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Maqashid Shariah as a Performance Measure in Islamic Banks: An Empirical Study of Financial Indicators in Indonesia

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ABSTRACT

Purpose : This study aims to analyze the effect of Return on Assets (ROA), Non-Performing Financing (NPF), Temporary Syirkah Funds (TSF), Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), and Operating Expenses to Operating Income (BOPO) on Maqashid Shariah performance in Islamic Commercial Banks (BUS) in Indonesia during 2014–2024.

Design/methodology/approach: The study employs a quantitative approach with panel data regression. The sample consists of six Islamic Commercial Banks selected through purposive sampling, resulting in 66 observations over eleven years. The Maqashid Shariah Index (MSI) is measured using Abu Zahrah's framework modified by Mohammed et al. (2008), which covers the dimensions of education, justice, and welfare.

Findings: The results indicate that ROA, NPF, and TSF significantly and positively affect Maqashid Shariah performance. In contrast, CAR, FDR, and BOPO show no significant influence. These findings highlight that profitability, community participation through syirkah funds, and even the management of problematic financing can strengthen the ethical and social objectives of Islamic banking.

Theoretical Contribution/Originality: This study contributes by integrating financial indicators with maqashid shariah, showing that Islamic bank performance cannot be fully captured by conventional profitability measures. It provides new insights into the paradoxical role of NPF in reinforcing sharia-oriented outcomes.

Research limitation and implication: The study is limited to financial indicators and a ten-year sample of six banks, without considering non-financial dimensions such as CSR, ESG, or qualitative aspects of maqashid. Future research should integrate both financial and non-financial measures to obtain a more holistic evaluation.

***Keywords**:* Maqashid Shariah, Islamic banking, ROA, NPF, Temporary Syirkah Funds, CAR, FDR, BOPO, financial performance, panel data, Indonesia

JEL Classification: G21, G32, Z12

INTRODUCTION

The development of the Islamic banking industry in Indonesia has consistently shown a positive trend over the years. This growth is largely driven by the increasing awareness of the Muslim population regarding the importance of applying sharia principles in economic activities. As the country with the largest Muslim population in the world, Indonesia holds significant potential to strengthen the competitiveness of Islamic banking. In 2024, out of approximately 282.48 million inhabitants, 245.97

million, or about 87.08%, identified as Muslims. Such a demographic structure should ideally encourage Islamic banks to expand their market share and improve their performance quality. However, it must be noted that institutional expansion does not always translate into substantive effectiveness in delivering sharia-based performance.

Given this context, it is crucial to measure the performance of Islamic banks not only from a financial perspective but also in terms of their alignment with the objectives of sharia (maqashid shariah). Unlike conventional banks, which primarily emphasize profitability, Islamic banks pursue profits while adhering to Islamic principles, such as avoiding riba and ensuring compliance with sharia law. This distinction reflects the broader mission of Islamic economics, where financial gain is integrated with ethical and religious obligations. Consequently, Islamic banking performance should be assessed not only through financial indicators but also through dimensions such as sharia compliance, social contribution, and the realization of maqashid shariah values (Bedoui, 2019; Mohammed et al., 2008).

The application of maqashid shariah as a framework for performance measurement offers several advantages. First, it incorporates Islamic values into the evaluation process, ensuring that the indicators used are not merely quantitative but also encompass ethical and spiritual dimensions(Bedoui, 2019). Second, this approach provides a more comprehensive and strategic alternative, as it allows Islamic banks to be evaluated in a universal and applicable manner (Mohammed et al., 2008). Third, it highlights the unique identity of Islamic banks, which possess distinct performance measurement tools compared to conventional institutions (Paryadi, 2021; Wahyudi, 2022).

Moreover, maqashid shariah serves as a holistic and strategic instrument for performance evaluation in Islamic banking. According to Mohammed et al. (2008), maqashid consists of three main dimensions: education, justice, and public interest (maslahah). By employing both quantitative and qualitative indicators, this framework captures the overall achievements of Islamic banks, reflecting not only their compliance with Islamic values but also their role in shaping meaningful policy directions. Empirical evidence further suggests that the implementation of maqashid shariah supports the attainment of both social and commercial objectives, enhances the positive image of Islamic banks, and ultimately attracts more customers (Hidayat & Usman, 2021).

Despite its advantages, previous studies investigating the relationship between financial indicators and maqashid shariah performance have yielded inconsistent results. For instance, Return on Assets (ROA) has been reported to positively influence maqashid shariah (Prilevi et al., 2020; Rahma & Arifin, 2022), whereas other studies found no significant impact (Zulpahmi et al., 2018). Similarly, Non-Performing Financing (NPF) was shown to negatively affect maqashid shariah (Prilevi et al., 2020), while Temporary Syirkah Funds (DST) demonstrated both positive and insignificant results across different studies (Kaaffah & Ayu, 2021; Sulistyawati et al., 2020; Zulpahmi et al., 2018). Other indicators such as the Capital Adequacy Ratio (CAR) have been linked to stability and maqashid achievement (Prilevi et al. (2020), while the Financing to Deposit Ratio (FDR) contributes positively to social outcomes

(Komariah, 2025). In contrast, the Operating Expenses to Operating Income ratio (BOPO) tends to negatively affect maqashid shariah, reflecting inefficiency (Damayanti & Savitri, 2019).

These inconsistencies highlight the existence of an important research gap that merits further examination. Addressing this gap is essential to better understand how financial performance indicators interact with maqashid shariah objectives in practice. While some indicators, such as ROA and Temporary Syirkah Funds, appear to strengthen both financial stability and social objectives, others, like NPF, CAR, FDR, and BOPO, show mixed or contradictory evidence across different studies. This variation raises questions about whether financial indicators can consistently capture the multidimensional role of Islamic banks, which must balance profitability with adherence to sharia principles and social welfare. Furthermore, the lack of consensus in previous findings suggests the need for more comprehensive approaches that consider both financial and non-financial aspects in measuring performance. In response to this gap, the present study aims to analyze the effects of ROA, NPF, Temporary Syirkah Funds, CAR, FDR, and BOPO on maqashid shariah performance in Islamic Commercial Banks in Indonesia over the 2014–2024 period, thereby providing new insights into the integration of financial indicators with the broader objectives of Islamic economics.

LITERATURE REVIEW

Maqashid Shariah is a fundamental concept in Islamic law that emphasizes the preservation of religion, life, intellect, progeny, and wealth (Ghazzali & Ashqar, 1997). Zahrah (2011) expanded this framework into three pillars: educating individuals (tahdzib al-fard), establishing justice (iqamat al-'adl), and promoting public interest (jalb al-maslahah). These principles guide the performance assessment of Islamic financial institutions, which are distinguished from conventional banks by their dual focus on profitability and social welfare (Sudrajat & Sodiq, 2016).

To operationalize these objectives, the Maqashid Shariah Index (MSI) was developed, integrating dimensions of education, justice, and public interest into measurable indicators such as educational grants, research, fair contracts, zakat distribution, and real sector investment (Kholid & Bachtiar, 2016). This index enables maqashid achievement to be evaluated comprehensively through financial instruments. Supporting this perspective, Shariah Enterprise Theory (SET) views Allah as the ultimate owner of resources and humans as khalifah, while Stewardship Theory positions managers as stewards prioritizing depositor interests over personal gain (Triyuwono, 2000; Usamah, 2010).

Several financial indicators are used to explain the determinants of maqashid shariah performance. Return on Assets (ROA) reflects profitability, Non-Performing Financing (NPF) indicates financing risk, and Temporary Syirkah Funds (TSF) represent public participation in profit-sharing contracts. Meanwhile, Capital Adequacy Ratio (CAR) captures capital strength, Financing to Deposit Ratio (FDR) shows intermediation efficiency, and Operating Expenses to Operating Income (BOPO) measures managerial efficiency (Noval & Aisyah, 2021; Sudana, 2015; Sulistyawati et al., 2020).

Empirical studies on these determinants have shown mixed results. For example, while some find ROA and TSF positively influence maqashid, others report insignificant effects. Similarly, NPF often shows a negative impact, but the strength of this relationship varies across studies. CAR and FDR are generally associated with positive contributions, while BOPO tends to have a negative effect due to reduced efficiency (Prilevi et al., 2020; Rahma & Arifin, 2022; Tamin et al., 2022). These inconsistencies reveal a research gap, underscoring the need for further investigation into the role of profitability, financing risk, and temporary syirkah funds in supporting maqashid shariah.

Accordingly, the researcher constructed the following conceptual framework to illustrate the research model:

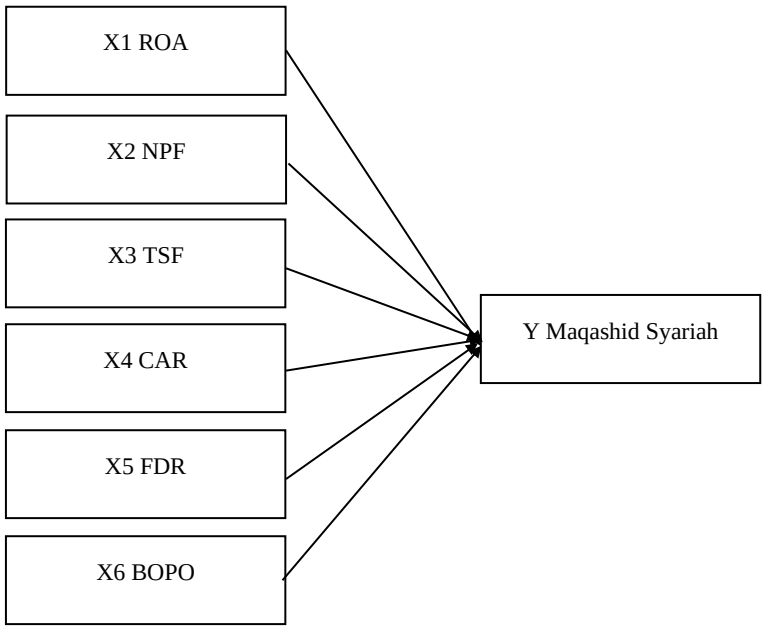

Figure 1. Research Framework
Source : Processed by the Researcher

Return on Assets (ROA) is a profitability indicator that reflects a bank's ability to manage its assets to generate income. In the context of Islamic banking, higher profitability serves as a means to strengthen the bank's socio-economic role in line with maqashid shariah principles, such as enhancing community welfare and preserving wealth (hifz al-māl). Studies by Prilevi et al. (2020) and Rahma & Arifin (2022) demonstrate that ROA has a positive effect on maqashid shariah performance. H1: ROA has a positive effect on maqashid shariah performance.

Non-Performing Financing (NPF) reflects problematic financing risks that may hinder the intermediation function of Islamic banks. High levels of NPF reduce the bank's capacity to channel productive financing, thereby limiting its contribution to maqashid shariah objectives. Empirical evidence

from Hidayat & Usman (2021) and Prilevi et al. (2020) shows that NPF negatively affects maqashid shariah.

H2: NPF has a negative effect on maqashid shariah performance.

Temporary Syirkah Funds (TSF) represent profit-sharing based investment funds that reflect public trust in Islamic banks. The greater the TSF collected, the higher the bank's capacity to provide productive financing that supports maqashid shariah, such as poverty alleviation and equitable distribution of welfare. Research by Rahma & Arifin (2022) and Sulistyawati et al. (2020) indicates that TSF positively influences maqashid shariah performance.

H3: TSF has a positive effect on maqashid shariah performance.

The Capital Adequacy Ratio (CAR) measures a bank's capital adequacy in absorbing risks. A higher CAR reflects strong financial capacity, operational stability, and increased public trust. From a maqashid shariah perspective, sufficient capital ensures the protection of wealth (hifz al-māl) and the sustainability of the bank's social role. Prilevi et al. (2020) also found that CAR positively impacts maqashid shariah.

H4: CAR has a positive effect on maqashid shariah performance.

The Financing to Deposit Ratio (FDR) reflects the effectiveness of transforming third-party funds into financing. An optimal FDR supports economic empowerment and contributes to maqashid shariah objectives, particularly in establishing justice (iqāmat al-'adl) and preserving wealth. Nurul Komariah (2025) found that FDR has a positive relationship with maqashid shariah.

H5: FDR has a positive effect on maqashid shariah performance.

The Operating Expenses to Operating Income (BOPO) ratio measures the operational efficiency of banks. A high BOPO indicates inefficiency, reducing profitability and weakening the bank's ability to perform its social functions. This inefficiency can obstruct the achievement of maqashid shariah, especially in welfare improvement and distributive justice. Wahab & Ali (2024) emphasize the importance of cost efficiency in supporting maqashid shariah performance.

H6: BOPO has a negative effect on maqashid shariah performance.

RESEARCH METHOD

This study employs a quantitative approach with an associative research design, aiming to examine the causal influence of independent variables on the dependent variable through statistical analysis (Hardani et al., 2020; Sugiyono, 2018). The population of this research consists of all Islamic Commercial Banks (Bank Umum Syariah/BUS) registered with the Financial Services Authority (Otoritas Jasa Keuangan/OJK) during the 2014–2024 period, totaling 14 banks. The list of the population is presented as follows:

Table 1. Population of Islamic Banks in Indonesia

No.	Islamic Commercial Banks
1.	PT. Bank Muamalat Indonesia
2.	PT. BPD Riau Kepri Syariah

3.	PT. Bank Aceh Syariah
4.	PT. Bank Tabungan Pensiunan Nasional
5.	PT. Bank Panin Dubai Syariah, Tbk
6.	PT. Bank Mega Syariah
7.	PT. Bank Jabar Banten Syariah
8.	PT. BCA Syariah
9.	PT. Bank Syariah Bukopin
10.	PT. Bank Aladin Syariah, Tbk
11.	PT. Bank Victoria Syariah
12.	PT. Bank Syariah Indonesia, Tbk
13.	PT. BPD Nusa Tenggara Barat Syariah
14.	PT. Bank Nano Syariah

Source : The Financial Services Authority of Indonesia (Otoritas Jasa Keuangan/OJK)

Through purposive sampling, six Islamic Commercial Banks (BUS) were selected that met the following criteria: (1) registered with the Financial Services Authority (OJK) throughout the research period, (2) published complete financial statements in accordance with the research variables, and (3) provided Maqashid Shariah indicators. With an observation period of 11 years, the total research sample consists of 66 observations. The following are the Islamic banks that meet the criteria and are included in the sample:

Table 2. Research Sample

No	Islamic Commercial Banks	Code
1.	Bank Central Asia Syariah	BCAS
2.	Bank Jabar Banten Syariah	BJBS
3.	Bank Mega Syariah	BMS
4.	Bank Muamalat Indonesia	BMI
5.	Bank Panin Dubai Syariah	PNBS
6.	Bank Victoria Syariah	BVS

Source : Processed by the Researcher

The data used in this study are secondary data in the form of annual financial reports of Islamic Commercial Banks (BUS), obtained from the Financial Services Authority (OJK), Bank Indonesia, and the official websites of each bank. The dependent variable is the Maqashid Shariah Index (MSI), measured using the Abu Zahrah (1958) approach as modified by Mohammed et al. (2008), which consists of three dimensions: *tahdzib al-fardh* (education), *iqamah al-'adl* (justice), and *jalb al-maslahah* (welfare).

The independent variables include Return on Assets (ROA), Non-Performing Financing (NPF), Temporary Syirkah Funds (TSF), Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), and Operating Expenses to Operating Income (BOPO). The operational variables in this research are presented in the following table:

Table 3. Table of Operational Definition of Variables

Variable	Measurement	Scale
	Dependent Variable	
Maqashid Syariah	MI = PI (O1) + PI (O2) + PI (O3)	Ratio

	Independent Variables	
Return On Assets (ROA)	$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \text{ x } 100\%$	Ratio
Non Performing Financing (NPF)	$\text{NPF} = \frac{\text{Total Non} - \text{Performing Financing}}{\text{Total Financing Distributed}} 100\%$	Ratio
Temporary Syirkah Funds	Natural logarithm of total temporary syirkah funds	Ratio
Capital Adequacy Ratio (CAR)	$CAR : \frac{Capital}{Risk - Weighted\ Assets} x\ 100\%$	Ratio
Financing to Deposit Ratio (FDR)	$FDR : \frac{Total\ Financing}{Total\ Third - Party\ Funds} x\ 100\%$	Ratio
Operating Expenses to Operating Income (BOPO)	$BOPO : \frac{Operating\ Expenses}{Operating\ Income} x\ 100\%$	Ratio

Source : Processed by the Researcher

Data analysis was conducted using panel data regression through several stages: descriptive statistical analysis, model selection (Common Effect Model, Fixed Effect Model, and Random Effect Model), classical assumption tests (multicollinearity and heteroscedasticity), and hypothesis testing (F-test, t-test, and coefficient of determination) (Napitupulu et al., 2021; Widarjono, 2007).

RESULTS AND DISCUSSIONS

Selection of the Appropriate Panel Data Regression Model

a. Uji chow

Table 4. Results of Regression Analysis

Effect Test	Prob.
Cross-section F	0.4157
Cross-section Chi-quare	0.3111

Source : Output Eviews 12

Based on the test results above, the probability value of the Cross-section Chi-square is 0.3111 > 0.05, meaning that the Common Effect Model (CEM) is selected. Since CEM is chosen, the next step is to conduct the Lagrange Multiplier Test to choose between the Common Effect Model (CEM) and the Fixed Effect Model (FEM).

b. Uji LM

Table 5. Results of Regression Analysis

	Cross-section
Breusch-pagan	0.5470

Source : Output Eviews 12

Based on the results of the Lagrange Multiplier Test in the table above, the cross-section Breusch-Pagan value is 0.5470 > 0.05, which indicates that the Common Effect Model (CEM) is accepted. After conducting the Chow Test and the Lagrange Multiplier Test, it can be concluded that the Common Effect Model (CEM) is the most appropriate model to be used in this study.

Classical Assumption Test

a. Uji Multikolineritas

Table 6. Results of Multicollinearity Test

	Correlation					
	X1	X2	X3	X4	X5	X6
X1	1.000000	-0.710081	0.098642	0.011540	-0.202481	-0.804282
X2	-0.710081	1.000000	-0.288995	0.011796	0.144915	0.512744
X3	0.098642	-0.288995	1.000000	0.011796	-0.014674	-0.091932
X4	0.011540	0.011796	0.011796	1.000000	-0.102428	-0.011072
X5	-0.202481	0.144915	-0.014674	-0.102428	1.000000	0.199472
X6	-0.804282	0.512744	-0.091932	-0.011072	0.199472	1.000000

Source : Output Eviews 12

The results of the multicollinearity test using the correlation output from EViews show that all correlation coefficients among the independent variables are below the critical threshold of ±0.85. The highest correlation was recorded between X1 and X2 at -0.710081, which remains within the acceptable tolerance limit. Meanwhile, the correlation between X1 and X3 (0.098642) and between X2 and X3 (-0.288995) is relatively weak.

Therefore, this regression model does not suffer from serious multicollinearity problems. The low to moderate correlation values indicate the absence of strong linear relationships among the independent variables, ensuring that the model estimation can be carried out stably and the results can be interpreted reliably (Napitupulu et al., 2021).

b. Uji Heteroskedstisitas

Table 7. Results of Heteroskedasticity Test

Variabel	Koefisien	Std. Err	t-Statistic	Prob.
C	0.643996	4.082888	0.157730	0.8752
ROA	0.690202	0.330360	2.089875	0.0409
NPF	0.110550	0.103851	1.064510	0.2914
Dana Syirkah Temporer	-0.277785	0.212673	-1.306163	0.1966
CAR	-0.001263	0.001579	-0.800126	0.4268
FDR	-0.021674	0.015516	-1.396878	0.1677
BOPO	0.055317	0.025516	2.167940	0.0342

Source : Output Eviews 12

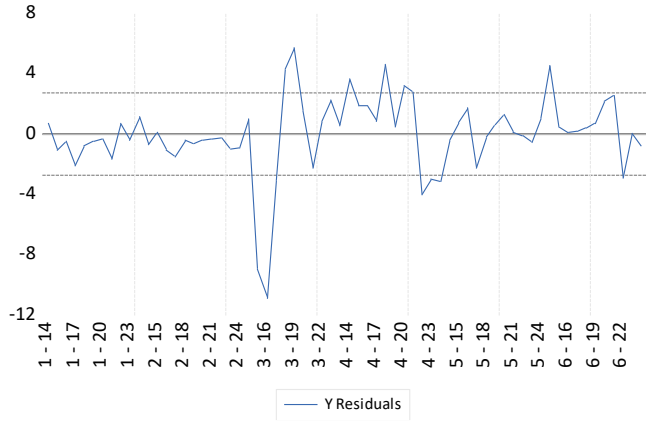

Figure 2. Results of Heteroskedasticity Test

Source : Output Eviews 12

The test results indicate that the variables ROA (p = 0.0409), CAR (p = 0.0977), and BOPO (p = 0.0423) have p-values below 0.10, suggesting a potential influence on the absolute residuals. Meanwhile, the variables NPF, Temporary Syirkah Funds, and FDR have p-values above 0.10, indicating no statistically significant effect on heteroskedasticity.

In addition, the p-value of the F-statistic is 0.130880, which is greater than 0.05, indicating that, simultaneously, there is no significant heteroskedasticity. This finding is further supported by the residual plot, which shows a random pattern without any systematic shape, whether narrowing or spreading. Therefore, the regression model analyzing the effects of ROA, NPF, Temporary Syirkah Funds, CAR, FDR, and BOPO on the performance of Maqashid Syariah (Y) is declared free from heteroskedasticity issues and is appropriate for use without requiring data transformation or residual variance correction.

Hypothesis Testing

a. Uji Simultan (Uji F)

Table 8. Results of F-Test

F-Statistic	**17.38357**
F Tabel	2.5678

Source : Output Eviews 12

The calculated F-value is 17.38357, which is greater than the F-table value of 2.5678, with a significance level of 0.000000. Therefore, H0 is rejected and Ha is accepted, meaning that the variables ROA, NPF, Temporary Syirkah Funds, CAR, FDR, and BOPO simultaneously have a significant effect on Maqashid Syariah in Islamic banks in Indonesia.

b. Koefisien Determinasi

Table 9. Coefficient of Determination (R^2) Results

R-Square	**0.638705**

Source : Output Eviews 12

Based on the coefficient of determination (R^2) test, the R^2 value obtained is 0.638705. In Islamic banks in Indonesia, this result indicates that, overall, the independent variables used in the study are able to explain 63.87% of the dependent variable, while the remaining 36.13% is explained by other variables outside the scope of this research.

c. Uji Pasial t (Uji-t)

Table 10. Results of t-Test

Variable	Coeficient	Std. Err	t-Statistic	Prob.
C	20.69647	5.865851	3.528298	0.0008
ROA	1.441311	0.474482	3.037655	0.0035
NPF	0.317952	0.149201	2.131026	0.0373
Temporary Syirkah Funds	0.622067	0.305545	2.035924	0.0463
CAR	-0.000727	0.002268	-0.320536	0.7497
FDR	-0.001727	0.022292	-0.077461	0.9385
BOPO	-0.032767	0.036659	-0.893844	0.3750

Source : Output Eviews 12

The partial influence of the independent variables on the dependent variable is as follows:

a. The results of the t-test on the Return on Assets (ROA) variable show that the calculated t-value is 3.073655, which is greater than the t-table value of 1.998972, with a significance level of 0.0035 < 0.05. This means that H_0 is rejected and H_a is accepted, indicating that ROA has a significant effect on the performance of Maqashid Syariah in Islamic banks in Indonesia. With a regression coefficient value of 1.441311, the effect of ROA on Maqashid Syariah is positive, meaning that the higher the bank's ROA, the higher its performance achievement based on the Maqashid Syariah indicators.
b. The results of the t-test on the Non-Performing Financing (NPF) variable show that the calculated t-value is 2.131026, which is greater than the t-table value of 1.998972, with a significance level of 0.0373 < 0.05. This indicates that NPF has a significant effect on the performance of Maqashid Syariah in Islamic commercial banks in Indonesia. The regression coefficient value of 0.317952 demonstrates a positive influence, which contrasts with the initial assumption that NPF would have a negative effect on Maqashid Syariah performance.
c. The results of the t-test on the Temporary Syirkah Funds (DST) variable show that the calculated t-value is 2.035924, which is greater than the t-table value of 1.998972, with a significance level of 0.0463 < 0.05. Thus, H_0 is rejected and H_a is accepted, meaning that DST has a significant effect on the performance of Maqashid Syariah in Islamic banks in Indonesia. The regression coefficient value of 0.622067 indicates a positive influence.

d. The results of the t-test on the Capital Adequacy Ratio (CAR) variable show that the calculated t-value is -0.320536, which is lower than the t-table value of 1.998972, with a significance level of 0.7497 > 0.05. Thus, H_0 cannot be rejected, indicating that CAR does not have a significant effect on the performance of Maqashid Syariah. The regression coefficient value of -0.000727 shows a negative direction of influence, but it is not statistically strong.
e. The results of the t-test on the Financing to Deposit Ratio (FDR) variable show that the calculated t-value is -0.077461, which is lower than the t-table value of 1.998972, with a significance level of 0.9385 > 0.05. This indicates that FDR does not have a significant effect on the performance of Maqashid Syariah. The regression coefficient value of -0.001727 shows a negative direction of influence, but the effect is very small and statistically insignificant.
f. The results of the t-test on the BOPO variable show that the calculated t-value is -0.893844, which is lower than the t-table value of 1.998972, with a significance level of 0.3750 > 0.05. This means that BOPO does not have a significant effect on the performance of Maqashid Syariah in Islamic banks in Indonesia. The regression coefficient value of -0.032767 indicates a negative direction of influence, but the effect is not statistically strong.

DISCUSSION

ROA has a positive effect on Maqashid Shariah performance.

ROA measures the efficiency of banks in generating profits from assets (Sarna & Damrus, 2023). In Islamic banking, profitability not only reflects financial performance but also the trust in safeguarding and developing public funds in line with maqashid, particularly *hifz al-mal* (Alwi et al., 2022; Dusuki & Bouheraoua, 2011). A higher ROA enables banks to support social programs, education, and economic empowerment. The t-test results show that ROA has a significant positive effect on Maqashid Shariah performance (t = 3.037655; sig. 0.0035). This aligns with Stewardship Theory, which emphasizes the management of trust Wahab & Ali (2024), and with studies by Prilevi et al. (2020), (Rahma & Arifin (2022), and Bedoui (2019), which highlight the role of ROA in promoting welfare.

NPF has a negative effect on Maqashid Shariah performance.

NPF reflects the quality of financing, where a higher ratio typically reduces bank stability (Wahyuni, 2014). However, this study finds that NPF has a significant positive effect on Maqashid Shariah performance (t = 2.131026; sig. 0.0373). This finding indicates that an increase in NPF encourages banks to implement evaluations, training, and debtor development aligned with maqashid, especially *tahdzib al-nafs* and *hifz al-mal* (Asmara, 2019; Sahlan, 2018). Thus, although initially predicted to be negative, NPF instead reinforces banks' commitment to sustainability and the improvement of the Islamic financial system.

Temporary Syirkah Funds (TSF) have a positive effect on Maqashid Shariah performance.

TSF represent customers' profit-sharing-based funds, reflecting their trust in bank management. The t-test results show that TSF have a significant positive effect (t = 2.035924; sig. 0.0463). TSF

encourage banks to channel productive financing into the real and social sectors, thereby supporting maqashid, particularly *hifẓ al-mal* and *tahqiq al-maslahah* (Rahma & Arifin, 2022; Sulistyawati et al., 2020). This is consistent with Stewardship Theory (Usamah, 2010), which emphasizes trust, and Shariah Enterprise Theory, which stresses the bank's accountability to Allah, society, and the environment.

CAR has a positive effect on Maqashid Shariah performance.

CAR indicates the bank's ability to bear risk. However, the t-test results show that CAR does not significantly affect maqashid (t = -0.320536; sig. 0.7497). This is consistent with Wahab & Ali (2024), who argue that capital is primarily focused on protecting depositors and fulfilling regulations, rather than directly supporting maqashid indicators. Hence, capital only plays an indirect role, unless explicitly allocated for socio-economic programs.

FDR has a positive effect on Maqashid Shariah performance.

FDR reflects the bank's intermediation function. However, this study finds that FDR does not significantly affect maqashid (t = -0.077461; sig. 0.9385). This supports the findings of Hasanah (2019), Harianto (2017), and Munir (2018), that the level of FDR does not influence maqashid if financing is not allocated to beneficial sectors. This implies that the quality of fund distribution is more important than the quantity.

BOPO has a positive effect on Maqashid Shariah performance.

BOPO measures the bank's operational efficiency. The test results show that BOPO does not significantly affect maqashid (t = -0.334403; sig. 0.7392). This aligns with Wahab & Ali (2024), who state that operational efficiency does not automatically enhance maqashid if not accompanied by social orientation and Shariah values. Thus, BOPO is not a main determinant of maqashid performance, although it remains important for internal efficiency.

CONCLUSION AND RECOMMENDATION

This study examines the effect of financial indicators consisting of ROA, NPF, Temporary Syirkah Funds, CAR, FDR, and BOPO on maqashid shariah performance in Indonesian Islamic Commercial Banks during the 2014–2024 period using panel data regression. The findings show that ROA, NPF, and Temporary Syirkah Funds have a positive and significant effect on maqashid shariah, while CAR, FDR, and BOPO are not significant. These results confirm that profitability and participatory funds can strengthen the social and ethical mission of Islamic banks, and that non-performing financing, despite contradicting the initial hypothesis, may generate positive impacts through financial education and social empowerment. Theoretically, this research enriches the integration of financial performance with maqashid shariah, while practically, it highlights the importance for Islamic banks to optimize ROA and Temporary Syirkah Funds for social purposes and manage NPF through educational rather than merely punitive measures. Socially, the study emphasizes that financial performance should contribute to justice, asset protection, and community welfare.

Nevertheless, this research has limitations. It focuses solely on financial variables, excludes non-bank Islamic financial institutions, and covers only six banks with a ten-year period that does not fully reflect recent dynamics such as digitalization, ESG, and Islamic social finance. Moreover, the linear quantitative method cannot capture qualitative aspects of maqashid, such as intention and spirituality. Future research is recommended to combine financial and non-financial indicators, including CSR and shariah compliance, and to employ qualitative approaches to explore how maqashid is internalized in practice. Practitioners are advised to develop maqashid-based performance measures, while regulators can design supportive policies that align financial stability with social and ethical missions of Islamic banking.

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