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Sharia Maqashid Index and Its Effect on The Value of The Firm of Islamic Commercial Bank in Indonesia

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ABSTRACT

This research aimed to measure the performance of Islamic banks using the Sharia Maqashid Index approach and examine its effect on firm value. This current research used the Islamic Commercial Banks in Indonesia as its object, with an observation period of 2012-2018. The sampling method used was purposive sampling. It was done by setting certain criteria according to the purpose of the research and produced a total of 9 Islamic Commercial Banks (ICB) as the research sample. Sharia Maqashid Index measurement results showed the ICB performance ranked from the highest to the lowest were as follows: 1) Mandiri Syariah; 2) Panin Syariah; 3) BCA Syariah 4) Bank Muammalat Indonesia; 5) BRI Syariah; 6) Bukopin Syariah; 7) BNI Syariah; 8) Mega Syariah; 9) Maybank Syariah. The results of hypothesis testing indicated that the sharia maqashid index has an impact on increasing the value of Islamic Commercial Banks. The results of this research provided a significant contribution to the management of Islamic banks, Bank Indonesia, and the Islamic Financial Accounting Standards Development Board. For managers of Islamic banks, the results of this research can be used as performance evaluations so that the goals of establishing Islamic banks, one of which is the public interest, can be achieved. For Bank Indonesia, the results of this research can be used to design policies that can encourage Islamic banks to improve sharia-based performance. As for the Islamic Accounting Standards Board, it can be used to develop sharia compliance audit standards that can guarantee the application of sharia principles in Islamic bank operations.

INTRODUCTION

The business competition is increasing rapidly and dramatically in this global era. This situation requires companies to improve their performance. Performance appraisal or measurement is an important factor in a company, including the banking industry. Performance measurement, in addition to being used to assess the success of a company, is also used to assess an organization's adherence to established standards [1]. The management can also use the company's performance measurement as a tool to evaluate policies in the past period and then used it as a basis for determining future policies [2]. As for investors and potential investors, information about the performance of a firm can be used to assess the company's prospects in the future so that investors can make an appropriate decision [1]. If the company's performance is good, it will increase the confidence of investors and potential investors, which in turn will increase the value of the company.

The Islamic financial and banking system is part of a broader concept of Islamic economics. Its purpose is to put Islamic value and ethical systems in an economic environment [3]. The Islamic perception in Islamic bank financial transaction is not merely a commercial transaction system but also as a religious obligation. The capabilities of Islamic banks to attract customers and prospective customers, investors and prospective investors successfully depend not only on the level of ability of the institution to generate profits but also on the consideration that the institution is paying attention to the limits outlined by Islam [2]. Further, [4] argues that the good performance of Islamic banks is not only on the achievement and increase in profits but also on account power requirements and religious beliefs.

The goal of Islamic economics is the attainment of sharia maqashid by bringing about justice and the balance of society [5]. The purpose of Islamic banks as an Islamic economic sub-system should be to uphold social goals, promote Islamic values to all stakeholders, contribute to social welfare, support economic sustainability, and try to alleviate poverty [5], [6]. Many criticisms have been addressed to Islamic banks which incline to be profit-oriented rather than social-oriented when viewed from the perspective of the Sharia maqashid [7]. So it is necessary to assess the performance of

Islamic banks specifically using Sharia maqashid perspective. This is crucial to provide an assessment of whether the goals of the establishment of Islamic banks conforming the sharia maqashid. So far, the measurement of Islamic bank performance is accomplished by using financial ratios adopt from conventional bank performance measurements, namely CAMELS (Capital, Assets, Management, Equity, Liability, Sensitivity), FRA (Financial Ratio Analysis), EVA (Economic Value Added), DEA (Data Envelope Analysis), SFA (Stochastic Frontier Analysis) [1], [8]. [2], [3] argue that the measurement of Islamic bank performance that refers to conventional performance assessment is not proper as there are differences in the performance indicators of conventional banks with the broader objectives of Islamic banks. This causes the stakeholders of Islamic banks to not be able to see the difference clearly between Islamic banks and conventional banks. This is considered to trigger public mistrust of Islamic banking.

Based on the explanation above, it is paramount to carry out research to measure the performance of an Islamic bank in Indonesia with the Sharia Maqashid Index approach. The difference between this research and previous research lies in the observation period where this current research measures the performance of Islamic banks with a relatively long period (2012-2018), to see the development of Islamic bank performance over the past five years. This research also examines the effect of performance, using the sharia maqashid approach, to the value of the firm of Islamic banking, which has not been much reviewed by previous researchers.

This research has the following insistence: First, BI has so far measured bank performance using the conventional approach of CAMELS (Capital, Assets, Management, Equity, Liability, Sensitivity) and then economists have also developed other performance measurements, such as the FRA (Financial Ratio Analysis), EVA (Economic Value Added), DEA (Data Envelope Analysis), and SFA (Stochastic Frontier Analysis). Conventional-based performance measurement is not appropriate when applied to Islamic banking since it tends to be profit-oriented, so it is not following Islamic principles. To provide sharia-based performance information, it is necessary to measure performance with the Sharia Maqashid Index approach to determine the suitability of the operations of the Islamic bank

with the stated objectives, namely for the public interest. Second, this research examines the effect of Islamic banking performance, as measured by the Sharia Maqashid Index, on the value of the firm of Islamic banks which has never been investigated by previous studies. This research is intended to provide empirical evidence that sharia-based performance will be responded by investors, in the form of an increase in share prices thereby increasing the value of the firm of Islamic banks. Third, this research uses a longer observation period (7 years), from 2012-2018 with the aim to find out the development of sharia maqashid-based performance of Islamic banks over the past seven years, as well as measuring sharia compliance of Islamic banks over the past seven years.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Sharia Maqashid consists of 2 words, namely Maqashid and Sharia [5], [9]. In language, the word maqashid is a plural form of maqshad which means purpose, while sharia means the way to the fountain, which is a straight path that must be followed by every Muslim. Thus it can be interpreted that the maqashid of sharia is the objectives or principles of Islamic law [10]. Moreover, according to [11], the core of the sharia maqashid is *maslahah*, because the stipulation of law in Islam must lead to benefit.

There are three purposes of sharia according to [12], namely:

1. Tahdzibul Fardh/ Educate Individual

Education is vital for each Muslim individual as through education a Muslim can be a source of goodness for the community in their environment. This can be realized through a variety of prescribed worship services, all of which are intended to cleanse the soul and strengthen social solidarity. These services can cleanse the soul of impurities (diseases) inherent in the human heart. This will create an atmosphere of mutual love and avoid hatred among people.

2. Iqamah al-'Adl/ Establish Justice

Justice in this context should be addressed to all parties regardless of religious differences. A Muslim must be fair to fellow Muslims and non-Muslims. This is explained in the Qur'an

Al-Ma'idah verse 8 as follows:

“O you who have believed, be persistently standing firm for Allah, witnesses in justice, and do not let the hatred of people prevent you from being just. Be just; that is nearer to the righteousness. And fear Allah; indeed, Allah is acquainted with what you do.” (Surah Al-Ma'idah [5]: 8).

Islam moves toward social justice. In Islam, every individual has the same position before the law and the court. There is no difference between rich people and poor people. Besides, Islam does not recognize social strata (caste) by giving privileges to certain strata. This is because God sees all human beings are the same, derived from clay which cannot be distinguished by differences in skin color or type of nationality. Therefore all human beings have the same legal status before Islamic law.

3. Jalb Al Maslahah/ Public Interest

Maslahah intended by Islam is a *maslahah* that concerns the public interest, not the interests of a handful of people. This *maslahah* refers to the protection of five things, namely: religion (in), soul (nafs), reason (aql), descent (nasl), and treasure (maal) [9].

The three concepts of sharia maqashid that have been previously described are transformed into a model to measure the performance of Islamic banking. This is because Islamic banks have different systems compared to conventional banks. This fundamental difference is what will distinguish the formulation or creation of Islamic banking products including performance evaluation approaches [9], [13], [14].

The concept of sharia maqashid proposed by [12] was then developed by [3], which adopted the concept of *Sekaran* to compile the operational definition of sharia maqashid variables into a measuring tool to measure the performance of Islamic banking [9]. The present concept describes the concept (C) or objective (O) into an example of observable behavior. To be able to measure the extent of the achievement of each of the objectives that have been determined, it will be seen through several indicators/dimensions (D) that correspond to the objectives that have been determined. This indicator or dimension will be more clearly measured through the element (E)

which will directly measure things that describe the dimensions and objectives.

In order the sharia maqashid framework described above can be used to measure sharia banking performance, [7] did the weighting for each objective (O) and element (E). Verification was done in two stages. The first stage was an interview with twelve experts from the Middle East and Malaysia in the fields of Islamic banking, fiqh and Islamic economics. Then in the second stage, weight verification was carried out in the form of a questionnaire. In this second stage, sixteen experts were asked to determine the weight of each component and to ascertain whether the weighting was acceptable.

The Effect of Performance on Firm Value

In the long run, the company's main goal is to maximize the value of the firm. The higher the value of the company, the more prosperous the owner (shareholder) will be. Company value is the value that prospective buyers are willing to pay if the company is sold. The higher the value of the company, the more prosperous the owner of the company [15].

Performance is a description of the level of achievement of a company in realizing the goals, objectives, vision, and mission contained in the strategic plan of a company. A high-performance score of the Maqashid Index, which reflects the high level of Shariah compliance in Islamic bank operations, will increase investor and customer confidence to invest in the relevant Islamic bank. An increased reputation will escalate share prices, which in turn will have an impact on increasing the value of the firm. From the explanation above, the hypothesis that would be tested in this study is as follow.

H1: The performance of Islamic banks as measured by the Sharia Maqashid Index will increase the value of the Islamic banks.

METHOD

Design

This type of research is descriptive-quantitative research that is a research that emphasizes testing

theories through the measurement of research variables with numbers that aim to test hypotheses. The theory tested in this research is Al Maqashid Al-sharia theory.

Research Object

The object of this research was the Islamic banks listed in the Indonesia Stock Exchange in 2012-2018. This research considered to take the object of Islamic banking companies as Islamic banking has its own type of transactions that are relatively different from general or conventional banking. Islamic banking selected as the object of this current research was Islamic Commercial Banks (ICB) since this type of bank provided complete data related to the variables to be examined.

Data and Data Collection Method

The data used were secondary data as it was obtained indirectly from published resources. The data was obtained from financial statements and annual reports of Islamic banking obtained from the Financial Services Authority (OJK) website or on the official website of the Islamic banking itself.

Data collection was carried out by the documentation method. Data was collected, recorded and reviewed. Meanwhile, the literature was originated from previous research and supported by other literature such as books, journals, and other relevant information.

Population and Sample

The population of this research was Islamic banking registered at the Financial Services Authority (OJK). The sample was selected through a purposive sampling method by setting certain criteria to obtain a representative sample under research objectives. The criteria included: 1) Islamic banking registered at the Financial Services Authority (OJK) during the 2012-2018 period; 2) Islamic banking which presented annual reports during the observation period, namely the 2012-2018 period; 3) Islamic banking that presented data to measure research variables, including performance as measured by the Sharia Maqashid Index (SMI) approach and company value, as measured by ROE.

Operational Definition and Variable Measurement

Dependent Variable (Y)

Company value (value of the firm) is the price that buyers are willing to pay if company shares are sold (Husnan, 2003).

The approach used to determine company value is the Return on Equity approach, with the following formula:

$$ROE = \frac{\text{Net income}}{\text{Shareholders' equity}}$$

Independent Variable (X)

Performance is defined as the level of efficiency and effectiveness and innovation by management and divisions of an organization. Performance measurement is defined as the act of measuring the level of conformity between established standards and organizational operations. Islamic banks are operational institutions based on Islamic principles. Measurement of the performance of Islamic banks aims to measure the compliance of sharia (sharia compliance) of Islamic banks following established standards. Performance measurement is performed with the Sharia Maqashid Index (SMI) approach.

Maqashid Index measurement refers to [3], [7], [9], [13], presented in the following table:

Tabel 1
Average Weight of Sharia Maqashid Index Variables

Objective	Weight (W)	Element	Ave. Weight
Education (Tahdhib Al Fard)	0,30	E1. Education Grant/Donation	0,24
		E2. Research	0,27
		E3. Training	0,26
		E4. Publicity	0,23
		Total	1
Justice (Al-Adl)	0,41	E5. Fair Return	0,30
		E6. Fair Price	0,32
		E7. Interest-Free Product	0,38
		Total	1

Public Interest (Al-Mashalah)	0,29	E8. Bank's Profit Ratio	0,33
		E9. Personal Income Transfer	0,30
		E10. Investment Ratio in Real Sector	0,37
Total	1		1

Source: Mahammed, Razak and Taib (2008)

The steps to measure the Mahashid Sharia Index are as follows:

1. Calculate the ratio of the sharia maqashid model (see table 1)
2. Calculate the Performance Index using Simple Additive Weighting (SAW) method, which is the multiplication of ratio with the wight which mathematically can be made as follow:

$$PI = w \times E \times R$$

This formula will be applied to each element of the three concepts (objective) so that if applied to maqashid the first objective index, the formula will be:

$$PI(O1) = (w11 \times E11 \times R11) + (w11 \times R12 \times R12) + (w11 \times E13 \times R13) + (w11 \times E14 \times R14)$$

Moreover, the formula can be transformed into:

$$PI(O1) = w11 \{ (E11 \times R11) + (E12 \times R12) + (E13 \times R13) + (E14 \times R14) \}$$

Where:

PI(O1): depicts the performance index of the first objective, that is tahdhib al-fard (education)

w11: depicts the weight of the first objective

E11: depicts the weight of the first element of the 1st objective

E12: depicts the weight of the second element of the 1st objective

E13: depicts the weight of the third element of the 1st objective

E14: depicts the weight of the fourth element of the 1st objective

R11: depicts the ratio corresponding to the first element of the 1st objective

R12: depicts the ratio corresponding to the second element of the 1st objective

R13: depicts the ratio corresponding to the third element of the 1st objective

R14: depicts the ratio corresponding to the fourth element of the 1st objective

So, the calculation of the second and the third of the performance index of the second and the third objectives can be transformed into:

$$PI(O2) = w22\{(E21 \times R21) + (E22 \times R22) + (E23 \times R23)\}$$

$$PI(O3) = w33\{(E31 \times R31) + (E32 \times R32) + (E33 \times R33)\}$$

The explanation of each code above is the same as the explanation for the first performance index code, just need to change the order of the objective numbers.

3. Add up the results of Sharia Maqashid Index calculation, denoted as follow:

$$MI = PI(O1) + PI(O2) + PI(O3)$$

4. Rank the sample based on their SMI index

Hypothesis Testing

Hypothesis testing was done with a simple regression analysis using the following equation:

$$VoF = \alpha + \beta Perf$$

Where:

VoF = Value of the Firm

α = constanta

β = coeeficient

Perf = performance

RESULTS AND DISCUSSION

Sampling Results

Table 2
Sample Selection

No	Criteria	Total
1	Islamic Commercial Bank registered at BI 2012-2018	16
2	Islamic Commercial Banks which do not have complete data for the years 2012-2018	(7)

3	Islamic Commercial Bank which is the research sample	9
Total observed data (9 x 7 observation year)		63

Source: Processed secondary, 2019

Table 2 above shows that from a population of 16 ICB registered at the Financial Services Authority, there are 7 ICB whose data are incomplete, so they do not meet the criteria for the sample. So this research only includes 9 ICB.

Islamic Commercial Banks as the Sample

Table 3 shows the list of ICB involved as a sample of this research.

Table 3
List of the Research Sample

No.	Code	Bank Name
1	BMS	Bank Mandiri Syariah
2	BMI	Bank Muamalat Indonesia
3	BNIS	Bank Negara Indonesia Syariah
4	BCAS	Bank Central Asia Syariah
5	BUKOPIN	Bank BUKOPIN
6	BRIS	Bank Rakyat Indonesia Syariah
7	PANIN	Bank PANIN Syariah
8	MEGA	Bank Mega Syariah
9	MAYBANK	Maybank Syariah

Source: Processed secondary data, 2019

Measurement Results of Sharia Maqashid Index on Islamic Commercial Banks in 2012-2018

Achievement Ratio for Each Element

Table 4 shows the results of the calculation of ICB financial ratios for each element of the Maqashid Index. The calculation of the ratio shows the performance ratio of each ICB. In the element of educating individuals, as measured by 4 ratios, the ICB that most focused on employee education costs, in the form of scholarships, is Bank Muamalat Indonesia. Whereas the ICB that most focused on the research and development activities of its employees is BNI Syariah. In the training performance ratio, the ICB which has the highest ratio is Bank Mandiri Syariah, this shows the bank's attention on training

activities to improve the quality of its human resources. For the publication element, the ICB which has the highest performance ratio is Panin Bank Syariah. These results indicate that Panin Syariah focuses on promotional activities to educate HR and expand the network.

Table 5 informs the results of the calculation of the average ratio for the second element, namely establishing justice, with 3 ratio indicators, called a fair return, a distribution function, and an interest-free product. The highest ratio for a fair return ratio is performed by Bank Mega Syariah. This means that Bank Mega Syariah prioritizes a balanced distribution of returns between the bank itself and the capital owner. Regarding distribution function and interest-free products, the highest achievement is obtained by Panin Syariah.

Table 5
Achievement of the First Element Ratio (Education and Development) Islamic Commercial Banks in Indonesia for the Period 2012-2018

Bank	Educating Individual			
	Education Grant (R1)	Rersearch (R2)	Training (R3)	Publicity (R4)
BMI	0.01614	0.00197	0.16197	0.02086
BMS	0.00401	0.00002	0.44525	0.00687
MEGA	0.00000	0.00000	0.13294	0.00674
BRIS	0.00000	0.00000	0.14541	0.01462
BUKOPIN	0.00075	0.00000	0.00909	0.02342
PANIN	0.00642	0.00608	0.00775	0.02668
BCAS	0.00864	0.00000	0.01380	0.00444
BNIS	0.01342	0.01342	0.02245	0.02700
MAYBANK	0.00000	0.00000	0.00094	0.00581

Source: Processed secondary data, 2019

Table 6
Achievement of the Second Element Ratio (Establishing Justice) Islamic Commercial Banks in Indonesia for the Period 2012-2018

Bank	Second Element		
	Fair Return (R4)	Distribution Function (R5)	Interest Free Product (R6)
BMI	0.01190	0.44549	0.71820
BMS	0.03446	0.23798	0.43140
MEGA	0.08699	0.08281	0.42424

BRIS	0.02851	0.30663	0.61609
BUKOPIN	-0.01941	0.45115	0.73791
PANIN	0.01206	0.86369	0.74297
BCAS	0.02300	0.71294	0.67855
BNIS	0.04040	0.19891	0.63418
MAYBANK	0.00336	0.59904	0.56828

Source: Processed secondary data, 2019

Table 6
Achievement of Third Element Ratio (Public Interest) Islamic Commercial Banks in Indonesia for the Period 2012-2018

Bank	Public Interest		
	Profit Ratio	Personal Income	Investment in the Real Sector
BMI	0.00088	0.00016	0.94631
BMS	1.72004	0.00178	0.92120
MEGA	0.01298	0.00202	0.93049
BRIS	0.00456	0.02196	0.89551
BUKOPIN	0.00234	0.00000	0.48768
PANIN	0.13969	0.00018	0.89139
BCAS	0.00664	0.06489	0.49273
BNIS	0.00818	0.09147	0.60417
MAYBANK	-0.12231	0.00011	0.60325

Source: Processed secondary data, 2019

Table 7
Achievement of the First Element Ratio (Education and Development) Islamic Commercial Banks in Indonesia for the Period 2012-2018

Bank	Education and Development			
	Education Grant	Research	Training	Publicity
BMI	0,00387	0,00053	0,04213	0,00481
BMS	0,00096	0,00001	0,11576	0,00158
MEGA	0,00000	0,00000	0,03451	0,00155
BRIS	0,03411	0,03871	0,03781	0,00336
BUKOPIN	0,00018	0,01350	0,00236	0,00539
PANIN	0,00154	0,00164	0,00201	0,00614
BCAS	0,00207	0,00000	0,00509	0,00102
BNIS	0,00322	0,00362	0,00584	0,00621
MAYBANK	0,00000	0,00000	0,00024	0,00134

Source: Processed secondary data, 2019

Table 6 shows the results of the calculation of the ratios for the third element, namely the public interest. This dimension is measured by 3 ratio indicators, namely profit ratio, individual income, and real sector investment.

The highest profit ratio indicator is achieved by Bank Mandiri Syariah. The highest individual income ratio is reached by BNI Syariah bank, while the highest real sector investment ratio is performed by Bank Muammalat Indonesia, which is the oldest ICB in Indonesia.

Ratio Calculation Results for Each Element

Tables 7, 8, 9 show the results of the calculation of the ratio of each element. This is measured by the multiplication between the financial ratios of each element and the weight of the elements.

Table 8
Achievement of the Second Element Ratio (Establish Justice) Islamic Commercial Banks in Indonesia for the Period 2012-2018

Nama Bank	Elemen Kedua		
	Return yang Adil	Fungsi Distribusi	Produk Bebas Bunga
BMI	0,00357	0,14251	0,2729
BMS	0,01034	0,07614	0,16392
MEGA	0,020610	0,02650	0,16123
BRIS	0,06855	0,09812	0,13411
BUKOPIN	-0,00582	0,14437	0,2804
PANIN	0,00362	0,27638	0,28223
BCAS	0,06903	0,22814	0,025785
BNIS	0,01212	0,06365	0,24099
MAYBANK	0,00101	0,02158	0,21595

Source: Processed secondary data, 2019

Tables 7, 8, 9 confirm the results of the previous table.

Table 9
Achievement of Third Element Ratio (Public Interest) Islamic Commercial Banks in Indonesia for the Period 2012-2018

Bank	Public Interest		
	Profit Ratio	Individual Income	Investment in Real Real Sector
BMI	0,00029	0,00005	0,35013
BMS	0,56761	0,00053	0,34084
MEGA	0,00428	0,00061	0,33334
BRIS	0,00150	0,00659	0,33134
BUKOPIN	0,00077	0,00000	0,18044
PANIN	0,04610	0,00005	0,32981

BCAS	0,00219	0,01947	0,18231
BNIS	0,00270	0,02744	0,07336
MAYBANK	0,04036	0,00003	0,22320

Source: Pocsessed secondary data, 2019

Measurement Results of the Maqashid Index on Islamic Commercial Bank.

The measurement results of the Islamic Commercial Bank Maqashid Index for 2012-2018 are shown in table 10 below:

Table 10
Sharia Maqhasid Index Measurement Results in 2012-2018

Bank	Educate Individual	Establish Justice	Public Interest	Maqashid Index	Rank
	PI (O1)	PI (O2)	PI (O3)	MI	
BMI	0,01396	0,17181	0,101634	0,28740	4
BMS	0,03646	0,10267	0,23661	0,40274	1
MEGA	0,01037	0,08766	0,09809	0,19612	8
BRIS	0,03328	0,13972	0,09843	0,27143	5
BUKOPIN	0,00481	0,17177	0,05255	0,22913	6
PANIN	0,00156	0,23056	0,109029	0,34115	2
BCAS	0,00170	0,22756	0,05915	0,28840	3
BNIS	0,00380	0,12987	0,07357	0,20724	7
MAY-BANK	0,00007	0,09780	0,05303	0,1509	9

Source: Processed secondary data, 2019

Table 10 above shows that the Islamic bank that attained the highest achievement of the first objective of the sharia maqashid, educating individual (PI (O1)), is Bank Mandiri Syariah, amounting to 0.03646, and the lowest is Maybank Syariah. The highest achievement of the second and third objectives of the Sharia maqashid is the Panin Syariah bank with an index of 0.23056 and 0.01092, respectively. The lowest achievement of the second goal of Sharia Maqashid is performed by Bank Mega Syariah with an MI index of 0.08766, while the lowest achievement of the third goal of Sharia Maqashid is performed by Bukopin Syariah, with an MI index of 0.05225

The banks that ranked first in the sharia maqashid index are Mandiri Syariah bank, followed by Panin Syariah in the second, and Bank Central Asia Syariah in the third rank. The lowest Sharia Maqashid Index is performed by Maybank Syariah with an index of 0.1509.

The Results of Hypothesis Testing

The results of hypothesis testing using simple regression show that the sharia maqashid index has a positive effect on firm value, as measured by Return on Equity. This shows that the high concern of the company to its stakeholders, as measured by educating individuals, establishing justice and public interest, will increase customer confidence, which in turn will increase the value of the company.

CONCLUSION

Analysis of the performance evaluation of Islamic commercial banks in Indonesia for the 2012-2018 period based on the Sharia Maqashid index yields the following ranks: 1) Bank Mandiri Syariah; 2) Panin Sharia Bank; 3) BCA Syariah 4) Bank Muamalat Indonesia; 5) BRI Syariah; 6) Bank Bukopin Syariah; 7) BNI Syariah; 8) Bank Mega Syariah; 9) Maybank Syariah Bank.

Hypothesis testing results indicate that the Sharia Maqashid Index has an impact on increasing the value of Islamic Commercial Banks.

This research has some limitations that might affect the results of the study, which are: 1) Islamic banking involved in this research is only Islamic Commercial Banks so that the level of generalization is limited to Islamic banks, the findings are unable to represent all Islamic banks in Indonesia, such as Islamic Business Units and Islamic Rural Bank. 2) This research uses the secondary data sourced from the ICB annual report, so that information related to the variable under study is limited only to those shown in the annual report.

Suggestions for future researchers: 1) Future researchers can expand the research objects, not limited to ICB but also Islamic Business Units and Islamic Rural Bank/BPRS; 2) other researchers can also combine secondary and primary data so that the internal and external validity will be better, as the results it will generate a more valid finding.

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