

Assessing Islamic Banking Performance Using the *Maqasid al-Shariah* Index: Evidence from Islamic Banks

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Abstract

This research is motivated by the phenomenon of differing institutional characteristics between Bank Syariah Indonesia (BSI), a result of a major merger, and Bank Muamalat Indonesia (BMI), the pioneer of pure Islamic banking. Although both banks operate under the same regulations, there is a debate regarding the extent to which asset scale influences the achievement of the substantive goals of Islamic law. The objective of this study is to evaluate and compare the Maqashid Sharia performance of BSI and BMI during the 2021–2024 period. The methodology employed is a descriptive comparative quantitative approach using the *Maqashid Sharia* Index (MSI) method, covering three primary dimensions: *Tahdhib al-Fard* (Education), *Iqamah al-Adl* (Justice), and *Jalbi al-Mashlahah* (Public Interest). The results indicate that BSI achieved a higher

aggregate MSI score of 0.676 compared to BMI's score of 0.546. BSI consistently excels in the educational and macro-interest dimensions due to strong capital support, while BMI demonstrates better resilience in the justice dimension, particularly in customer profit-sharing distribution. The recommendation of this study is for BSI to increase its portion of profit-loss sharing financing to strengthen the justice dimension, while BMI is advised to accelerate digitalization and operational efficiency to enhance its social interest reach.

Keywords: *Maqashid Sharia* Index, Islamic Banking Performance, BSI, Bank Muamalat, Comparative Study.

INTRODUCTION

The global Islamic economy has experienced significant growth over the past decade, positioning Islamic finance as an important pillar of global economic stability. According to the State of the Global Islamic Economy Report 2022, Islamic financial assets reached USD 3.6 trillion in 2021 and are projected to grow to USD 4.9 trillion by 2025, driven by increasing demand for ethical and crisis-resilient financial instruments (Dinar Standard, 2022). This development demonstrates the resilience of Islamic banking in facing economic shocks, including the COVID-19 pandemic, through its risk-sharing principles that differ from interest-based systems (Iqbal & Mirakhor, 2011). As the country with the largest Muslim population in the world, Indonesia possesses substantial potential for Islamic banking development, although its achievement still lags behind countries such as Malaysia and several Gulf states.

The Islamic banking industry in Indonesia has developed considerably since the establishment of Bank Muamalat Indonesia in 1991 as the first Islamic bank in the country. Based on data from the Otoritas Jasa Keuangan, by December 2024 Indonesia had 14 Islamic Commercial Banks (BUS), 19 Islamic Business Units (UUS), and 173 Islamic Rural Financing Banks (BPRS). In addition, Islamic banking assets, financing, and third-

party funds continued to increase consistently during 2020–2024, indicating improving industry performance and public trust (Otoritas Jasa Keuangan, 2024).

A major transformation occurred on February 1, 2021, when the Indonesian government established Bank Syariah Indonesia through the merger of three state-owned Islamic banks: BRI Syariah, Bank Syariah Mandiri, and BNI Syariah (Bank Syariah Indonesia, 2021). This merger aimed to strengthen competitiveness and create a large-scale Islamic banking institution with broader market reach and stronger capital capacity. Meanwhile, Bank Muamalat Indonesia underwent a recovery phase following the entry of the Hajj Financial Management Agency (BPKH) as the controlling shareholder in 2021–2022, which strengthened the bank’s financial structure and competitiveness (Bank Muamalat Indonesia, 2023).

The 2021–2024 period represents an important phase for evaluating Islamic banking performance during post-pandemic economic recovery. However, financial growth alone cannot fully reflect the success of Islamic banks because Islamic banking performance should also be assessed based on social, ethical, and sharia objectives (Saputri, 2021). Conventional indicators such as ROA and ROE are therefore considered insufficient to measure the broader objectives of Islamic banking. For this reason, the Maqashid Sharia Index (MSI) is used as a more comprehensive approach. Developed from Abu Zahrah’s maqashid framework, MSI measures Islamic banking performance through three dimensions: educating individuals (*tahdzib al-fard*), establishing justice (*iqamah al-‘adl*), and promoting public welfare (*jalb al-mashlahah*) (Mohammed et al., 2008).

Several previous studies have applied MSI in evaluating Islamic banking performance. Bank Syariah Indonesia showed dynamic post-merger performance during 2021–2022, indicating that asset consolidation does not automatically guarantee stable maqashid achievement (Inarawi et al., 2024). Another study found that BSI performed better in justice and welfare dimensions, while Bank Muamalat Indonesia excelled in the educational dimension during the COVID-19 period (Fitriansyah, 2023). Other studies also highlighted challenges in balancing profitability and sharia compliance within Islamic banking institutions (Shilamaya, 2025). Furthermore, Muchlis, (2022) identified BMI as

one of the strongest Islamic banks in *maqashid* achievement during 2015–2020, while Riswanti, (2025) observed a decline in BSI's MSI score during 2021–2023 due to operational and service quality challenges after the merger.

Despite these findings, most previous studies focused primarily on the pandemic period or the early post-merger transition phase. Therefore, a comparative analysis between Bank Syariah Indonesia and Bank Muamalat Indonesia during the broader economic recovery period of 2021–2024 remains limited. This study seeks to fill that gap by examining whether BSI's large-scale asset dominance is accompanied by stronger *maqashid* performance, or whether BMI maintains superior consistency in implementing Islamic values. Using the *Maqashid Sharia* Index approach, this research aims to provide a more comprehensive understanding of Islamic banking performance in Indonesia during the post-pandemic recovery era.

LITERATURE REVIEW

Sharia Banking in Indonesia

Islamic banks are financial institutions that operate based on Islamic principles and avoid practices containing *riba*, *gharar*, *maysir*, and unlawful transactions, while emphasizing profit-sharing and trade-based financing systems (Ilyas, 2018). In Indonesia, Islamic banking consists of Sharia Commercial Banks (BUS), Sharia Business Units (UUS), and Sharia Rural Financing Banks (BPRS) (Ascarya & Yumanita, 2005).

The Islamic banking industry in Indonesia has experienced significant growth in recent years. Based on data from the Otoritas Jasa Keuangan, by the end of 2024 there were 14 BUS, 19 UUS, and 173 BPRS operating in Indonesia (Otoritas Jasa Keuangan, 2024). Law No. 21 of 2008 states that Islamic banking aims to support national development through justice, welfare, and equitable economic distribution. Therefore, Islamic banks are expected to channel financing not only toward consumptive sectors but also toward productive sectors that contribute to economic development and employment creation (Hidayat & Surahman, 2017).

Bank Syariah Indonesia

Bank Syariah Indonesia (BSI) was officially established on February 1, 2021 through the merger of three state-owned Islamic banks: BRI Syariah, Bank Syariah Mandiri, and BNI Syariah (Suhaimi, 2021). The merger aimed to strengthen the competitiveness of Islamic banking in Indonesia by expanding market reach, increasing capital capacity, and improving service integration (Bank Syariah Indonesia, 2021).

BSI positions itself as a modern Islamic bank with a vision to become one of the top ten Islamic banks globally. By 2024, BSI had become the largest Islamic commercial bank in Indonesia, supported by assets exceeding Rp408 trillion, more than 22.6 million customers, and 1,101 branch offices across the country. The bank provides various products and services covering savings, financing, investment, hajj and umrah services, treasury, and corporate banking solutions (Fajri et al. 2024).

Bank Muamalat Indonesia

Bank Muamalat Indonesia (BMI) is the first Islamic bank in Indonesia, established in 1991 through the initiative of the Indonesian Ulema Council (MUI), the Indonesian Muslim Intellectuals Association (ICMI), Muslim entrepreneurs, and government support (Rambe, 2020). BMI officially began operations in 1992 after obtaining its commercial banking license from the Ministry of Finance. The bank experienced several institutional adjustments, including a temporary name change to Bank Syariah Muamalat Indonesia following Bank Indonesia regulations before returning to its original name in accordance with Law No. 21 of 2008 concerning Islamic Banking (Bank Muamalat Indonesia, 2023).

BMI's vision is to become one of the best Islamic banks and among the ten largest banks in Indonesia, supported by prudent management, professional human resources, and innovative Islamic financial services (Bank Muamalat Indonesia, 2023). In terms of performance, BMI's assets increased from Rp58.89 trillion in 2021 to Rp66.95 trillion in 2023 before slightly declining in 2024. BMI also became the first Indonesian bank to expand operations into Malaysia through the establishment of a branch office in Kuala Lumpur in 2009 (Bank Muamalat, 2025). BMI offers various Islamic banking products

covering fundraising and financing services, including savings, deposits, hajj savings, home financing, working capital financing, and microfinance products (Huda et al. 2024).

Banking Merger and Consolidation Theory

A merger is a legal process in which two or more companies combine into a single entity to improve efficiency and strengthen capital structure (Sudana, 2015). In Islamic banking, mergers are expected to enhance competitiveness and operational capacity. However, post-merger performance does not necessarily improve immediately. Hovenkamp, (2005) explains that companies generally experience a consolidation phase during the first one to two years after a merger, characterized by increased operational costs due to system integration, organizational adjustments, rebranding, and branch rationalization. Operational synergies and efficiency gains usually emerge after the transition phase is completed. This theory is relevant in analyzing the post-merger performance of Bank Syariah Indonesia during the 2021–2024 period (Zen et al. 2024).

Concept of Trend Analysis (Time Series Analysis)

Time Series Analysis is a statistical approach used to observe data behavior over a certain period and identify trends, fluctuations, and growth patterns (Damodar et al., 2009). In banking studies, time series analysis is important to evaluate the consistency and sustainability of bank performance. Compared to single-year observations, multi-period analysis provides a more comprehensive understanding of banking resilience, particularly during the post-pandemic recovery period of 2021–2024 (Huda et al. 2024).

Comparative Theory: Most Similar Systems Design (MSSD)

Most Similar Systems Design (MSSD) is a comparative approach derived from John Stuart Mill's method of difference, which compares entities with similar characteristics but different key variables (Mill, 1843). This method allows researchers to isolate the factors causing variations in outcomes by controlling similarities between research objects (Landman & Carvalho, 2017).

Methodologically, MSSD helps minimize external biases in comparative studies because the compared entities operate under relatively similar environments (Collier, 1993). In this study, Bank Syariah Indonesia and Bank Muamalat Indonesia are considered comparable because both operate within the same regulatory framework under the supervision of the Otoritas Jasa Keuangan and comply with DSN-MUI fatwas. However, they differ in institutional structure and asset scale. Therefore, differences in Maqashid Sharia Index (MSI) performance can be analyzed as the result of internal strategic and structural differences rather than external environmental factors (Imari et al. 2023).

Maqashid Sharia Index (MSI)

Linguistically, *maqashid* refers to goals or objectives, while sharia refers to Islamic law or principles. The term index represents a ratio or measurement used to evaluate specific characteristics (Almaany, 2025). Thus, the Maqashid Sharia Index (MSI) can be understood as a measurement framework used to assess the achievement of sharia objectives in Islamic institutions. According to Solihin, (2019), *maqashid sharia* represents the values and objectives underlying Islamic law and its implementation.

The *Maqashid Sharia* Index is widely used to evaluate Islamic banking performance because conventional financial indicators are considered insufficient to capture the social and spiritual objectives of Islamic banks. Based on Abu Zahrah's framework, *maqashid sharia* consists of three primary objectives: educating individuals (*Tahdzib al-Fard*), establishing justice (*Iqamah al-'Adl*), and promoting public welfare (*Jalb al-Mashlahah*) (Setiyobono, 2019). These concepts were further operationalized by Mohammed et al., (2008) into ten measurable elements.

The first objective, *Tahdzib al-Fard*, evaluates the bank's role in education and human resource development through indicators such as educational grants, research, training, and publications. The second objective, *Iqamah al-'Adl*, measures fairness and justice in banking operations through fair returns, equitable financing distribution, and interest-free products. The third objective, *Jalb al-Mashlahah*, assesses welfare creation

through profitability, income distribution, zakat allocation, and investment in the real sector (Mohammed, 2008).

In measuring Islamic banking performance, MSI applies several stages, including calculating performance ratios for each element, determining performance indicators, and ranking Islamic banks using the Simple Additive Weighting (SAW) method (Setiyobono, 2019). The SAW approach combines weighted scores from all dimensions to generate the final MSI value. The overall MSI score is obtained by summing the three main performance indicators: educating individuals, establishing justice, and promoting public welfare (Agustina, 2022). The main concept of MSI can be concluded as follows:

- a) *Tahzib al-Fard*, educational grants, research, training, and publications.
- b) *Iqamah al-'Adl*, fair returns, equitable financing, and interest-free product.
- c) *Jalb al-Mashlahah*, profitability, zakat distribution, and real sector investment.

RESEARCH METHODS

This research is a type of library *research* with a quantitative approach with uses time series data with an observation period of 4 (four) years, starting from 2021 to 2024. The sampling technique is a purposive sampling technique. The data used in this study is secondary data, the source of data for this study was obtained from the official website of each bank and the website of the Financial Services Authority (Suminto and Miftahul Huda 2025). The analysis method used is divided into three main stages:

- a) Measurement of *Maqashid Sharia* Index (MSI), The first step is to calculate the performance score using the *Simple Additive Weighting* (SAW) formulation developed by Mohammed (2008), this process involves:
 - 1. Calculation of performance ratios for each measurement element
 - 2. Multiply the value of the ratio by the weight of the indicator
 - 3. Sum up the scores of the three destinations to get the final MSI
- b) Trend Analysis, Trend analysis is used to determine the direction of the bank's performance during the observation period (2021–2024). This method aims to look

at the fluctuations, stability, and growth of BSI and BMI performance post-pandemic and post-merger (Damodar et al., 2009).

- c) **Comparative Analysis**, A comparative analysis was conducted to compare the performance between Bank Syariah Indonesia (BSI) and Bank *Muamalat* Indonesia (BMI) *head-to-head*. The goal is to find out which banks are superior in applying the principles of *sharia maqashid* in aggregate and in each dimension (Muhson, 2006)

DISCUSSION

After explaining the overview of the research object, the next stage is to measure performance using the *Maqashid Sharia Index* (MSI) method. This measurement was carried out in a *time series* during the period 2021 to 2024 to see the performance trends of Bank Syariah Indonesia (BSI) and Bank *Muamalat* Indonesia (BMI) post-pandemic and post-merger:

1. Formulation of the *Maqashid Sharia Index* (MSI) Method Measurement

a. Indicators for objective 1: Educating Individual (*Tahzib al-Fard*)

The Performance Indicators (IK) for the first goal are formulated as follows:

- $IK(T_1) = W_1 \times (w_1E_1 \times R_1 + w_2E_2 \times R_2 + w_3E_3 \times R_3 + w_4E_4 \times R_4)$
 W_1 : It is the main weight for educational purposes, which in this study is set at 30% according to MSI standards.
- $w_1E_1 \dots w_4E_4$: Is the specific weight for each element in the educational objectives.
- w_1 : (Education Assistance) has a weight of 24%.
- w_2 : (Research/Research) has a weight of 27%.
- w_3 : (Training) has a weight of 26%.
- w_4 : (Publication) has a weight of 23%.
- $R_1 \dots R_4$: It is the actual performance ratio calculated from the bank's annual report data.
- R_1 : Ratio of Education Grants to Total Costs.

- R_2 : Ratio of Research Costs to Total Costs.
- R_3 : Ratio of Training Cost to Total Cost.
- R_4 : Ratio of Promotion/Publication Costs to Total Costs.

b. Indicators for Objective 2: Establishing Justice (*Iqamah al-Adl*)

The second goal, *Establishing Justice*, is measured through three strategic elements: fair returns, affordable products, and the elimination of injustice (interest-free products). The mathematical formulation is:

$$IK(T_2) = W_2 \times (w_5E_5 \times R_5 + w_6E_6 \times R_6 + w_7E_7 \times R_7)$$

- $IK(T_2)$: Is the total score of the Performance Indicators for Objective 2 (*Iqamah al-Adl*).
- W_2 : It is the main weight for the purpose of Justice, which has the largest portion in MSI at 41%.
- $w_5E_5 \dots w_7E_7$: Is a specific weight for each element in the goal of justice.
- w_5 : (Fair Return) has a weight of 30%.
- w_6 : (Affordable Price) has a weight of 32%.
- w_7 : (Interest-Free Product) has a weight of 38%.
- $R_5 \dots R_7$: Is the actual performance ratio.
- R_5 : Ratio *Profit Equalization Reserve* (or Profit/Total Income) to Net Investment Income.
- R_6 : Ratio of Profit Sharing Financing (Mudharabah + Musyarakah) to Total Investment.
- R_7 : Ratio of Interest-Free Income to Total Income.

c. Indicators for Objective 3: Public Interest (*Jaib al-Mashlahah*)

The third goal, namely *Public Interest*, is measured through three elements: profitability, income distribution (zakat), and real sector investment. The mathematical equation is:

$$IK(T_3) = W_3 \times (w_8E_8 \times R_8 + w_9E_9 \times R_9 + w_{10}E_{10} \times R_{10})$$

- $IK(T_3)$: Is the total score of the Performance Indicators for Objective 3 (*Jalb al-Mashlahah*).
- W_3 : Is the main weight for the purpose of Benefit, set at 29%.
- $w_8E_8 \dots w_{10}E_{10}$: It is the specific weight of the benefit element.
- w_8 : (Profitability) has a weight of 33%.
- w_9 : (Personal Income/Zakat) has a weight of 30%.
- w_{10} : (Real Sector Investment) has a weight of 37%.
- $R_8 \dots R_{10}$: Is the actual performance ratio.
- R_8 : Net Profit to Total Assets (ROA) Ratio.
- R_9 : Ratio of Zakat to Net Assets.
- R_{10} : Ratio of Real Sector Investment to Total Investment.

2. Aggregation of the Final Value of the *Maqashid Sharia Index* (MSI)

After the performance indicator values for each purpose are obtained, the final step is to $IK(T_1), IK(T_2), IK(T_3)$ summation the total to obtain the final MSI score for each bank in each observation year (2021, 2022, 2023, and 2024). The final aggregation formula is:

$$MSI_{Total} = IK(T_1) + IK(T_2) + IK(T_3)$$

3. Performance Indicator Measurement Result for Objective 1: Educating Individual (*Tahzib al-Fard*)

Based on the results of processing annual *report data* in *time series* from 2021 to 2024, it was found that the performance dynamics were very contrasting between PT Bank Syariah Indonesia Tbk (BSI) and PT Bank *Muamalat* Indonesia Tbk (BMI). The data recapitulation of the performance value of the two banks' education indicators is presented in Table 1 below.

Table 1

Comparison of the Performance Values of Educating Individual Indicators (IK 1) for the 2021–2024 Period

Year	IK 1 - BSI	IK 1 - BMI	Gap
2021	0.002101	0.001316	0.000785
2022	0.003147	0.001503	0.001644
2023	0.004333	0.001275	0.003058
2024	0.005475	0.001473	0.004002
Average	0.003764	0.001392	0.002372

Table 1. shows that during the four years of observation, BSI consistently recorded a higher score than BMI. In fact, the performance gap between the two banks continues to widen from year to year.

a. BSI Growth Trend Analysis: Massive Social Fund Expansion

BSI's education performance showed a very positive linear growth trend during the 2021–2024 period, with the score increasing from 0.0021 to 0.0054, representing a growth of over 160%. This increase coincided with post-merger net profit growth, which boosted allocations for social funds, CSR, and the Qardhul Hasan program for education and training. Furthermore, the surge in the score in 2022–2023 was influenced by the expansion of flagship programs such as the BSI Scholarship and the strengthening of BSI *Mashlahah*, which expanded the distribution of educational assistance in a more structured and massive manner. BSI's substantial investment in human resource development, post-merger work culture integration, and research and development of the BYYON application also contributed to an increase in the ratio of education and training costs to the bank's total operating costs (Suminto and Maharani 2020).

b. BMI Performance Trand Analysis: Stability in the Midst of Efficiency

In contrast to BSI, BMI's performance in the education dimension tended to stagnate, with small fluctuations in the score range of 0.0012–0.0015 during the 2021–2024 period. The slight increase in 2022 was influenced by the influx of BPKH investments, which helped strengthen the bank's liquidity. While the decline in the score in 2023 reflected efficiency policies to maintain the capital

adequacy ratio (CAR) and asset quality by reducing non-priority costs such as promotion, education, and training. Nevertheless, BMI remains committed to developing sharia education through the Muamalat Institute, one of the oldest sharia economics training centers in Indonesia. However, BMI's smaller asset scale and total costs cause the MSI ratio to appear relatively stagnant compared to BSI's aggressive expansion.

c. Comparative Analysis: The Widening Gap

The analysis of this *time series* data reveals the phenomenon of *the widening gap*. In 2021, the score difference between the two banks was only 0.0007 points. However, in 2024, the gap swells to 0.0040 points. This confirms that in the implementation of *Tahdzib al-Fardi's* goals using the MSI method, economic scale (*scale*) is a determining factor. BSI with its enormous resources is able to carry out "education spending" in volumes that cannot be matched by BMI. BMI, on the other hand, prefers a survival mode strategy by maintaining efficiency, so that the contribution to the education aspect tends to be stable but does not grow exponentially.

4. Performance Indicator Measurement Result for Objective 2: Establishing Justice (*Iqamah al-Adl*)

The results of the *time series measurement* for the 2021–2024 period show the dynamics of very tight and fluctuating competition between the two banks. In contrast to the education dimension which is absolutely dominated by BSI, in this dimension of justice there is an interesting phenomenon of intersection (intersection) of performance. The recapitulation data of the performance value of the justice indicator is presented in Table 2.

Table 2

Comparison of the Performance Value of the Establishing Justice Indicator (IK 2) for the 2021–2024 Period

Year	IK 2 - BSI	IK 2 - BMI	Gap	Remarks
2021	0.113885	0.077432	0.036453	BSI Superior

2022	0.135419	0.140833	-0.005414	BMI Superior
2023	0.152359	0.111744	0.040615	BSI Superior
2024	0.124651	0.099466	0.025185	BSI Superior
Average	0.131579	0.107369	0.024210	BSI Superior

Source: *Processed Secondary Data (2025)*

Table 2 shows that although BSI is superior on average, BMI was able to record the highest performance in 2022.

a. BSI Trend Analysis: Growth That Has Experienced a Correction

BSI's performance on the *Iqamah al-Adl* dimension showed an upward trend, from 0.113 in 2021 to a peak of 0.152 in 2023, supported by post-merger cost of funds efficiency and the bank's ability to offer competitive profit-sharing schemes (Bank Syariah Indonesia, 2021). However, in 2024, the score declined to 0.124 due to macroeconomic pressures, including an increase in Bank Indonesia's benchmark interest rate, which prompted product pricing adjustments and suppressed the profit-sharing distribution ratio to customers.

b. BMI Trend Analysis: Post-Restructuring Performance Surge

BMI's performance on the *Iqamah al-Adl* dimension exhibited a fluctuating pattern, with a significant increase from 0.077 in 2021 to 0.140 in 2022, surpassing the BSI score. This increase was influenced by the ownership restructuring by the BPKH, which strengthened the bank's financial structure, enabling BMI to offer more competitive profit-sharing schemes and investment products (Bank Muamalat Indonesia, 2023). However, the score declined again to 0.111 in 2023 and 0.099 in 2024 as stagnant asset and third-party fund growth limited the bank's ability to distribute added value to customers.

c. Comparative Analysis: Justice is Not Always Directly Proportional to Assets

Analysis of the *Iqamah al-Adl* dimension shows that large assets do not always guarantee a high level of distributive justice. This was evident in 2022, when BMI, despite having smaller assets, was able to surpass BSI through a more competitive profit-sharing and cost-sharing scheme (Ascarya & Yumanita, 2005).

However, 2024 data demonstrates that sustaining the justice ratio still requires strong business growth fundamentals, as demonstrated by BSI's ability to strengthen its position in 2023 through stable business volume growth.

5. Performance Indicator Measurement Result for Objective 3: Public Interest (*Jaib al-Mashlahah*)

The results of the 2021–2024 time series measurements show a very dynamic performance battle. BSI shows long-term growth consistency, while BMI shows surprising performance spikes in certain periods. Comparative data on benefit performance scores is presented in Table 3.

Table 3

Comparison of the Performance Value of the Public Interest Indicator (IK 3) for the 2021–2024 Period

Year	IK 3 - BSI	IK 3 - BMI	Gap	Remarks
2021	0.028671	0.021504	0.007167	BSI Superior
2022	0.031094	0.026340	0.004754	BSI Superior
2023	0.035230	0.036141	-0.000911	BMI Superior
2024	0.040164	0.027225	0.012939	BSI Superior
Average	0.033790	0.027803	0.005987	BSI Superior

Source: Processed Secondary Data (2025)

a. BSI Trend Analysis: The Dominance of Power of Capital

BSI's performance on the *Jaib al-Mashlahah* dimension shows a steady upward trend, from 0.028 in 2021 to 0.040 in 2024, supported by strong capital, increased net profit, and post-merger operational efficiency. Profitability ratios carry significant weight in the MSI calculation, so BSI's profit growth contributes to an increase in the company's zakat score. Furthermore, this profit increase is directly proportional to the company's increased zakat distribution, making BSI one of the largest corporate zakat contributors in Indonesia in 2024.

b. BMI Trend Analysis: Volatility and Surprises in 2023

BMI's performance on the *Jalb al-Mashlahah* dimension tends to fluctuate, with a peak score of 0.036 in 2023, slightly exceeding the BSI (Bank Muamalat Indonesia, 2023). This improvement was driven by aggressive expansion of productive sector financing, which significantly impacted the real sector investment ratio due to BMI's smaller asset scale. However, in 2024, the score dropped again to 0.027, indicating that the previous improvement was not sustainable and was still affected by limited liquidity and a slowdown in real sector investment expansion.

c. Comparative Analysis: Stability vs Momentum

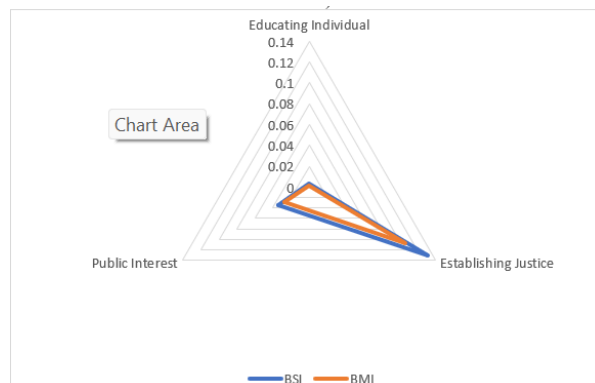
A comparison of the *Jalb al-Mashlahah* dimension shows that banks with large assets like BSI have an advantage in maintaining stable public welfare through consistent profits and zakat distribution. Meanwhile, BMI has the potential to create a high impact on the real sector despite facing challenges in maintaining consistent performance amid economic fluctuations. At the end of the 2024 period, BSI remained ahead with a score difference of 0.012 points, confirming that business scale is a critical factor in the sustainability of the public welfare function of modern Islamic banking (Huda et al. 2023).

6. Discussion of Research Results: Comparative Analysis of BSI and BMI Performance

Before dissecting the analysis of each dimension in depth, it is important to look at the balance of performance maps between the two banks. The difference in the performance characteristics of BSI and BMI during the 2021–2024 period is visualized through the following Radar Diagram (*Spider Chart*). This diagram maps the average performance pull on the three axis of *the Maqashid Sharia* objective:

Figure 1

BSI vs BMI Average MSI Performance Diagram 2021-2024



The main finding, the dominance of BSI which ranks first in aggregate during the 2021–2024 period with a total cumulative score of 0.676, outperforming BMI which recorded a score of 0.546. These results mark a significant shift in the literature on the performance of Indonesian Islamic banking. Previous studies conducted by Muchlis et al. (2022) in the pre-merger period (2015–2020) consistently placed BMI as the bank with *the best* Maqashid performance (Muchlis, 2022). However, post-2021, BSI's presence as a merger entity has changed the competitive landscape. *BSI's economies of scale* allow it to dominate financial volume-based indicators (such as profit and social funds), which gives great weight to MSI's calculations.

Despite this, BMI shows remarkable resilience. These findings are in line with prior research who noted that during the pandemic transition period, BMI was able to stick tightly to BSI's performance (Fitriansyah, 2023). This is evident in the 2022 data, where the score difference between the two banks is very thin (0.0009 points), indicating that BMI remains a serious competitor in the application of sharia values even with much smaller assets.

In the education dimension, BSI shows absolute superiority with an uptrend, while BMI tends to be stagnant. This disparity reflects the impact of fiscal capacity on social contributions. BSI's excellence is inseparable from the Corporate Social

Responsibility (CSR) budget allocation and massive human resource development. Programs such as BSI Scholarship and BSI *Mashlahah* which were aggressively launched in the 2021–2024 period make a real contribution to the ratio of education grants (Bank Syariah Indonesia, 2024).

The Justice Dimension is the only aspect where BMI is able to outperform BSI even with a difference that is not too far, especially in 2022. This advantage is driven by fair *returns* and inclusive product schemes. These findings confirm that commitment to *the Iqamah al-Adl* principle is not always directly proportional to the size of the asset. BMI, with its leaner structure, is able to offer a competitive and transparent profit-sharing ratio to maintain the loyalty of its traditional customers. On the other hand, BSI actually experienced performance fluctuations in this aspect, with a decrease in score in 2024 (Mufti Afif et al. 2023).

In the *Jalb al-Mashlahah* dimension, BSI once again demonstrated dominance, supported by high profitability, corporate zakat distribution, and substantial real sector financing. Within the *Maqashid Sharia* framework, profit serves as a means to create social welfare, so BSI's profit increase is directly proportional to its zakat contribution and productive financing. Meanwhile, BMI recorded an increase in its real sector investment ratio in 2023, but was unable to maintain it in 2024 due to limited liquidity and capital stability. Overall, the 2021–2024 period demonstrated that BSI excelled in creating large-scale social impact through capital strength, while BMI excelled in upholding the principle of distributive justice in its operations.

CONCLUSION

Based on the results of the research and discussion, it can be concluded that the performance of PT Bank Syariah Indonesia Tbk and Bank Muamalat Indonesia based on the Maqashid Sharia Index (MSI) demonstrates different yet complementary strengths within the Indonesian Islamic banking industry. Overall, BSI achieved a higher cumulative MSI score of 0.676, reflecting progressive and dominant performance, particularly after the merger that successfully created positive synergies in strengthening the implementation

of Maqashid Sharia principles. BSI showed strong consistency in the dimensions of *Tahdzib al-Fard* and *Jalb al-Mashlahah*, as evidenced by the steady growth of educational programs, scholarships, zakat contributions, and broader social welfare initiatives supported by greater asset scale and capital efficiency. However, BSI still needs to optimize the aspect of distributive justice in order to achieve a more balanced realization of Maqashid Sharia objectives.

Meanwhile, BMI obtained a cumulative MSI score of 0.546 with fluctuating performance during the 2021–2024 period, increasing significantly in 2022 due to the positive impact of BPKH investment before slightly declining because of liquidity challenges in subsequent years. Despite operating in a capital recovery phase and having more limited economies of scale, BMI consistently demonstrated resilience and stronger performance in the *Iqamah al-Adl* dimension, particularly in providing more competitive and proportional profit-sharing distribution to stakeholders. These findings indicate that BSI excels in the social-expansive dimensions of Maqashid Sharia, whereas BMI demonstrates comparative strength in distributive justice, implying that the evaluation of both banks ultimately depends on the perspectives and priorities of stakeholders.

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