance and reinforce a dual banking system (Lo & Leow, 2014). Since then, the Islamic banking and finance industry has shown a rapid and robust growth in Malaysia until the industry has now become a core element of Malaysia's status as a worldwide Islamic finance 'hub'. Interestingly, the Islamic banking and finance industry successfully endured in a competitive environment alongside its conventional counterparts in Malaysia.

Furthermore, all countries participating as members of the Organization of Islamic Cooperation (OIC) including Malaysia agreed to establish Islamic banks in their respective countries to practice Islamic values within their financial system by avoiding *riba* (interest), *gharar* (uncertainty) and *maysir* (gambling) in order to provide justice, fairness and equitable distributions of income and wealth, in line with *maqasid al-shariah* (objectives of *shariah*) (Mohammed, Tarique & Islam, 2015). The Islamic banking institution has the responsibility to uphold its vision and mission in reflecting the realisation of *maqasid al-shariah* in its products and services offering. However, the most popular question raised by the public is that though the objectives of Islamic banks are to avoid *riba*, *gharar* and *maysir*, are they the only reasons for Islamic banks to achieve *maqasid al-shariah*? (Dusuki & Bouheraoua, 2011).

The limitations of a careful study on the objectives of the establishment of Islamic banking has resulted in misinformation and misgivings about the main reasons for the existence of Islamic banks. According to Mohammed *et. al.* (2015), despite the tremendous growth and achievements, Islamic banks are seen as shying away from the objective of shariah since their establishments. He also stated that Islamic banking products are seen by critics to be replicating their conventional counterparts in which their pricing is unfair, and largely operating on debt structure. It is argued that this convergence goes against the objective of the establishment of Islamic banks, which is *maqasid al-shariah*.

On top of that, Mohamad, Lehner and Khorshid (2016) mentioned that Islamic finance is frequently criticised for its lack of obligation to make a real difference towards the welfare of the poor and needy. For the past 30 years, the global finance industry leaned towards benefitting the rich people and the corporate players, with limited participation and benefits to the public. The main concern is whether Islamic bankers properly understand the concept of *maqasid al-shariah* and the goals to achieve from the establishment of Islamic banks other than avoiding *riba*, *gharar* and *maysir* in banking operations.

BNM (2018a) in collaboration with the Islamic finance industry had released a Strategy Paper on Value-based Intermediation (VBI) which articulates strategies to strengthen the roles and impacts of Islamic banking institutions towards a sustainable financial ecosystem. The strategies promote the practices of VBI application which will lead to an improved suite of products and services offered by Islamic banking institutions for a better facilitation of entrepreneurship, community well-being, sustainable environment and economic growth, without compromising the shareholders' returns. Since its implementation was not made compulsory, only a few Islamic banks took part in the VBI implementation when it was first introduced by BNM, while the remaining number of banks did not find it necessary to implement VBI in their banking system. Currently, only nine out of the total of 27 Islamic finance bodies in Malaysia have adopted the system. The banks that have agreed to adopt VBI include Bank Islam, Bank Muamalat, Agrobank, Maybank Islamic, CIMB Islamic, Ambank Islamic, Alliance Islamic, HSBC Amanah and Standard Chartered Saadiq (Surendran, 2018). In this case, VBI will be utilised as a form of guideline

for Islamic banks to execute more operations and function as a finance institution far exceeding the initial objective of avoiding *riba*, *gharar*, *maysir* and other harmful activities.

Even though BNM has come up with VBI as a tool for Islamic banks to achieve *maqasid al-shariah*, there is still a need to discuss the concept of *maqasid al-shariah* and the expectations laid upon Islamic banks in achieving *maqasid al-shariah*. Furthermore, before VBI was introduced by BNM, Islamic banks in Malaysia were claimed to have only focused on avoiding *riba*, *gharar* and *maysir* when developing their products and services. Hence, it is imperative to examine *maqasid al-shariah* from the Islamic bankers' perspectives and how it is being achieved through the operations of Islamic banks in order to ensure that their overview is in tandem with the intended outcome of shariah itself. This fact is very crucial in defending Islamic banks from the accusation that they are only focusing on profit-making and avoiding *riba*, *gharar* and *maysir* in their banking operations. Thus, this paper intends to discuss and clarify the real concept of *maqasid al-shariah* that should be realised in Islamic banks. This paper also aims to investigate whether the Islamic banks are truly achieving *maqasid al-shariah* in their banking operation even before VBI was introduced by BNM.

METHODOLOGY

Based on the first objective of the study, the researchers conducted a library research where resources via books and journals are used to collect and analyse the information on *maqasid al-shariah*. There were many sources from books and journals which thoroughly discussed the concept of *maqasid al-shariah* in Islam and how it correlated to Islamic banking and finance industry. As for the second objective of the study, the qualitative methodology is deemed the most suitable method for interpreting the array of views from Islamic bank practitioners on *maqasid al-shariah* and how it has been realised in their banking operation before VBI was introduced by BNM. A qualitative research methodology, including a review of the currently available literature and qualitative content analysis, has been applied. For this study, the researchers conducted face-to-face semi-structured interviews with bankers from three Islamic banks in Malaysia,

namely Bank Pertanian Malaysia Berhad (Agrobank), Maybank Islamic Berhad and Bank Islam Malaysia Berhad (BIMB). These Islamic bankers consisted of one Head of Shariah and two other Shariah Officers who were directly involved with the VBI implementation in their respective banks. The three informants also had extensive shariah backgrounds enabling them to relate Islamic banking operations with *maqasid al-shariah*. However, the three informants favored to remain unidentified and anonymous for personal purposes. Thus, they will be marked as R1 to R3. These three banks each represent a full-fledged Islamic bank, an Islamic subsidiary bank and one bank under the development financial institutions in Malaysia. This study is exploratory in nature; thus, the analysis of this study is solely based on the data gained from library research as well as the opinions and evidences given by the three said informants. The limitation faced by the researchers is the difficulty in obtaining the consent from Islamic banks to participate in this study.

RESULT AND DISCUSSION

The discussion on the objectives of this study is divided into two. The first part of the discussion will be focused on the real concept of *maqasid al-shariah* that should be realised by Islamic banks, while the next discussion will be focused on the Islamic banks' operation in achieving *maqasid al-shariah* through their products and services before VBI implementation.

The Concept of *Maqasid Al-Shariah* in Islamic Bank

The concept of *maqasid al-shariah* should be upheld as the vision and mission of Islamic banking institutions. Thus, it is very crucial to understand the literal and technical meanings of *maqasid al-shariah*. The literal meaning of *maqasid* is objectives (Lahsasna, 2013). The word Shariah literally refers to the road to the watering place; the straight path to be followed (Shinkafi & Ali, 2017). Therefore, *maqasid al-shariah* as a concept refers to the objectives of Shariah.

The technical meaning of *maqasid al-shariah* according to Al-Ghazali (1997) is 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). However, Al-Ghazali only focused on the preservation of the five important aspects in human life, while a generally comprehensive definition of *maqasid al-shariah* was not provided (Lahsasna, 2013). In contrast, Ibnu Ashur (2006) had defined *maqasid al-shariah* in a more universal and broader sense where the preservation of the community was also included in the scope of *maqasid*. Thus, the uppermost *maqasid al-shariah* rests within the concept of compassion and guidance that seeks to establish justice, eliminate prejudice and alleviate hardship to all (Ishak & Asni, 2020).

The products and services offered by Islamic banks should be developed in a way to achieve *maqasid al-shariah*. Thus, Islamic banks should understand more particularly on how the products and services work to determine whether these products and services offered would fulfill the requirements of the objectives of Shariah. Figure 1 below shows the relationship between the objectives of Islamic banks with *maqasid al-shariah*. The fundamentals of *maqasid al-shariah* include protection of religion, life, intellect, progeny and wealth (Dusuki & Bouheraoua, 2011). The human life would be in chaos if all of these fundamentals are not met. This can be understood that when *maqasid al-shariah* is applied in Islamic banks, the society will prosper as a whole, depending on the intention of the Islamic banks themselves.

Besides that, undertaking a business with the thought of the name of Allah the Almighty in mind will make it possible for Islamic banks to meet their needs, support their employees, fulfill the stakeholders' expectations and pay *zakat* (alms giving). By doing so, the Islamic banks' objectives to achieve *maqasid al-shariah* would be eased and protected because when an institution is established with the intention to please Allah in whatever the company does, then the company would abide by the right practices laid down by Islam; thus, the business activities would then be Shariah-compliant (Shehu, Ahmad & Al-Aidaros, 2015). Furthermore, Sulaiman (2011) mentioned that a Muslim has to strengthen his faith in Allah by observing different kinds of needs in ibadah (the act of worshipping) to increase his *iman* (faith and belief). Protection of religion in Islamic banking has been achieved by the existence of the Islamic banking system itself as an alternative to the conventional banking system which is exposed to *riba*.

Furthermore, it is also highlighted in Figure 1 that to further strengthen a good relationship between Islamic banks with their stakeholders, both parties should avoid the production of prohibited products and services such as pork, intoxicants, clubs and casinos that could affect people’s lives in negative ways especially in causing deaths or diseases. In doing so, many lives would be protected, which is a very significant aspect in the establishment of *maqasid al-shariah* (Shehu *et. al.*, 2015). Bancatakaful which refers to the sale of certificates in Islamic banks can additionally be considered as a means to foster a strong relationship in the path of achieving *maqasid al-shariah* (Abdullah, 2015). The objective of Takaful implementation is also to realise the spirit of cooperation among the Takaful participants.

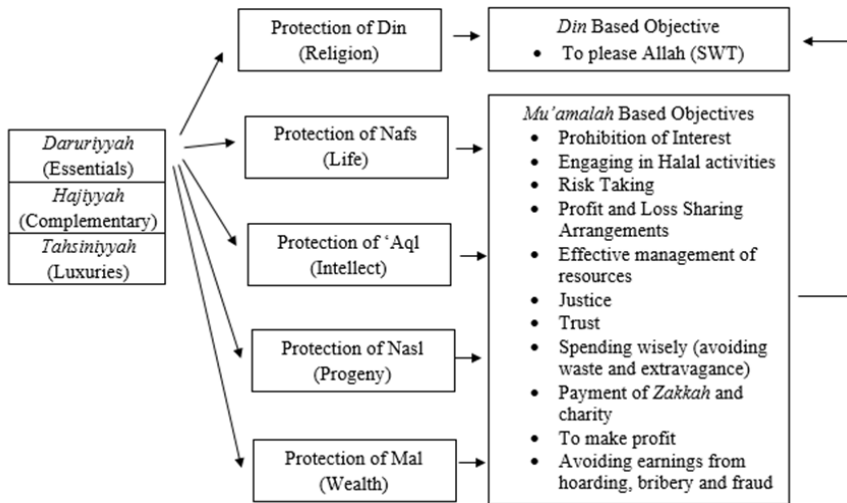


Figure 1: Relationship between *Maqasid Al-Shariah* Framework and Objectives of Islamic Banks. Source: Islamic Entrepreneurship in the Light of *Maqasid Al-Shariah* (Shehu *et. al.*, 2015)

On top of that, in terms of intellectual protection, the lives of people should be taken into heavy consideration in relation to the prohibition of intoxicants. Therefore, Islamic banks cannot be involved with the production of intoxicant drinks as these substances would cause the deterioration of the human intellect (Mohammed *et. al.*, 2015). At the same time, Islamic banks should provide financing for education as the success of the future generation depends on the provision of a good education for the youth and younger

children. For the protection of posterity, it is important that Islamic banks' business activities should create balance and ensure effective management of resources. For instances, Islamic banks should not be involved in any investments involving imbalance between production and resources like excessive oil production or deforestation. The creation of products and services that are hazardous to the environment is not accepted in the *maqasid al-shariah* framework. Otherwise, the future generation would not have the opportunity to utilise all the natural resources provided on Earth. Therefore, all creations, even the trees, lands and animals must be protected (Dusuki & Bouheraoua, 2011).

Lastly, the objective of *maqasid al-shariah* is the protection of wealth, one of the most important objectives among the five components in *maqasid al-shariah* which relates significantly to Islamic banks. Islamic banks should ensure that the products and services provided are in legitimate trade, profit and loss sharing, righteous corporation fostering justice and trust. Such services will prevent exploitation, injustice and unequal distribution of wealth, simultaneously ensuring that the objective of Islamic banks is not just to achieve profit maximisation but also to ensure that the products and services provided are void of any *riba*, *gharar*, and *maysir* elements for a just and equal distribution of wealth among the stakeholders (Shehu *et. al.*, 2015). Islamic banks should ban the monopoly of trade activities by encouraging the participation of the entire business community in trade activities including small businessmen so that they may have the opportunity to engage in trade and further develop their businesses (Lahsasna, 2013). Furthermore, Lahsasna also stressed on *maqasid al-shariah* to be culminated by directing wealth via the financial system to flourish the financial institutions, preserving the wealth of the public through the deposit schemes in insurance offered by the regulators, converting savings into investments to overcome the decline in wealth due to zakat and inflation and ensure savings for the people, and channeling them into productive business activities and investments.

Besides that, it is important for Islamic banks to understand and implement the concept of *maqasid al-shariah* in its entirety. Even so, previous studies have been found stating that *maqasid al-shariah* is not being fully implemented by Islamic banks (Hassan & Nor, 2019). According to Asutay and Harningtyas (2015), there is a lack of performance in

achieving *maqasid al-shariah* from Islamic banks. The overall industry concentrates mainly on self, faith and rights and stake-holding rather than wealth orientation, despite the fewer contributions in social entity, intellect, posterity and ecology. The respondents from the research of Asmadi (2015) opined that some banks did not uphold the value above in their products and operations with regards to the current Islamic finance practices. This is the main reason that led BNM to introduce VBI as a tool for Islamic banks to achieve *maqasid al-shariah* in a more structured framework. However, the question that was raised by the public is whether or not all Islamic banks are achieving *maqasid al-shariah* in their banking operations.

Islamic Bank and *Maqasid Al-Shariah* before VBI Implementation

R1 (personal communication, 7 February, 2020) from BIMB stated that BIMB is the first full-fledged Islamic bank in Malaysia (Muhammad & Ahmed, 2016). Before the establishment of BIMB, the conventional banking system was the only option for customers in Malaysia to do their banking activities. As majority of the citizens in Malaysia are Muslims, it was inevitable to do their banking activities even though they were aware that conventional banking systems did not comply with Shariah. When BIMB opened up their business, Muslims in Malaysia could perform banking transactions aligned with fulfilling the five protections of *maqasid al-shariah* especially in protection of wealth as the elements of *riba* were eliminated.

R1 emphasized that BIMB had already achieved *maqasid al-shariah* but it was not as structured as compare to before the VBI implementation. The products and services provided fulfill the five protections of *maqasid al-shariah*, for example, in protection of dignity, the bank offers a product on wasiat or will-writing services in collaboration with Amanah Raya Berhad. By making a will in BIMB, the bank will appoint an executor or administrator to ease the administration of the customer's estate upon their death. The estate will be distributed for the benefit of charity and the customer's loved ones according to the customer's wishes as well as to safeguard the future of the beneficiary.

R1 further clarified that another product that fulfills *maqasid al-shariah* before the implementation of VBI is the personal financing whereby

customers can receive benefits from quick cash money without involving *riba*, thus fulfilling the protection of wealth. The facilities provided by the bank are a secured form of financing to meet personal financial needs which is calculated based on either a fixed rate or variable/floating rate. Examples of the products are Personal Financing-i and Personal Cash Line-i.

On top of that, BIMB also offered products and services on *Bancatakaful*, offering protection on both life and intellect as mentioned in *maqasid al-shariah*. The examples of the products and services are *Takaful Azam* and *Takaful Aman*. Both products and services are underwritten by Prudential BSN, one of the *Takaful* operators in Malaysia regulated by BNM. *Takaful Azam* provides protection to intellect as it is an investment-linked plan that matures when the child reaches 25 years old and offers different sets of options for the applicant to plan at age 80 or 100. The plan provides protection for the child's education, fund and well-being; thus, protection of intellect can be achieved. Besides that, *Takaful Aman* is an investment-linked plan that matures at age 80 or 100. It simultaneously provides both protection and savings. In the event of a death or accident causing total or permanent disability, *Takaful Aman* would be able to provide protection to the applicant, while also giving providing savings and returns in the event of retirement.

The establishment of the first Islamic financial institution, known as Muslims Pilgrim Board or *Tabung Haji* in 1963 which served to assist Malaysia's Muslim community in performing their *hajj* which is the last pillar of Islam, providing savings and investment services based on *shariah* principles, is seen to be in line with *maqasid al-shariah* (Muhammad & Ahmed, 2016). Bank Islam Malaysia Berhad offers Auto-Teller Machine (ATM) and Cash Deposit Machine (CDM) services for *Tabung Haji* customers to assist in their transactions. With these services, *Tabung Haji* account holders can gain access to their accounts through Bank Islam savings or current accounts to check their balance enquiry, perform cash withdrawal and cash deposit.

Therefore, *maqasid al-shariah* was achieved before VBI was introduced by BNM. From the interview with R1, BIMB already had the products and services to achieve *maqasid al-shariah* and the activities or programmes that resembles to what VBI have done but the activities were not

highlighted. When VBI was introduced by BNM, it made the implementation of *maqasid al-shariah* more structured and transparent.

R2 (personal communication, 14 February, 2020) from Maybank Islamic Berhad stated that the life or fundamental of Islamic banks are based on the pure intention to implement Islam in its operation. The elements of *maqasid al-shariah* can be fulfilled in Islamic banks by following the belief on Allah the Almighty and also by fulfilling the five protections in *maqasid al-shariah*. Maybank Islamic Berhad tries to fulfil each level of *maqasid al-shariah* (*dharuriyyat* (the essential), *hajiyyat* (the complementary), and *tahsiniyyat* (the embellishment)) based on the priority of each level. R2 stated that from Maybank's perspective, *maqasid al-shariah* is for real economy. All products that Maybank Islamic Berhad promotes and offers to the customers comply with *shariah* requirements. In certain circumstances, the bank faces some difficulties to get in line with *maqasid al-shariah* in the real world when it concerns regulatory requirement, market competitiveness and limitation on awareness since Maybank Islamic Berhad is the subsidiary of Maybank Group which possesses a dual-banking system in the group company.

R2 stated that Maybank Islamic Berhad will look towards accounting and financing with generic real economic benefits to the people, for example, when the bank does business, the bank does not just focus on financial profit but also focuses on the Triple Bottom Line which are planet, people, and plant. Therefore, this corresponds to the principles in *maqasid al-shariah*, especially in terms of regulatory and guidance as Maybank Islamic Berhad is the subsidiary of a conventional bank, which primarily focuses on the financial goal. It also shifts in terms of direction and commitment towards bringing back *maqasid al-shariah*.

R2 claimed that the *maqasid al-shariah* was already realised in Maybank Islamic Berhad by means of offering in its products and services that are more humane and caring. For example, the bank may face situations whereby some customers who are in dire need of financial assistance may not gain access to it due to their job and economical condition, hence, the bank tries to look into their credit standing and determine some ways to help ease these customers by offering the products and services which can help in their financial problems.

R2 also stated the fact that Maybank Islamic Berhad does screening on the companies showing interest in doing financing with the bank, whereby the screening will determine whether the company has any issues with the environment. For example, if the company is found to be facing pollution issues, the bank tries to avoid involving itself with this kind of company. The bank also has negative screening list which consists of a list of companies that the bank is unable to finance and receive deposit from. The bank will forsake profit in order to prioritise the good cause in which the bank upholds and believes in by preserving *maqasid al-shariah* which is to protect human's life.

In terms of protection of life, R2 mentioned that Etiqa Takaful Berhad by Maybank under the implementation of Bancatakaful offers family Takaful plans through their agent forces, bank partners and online channels. This type of product assists customers to get Shariah-compliant insurance products for life and general protection. Maybank Trustees Berhad offers will and wasiat products under its investment products. *Wasiat* is a declaration of a person made during his lifetime with respect to his property or benefit thereof, to be carried out for the purpose of charity or for any other purposes permissible by Shariah law, after his death (Rahman & Mohammad Monawer, 2020). In other words, it is one of the ways to manage wealth distribution upon someone's death for lineage protection.

Maybank Islamic Berhad also promotes *halal* (permissible) trading by encouraging *halal* company growth. The bank will consider the *halal* aspect as one of its criteria and finance them to ensure that the company has better chances for their business to expand and grow. Thus, the bank will not finance any business sectors that are involved in casino operations, liquor productions, and tobacco products as the bank aims to aid *halal* companies to grow and at the same time, fulfil the requirements of *maqasid al-shariah*.

R2 mentioned that Maybank Islamic Berhad has achieved *maqasid al-shariah* before the VBI implementation but the *maqasid al-shariah* was not well structured. Furthermore, R2 also asserted that, other than fulfilling the five protections of *maqasid al-shariah*, the bank should do more to improve themselves rather than staying stagnant and assuming that all steps to comply with Shariah has been completed. *Maqasid al-shariah* is a long progressive journey and the bank has consulted with BNM that at

least, the bank has moved at a distance rather than just merely fulfilling the five protections of *maqasid al-shariah*. It is also mentioned that BNM's decision to introduce VBI is a good step as VBI is an excellent opportunity for banks to outgrow conventional banks because it will lead the banking industry into a new trend by being an exemplary institution. Thus, the bank wants to present better ways for all banks, regardless of being an Islamic or conventional bank, to be more sustainable.

R3 (personal communication, 6 January 2020) from Agrobank explained that Agrobank was converted to a full-fledged Islamic bank on the 1st of July 2015. The transition of Agrobank into a fully Islamic banking system was seen as a positive development, based on the rapid growth of the Islamic banking sector in the country. Before the conversion of the bank, Agrobank had offered a tobacco financing scheme for tobacco plantation industries. As one of the Development Financial Institution in Malaysia with a mandate to develop Malaysia's agriculture industry, there may not have been any issues in providing financial assistance to the tobacco plantation as it is an agriculture industry. However, looking from the Shariah perspective, as an Islamic bank, Agrobank should not be financing such business activities as it does not safeguard the *maslahah* (interest) of the society. Upon the conversion, Agrobank had stopped the financing scheme for tobacco-related business as it was against the Shariah principle. R3 stressed that no matter how different scholars defined *maqasid al-shariah*, it cannot be deviated from its true meaning which is to protect the *maslahah* of the society in protecting the five elements of *maqasid* which are protection of religion, protection of life, protection of intellect, protection of lineage and protection of wealth.

R3 emphasized that before the implementation of VBI in 2017, Agrobank had already applied *maqasid al-shariah* into their products and services by providing comprehensive financial solutions across the agriculture chain. For example, Agrobank had launched one product under Agro Entrepreneur project that applied *maqasid al-shariah* namely Fund for Food (3F) (Aziz, 2011). The objective of this financing product is to increase the production of food in the country and reduce food imports into Malaysia. 3F also provides funding for projects in food sectors at a reasonable cost, in addition to promoting primary food production and efficient distribution of food and food products. By providing this financing facility, Agrobank had

successfully applied *maqasid al-shariah* as an alternative to conventional loan in protecting public *maslahah*. This facility further reflects *maqasid al-shariah* for protection of life as it is only eligible for the halal food industry.

R3 stated that Agrobank had also offered a Bumiputera Industrial and Business Community Scheme (MPPB) financing to promote and develop Bumiputera entrepreneurs in the agriculture sector, particularly in the production of food crop, processing and marketing of agriculture products except for rubber, palm oil, tobacco, cocoa, pepper, forestry, drinks and vegetable oil. With that effort, the *halal* food industry was supported strongly by Agrobank and hence, gained confidence from investors and customers towards Malaysia as the hub for *halal* goods industry.

R3 agreed that before the launching of the strategy paper for VBI by BNM in March 2018, there was no proper framework at Agrobank in implementing value creation beyond banking. With guidance by BNM, Agrobank had successfully governed and implemented value-based intermediation in their business operations and further continued their efforts in achieving *maqasid al-shariah* in their banking operations.

CONCLUSION

This paper discussed the concept of *maqasid al-shariah* in Islamic banks and how it should be realised. The analysis on whether Islamic banks achieved *maqasid al-shariah* in their products and services before the implementation of VBI were also thoroughly discussed. The actualisation of *maqasid al-shariah* in Islamic banks is an indication that the banks' products and services provide benefit and impact that may protect the religion, life, intellect, wealth and lineage of human beings and the society as a whole. It can be concluded that *maqasid al-shariah* has been realised in Islamic banks even before the implementation of Value-based Intermediation by BNM. This can be proven based on the products and services offered by the three Islamic banks involved in this research which exceedingly fulfils the concept of *maqasid al-shariah*. However, before the implementation of VBI, Islamic banks were at a disadvantage as there were no proper framework or guidelines in the implementation of *maqasid al-shariah* into their banking operations other than their understanding on *maqasid al-shariah*.

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