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## QUALITATIVE ANALYSIS OF MAQASID AL SHARIAH BASED MODEL IN ISLAMIC BANKS: A WAY FORWARD

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### ABSTRACT

Islamic banking has made tremendous growth in the last few years all over the world. However, people are not satisfied with the performance of Islamic banks with respect to their contribution to alleviating poverty and equitable distribution of wealth, achievement of socio-economic welfare, and human well-being. Therefore there is a need to critically review the current practices of Islamic banks and assess the need to develop a model of Islamic banking in the light of Maqasid al Shariah which can contribute to socio-economic welfare and human well-being of people by eradicating poverty and concentration of wealth. For this purpose, this study employs exploratory, qualitative research in which semi-structured face-to-face interviews are conducted with renowned Shariah scholars, Shariah Supervisory Board (SBB) members of Islamic banks, and renowned academicians. The grounded theory research approach is used in this study using NVIVO data analysis software. The results of this study show there is a dire need to develop a model of Islamic banking in the light of Maqasid al Shariah for the socio-economic welfare of the people. Both Islamic and conventional banks are in a capitalistic paradigm. Hurdles created due to a capitalistic mindset should be removed. Islamic banks could not bring a visible change in society with respect to the alleviation of poverty and the social well-being of the people. A new model focusing on achieving Maqasid al Shariah for the welfare of not only Muslims but all human beings on earth is the need of the hour in which socio-economic welfare should be given the primary role in the current practices of Islamic banks.

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### INTRODUCTION

Islamic banking has made tremendous growth in the last few years all over the world. Islamic banking assets have reached almost 1.84 trillion US dollars globally. The annual compound growth rate of Islamic banking assets at the end of the third quarter of the year 2020 remained 4.3%, while deposit and financing growth for the same period remained 11.9% and 12.8%, respectively. Overall Islamic financial assets have crossed the two trillion mark and remained at 2.70 trillion US dollars in the year 2020, with an asset growth rate of 10.7% globally (IFSB, 2021) as shown in Table 1 and Figure 1. In Pakistan, Islamic banking assets remained at Rs.4,797 billion by June 30, 2021, with an annual asset growth rate of 32.0%. The deposits of Islamic banks also witnessed an annual growth of 29.7% and reached Rs.3,822 billion by June 2021. The Islamic banking industry's market share with respect to its assets and deposits remained 17.0% and 18.7%, respectively and the Islamic banking industry earned a profit of Rs.42.6 billion from June 2020 to June 2021 (Table 2).

Despite this phenomenal growth, most people are not satisfied with the performance of Islamic banks with respect to their contribution to alleviating poverty and the social well-being of people (Chowdhry, 2006). Islamic banks have failed to achieve the objective of fair distribution of wealth in society (Mansoori, 2011). They argue that the philosophy of Islamic banks is based on materialism rather than on the principles of Maqasid al-Shariah. They believed that the sole motive of Islamic banking is to make a profit in the name of Islam. The modes of finance adopted by Islamic banks are nothing more than legitimizing the interest through various *Hiyals* (plural of the term *Hila* which means tricky solutions to difficult problems and cleverly using the law to achieve legitimate ends) and *Talfiq* (borrowing between schools of law to reach intended objectives) as they think that various modes of finance introduced by Islamic banks are although Shariah-compliant with respect to their contract and procedure but they ignore the spirit of *Shariah* (Mansoori, 2011).

Table 1. Breakdown of Global IFSI by Sector and Region (USD billion 2020).

Region	Islamic Banking	Sukuk	Islamic Fund	Takaful	Total	Share %
	Assets	Outstanding	Assets	Contributions		
GCC	979.7	280.4	43.6	12.3	1,318.7	48.9
South-East Asia (SEA)	258.2	366.4	41.9	4.1	670.6	24.9
Middle East and South Asia (MESA)	499.0	18.9	22.8	5.5	546.2	20.3
Africa	43.1	1.7	1.5	0.6	46.9	1.7
Others	61.8	22.1	31.3	0.6	115.8	4.3
Total	1,841.8	689.5	143.8	23.1	2,698.2	100
Share %	68.3	25.6	5.3	0.9	100	

Source: IFSB, 2021.

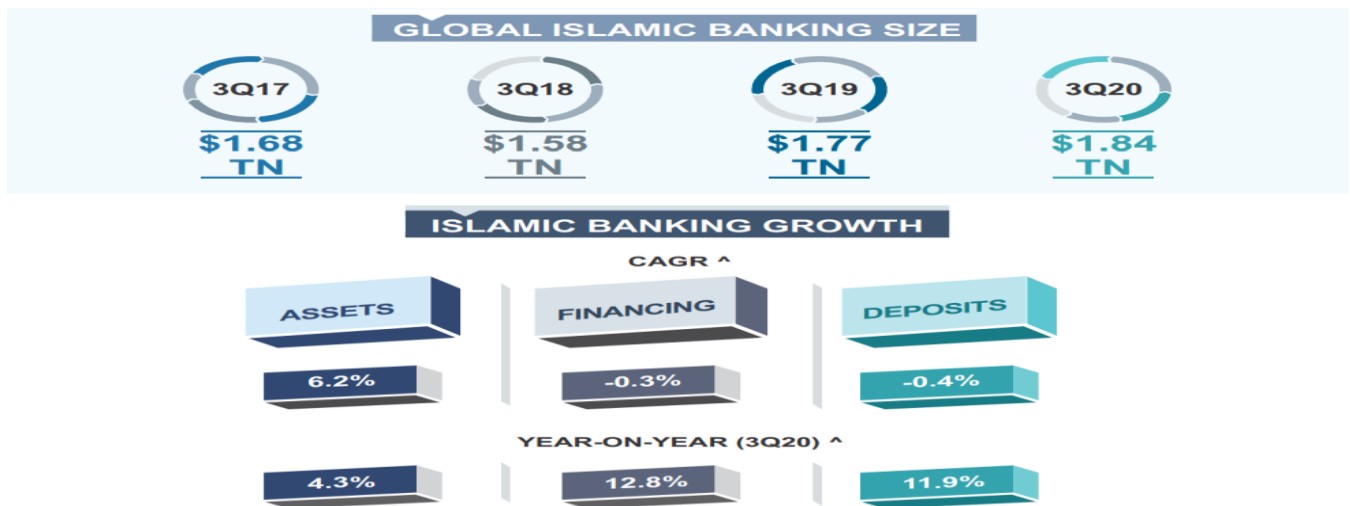


Figure 1. Global Islamic Banking Size (Source: IFSB, 2021).

Table 2. Industry Progress and Market Share (Amount in Rupees Billion).

Particulars	Period			Yearly Growth (YoY) in %			Share in Overall Banking Industry (in %)		
	Jun-20	Mar-21	Jun-21	Jun-20	Mar-21	Jun-21	Jun-20	Mar-21	Jun-21
Assets	3,633	4,389	4,797	21.4	30.6	32.0	15.3	17.0	17.0
Deposits	2,946	3,457	3,822	22.0	28.4	29.7	16.9	18.7	18.7
No. of Branches	3,274	3,504	3,583	12.4	7.8	9.4	-	-	-
No. of I.B Windows	1,394	1,595	1,562	3.4	16.0	12.1	-	-	-
No. of I.B Institutions	22	22	22	-	-	-	-	-	-

Source: Islamic Banking Bulletin, 2021.

Therefore Islamic banks must pay attention to achieving social objectives instead of individual objectives by taking into consideration the Maqasid al-Shariah. This vision will help in achieving the welfare of various segments of society which is very much relevant to the development of the human well-being-oriented model in which moral principles and rules of social justice can be implemented (Yusof et al., 2009). Imam Al-Ghazali (d.505AH/1111AC) defined Maqasid al Shariah by stating that:

“The very objective of the Shariah is to promote the well-being of the people, which lies in safeguarding their faith (din), their self (nafs), their intellect (aql), their posterity (nasl), and their wealth (mal). Whatever ensures the safeguard of these five serves the public interest and is desirable, and whatever hurts them is against public interest and its removal is desirable” (Al-Ghazali, 1992; Chapra, 2016).

Maqasid al-Shariah are divided into three categories, i.e., Durruriyyat (necessities), Hajiyyat (comforts) and Tahsiniyat

(refinements). All of these are various needs that must be met by providing various goods and services to people for their well-being. These goods and services satisfy certain needs (Durruriyyat), reduce hardship or provide comfort (Hajiyyat) and provide happiness and mental peace (Tahsiniyat). Here it should also be noted that safeguarding people’s faith (din), intellect (aql), posterity (nasl), self (nafs) and wealth (mal), is included in Durruriyyat. Preservation of wealth (mal) directly comes under the purview of Islamic banks. This study is an attempt to understand whether there is a need to develop a model of Islamic banking in the light of Maqasid al Shariah which can preserve the wealth (mal) of people and contribute in human development and well-being of the people and lead toward achieving sustainable economic growth of the country by alleviation of poverty and concentration of wealth. In previous studies, most of the researchers have put more focus on analyzing the current practices of Islamic banking in the light of Maqasid al Shariah instead of focusing on developing a new model for achieving Maqasid al Shariah. This study is an

attempt toward achieving the objectives of Shariah that is promoting human well-being by understanding the need of developing a model of Islamic banking in the light of Maqasid al-Shariah. Semi-structured face-to-face interviews are conducted with renowned Shariah Supervisory Board members of Islamic banks in Pakistan, policymakers, and Shariah scholars having in-depth knowledge of Islamic banking and Islamic Jurisprudence along with members of Shariah Supervisory Board of Islamic banks and renowned academicians. The participants were asked to give their point of view on the need for the development of the Islamic banking model in the light of Maqasid al Shariah for the socio-economic welfare of the people after evaluating the current practices of Islamic banking in the light of Maqasid al-Shariah. This study not only helped in analyzing current practices of Islamic banks but Islamic bankers make a paradigm shift in their policies and develop a model of Islamic banking in the light of Maqasid al-Shariah.

### **Importance of Maqasid al Shariah**

As far as the importance of Maqasid al-Shariah in Islamic banking is concerned, the overall goal of the Islamic banking system is to achieve Maqasid al Shariah which must manifest in the economy to achieve justice and growth. It means instead of meeting legal requirements; the Islamic banking system should also pay attention to the social needs of the society. Maqasid al Shariah should be given much more importance while developing products and carrying out various operations of Islamic banks (Siddiqi, 2006). Lahsasna (2013) differentiated the conventional system from the Islamic financial system by saying that the Islamic financial system does not simply focus on material returns and economic growth but places equal importance on Maqasid al-Sharia by focusing on moral, ethical, social, and ethical dimensions to ensure equality, justice, and fairness for the betterment of society as a whole. Chapra (1985) mentioned the main features of Islamic banks, which include the abolition of interest, a catalyst for development, adherence to the public interest, equitable distribution of income, the establishment of social and economic justice and promotion of economic well-being. Kamel (2000) opines that the gap between conventional and Islamic banks will be narrowed if the impact of the implementation of Islamic banking is not shown through increased export, decreased imports, job creation, creation of value-added factors, economic development, creation of value-added factors, training of capable elements and rehabilitation of incapacitated people. Therefore Islamic bank's operations should be realigned with Maqasid al Shariah. Maqasid al Shariah along with the prohibition of *riba*, helps in satisfying the basic needs of the people, thus resulting in the economic prosperity of the whole society, which helps in the circulation of wealth, investments, transparency in financial activities, and permissibility of public and private ownership of wealth. Therefore Islamic banks should take into consideration Maqasid al-Sharia while developing their products (Hurayra, 2015).

### **Maqasid al Shariah and Current Islamic Banking Practices**

Asutay and Harningtyas (2015) analyzed the performance of Islamic banks and indicated that Maqasid al Shariah was not achieved by Islamic banks. This is because Islamic banking

practices are not in accordance with the objectives of Shariah. Al-Mubarak and Osmani (2010) argued Islamic banks have to face intense competition from their conventional banks due to which they offer products that resemble conventional bank's products to remain competitive in the market. The focus of Islamic banks is to introduce debt-based products instead of equity based products, the primary aim of which is to earn profit. While introducing various products the main focus of Islamic banks is on the legal form of the contract instead the substance due to which Islamic banks have failed to achieve Maqasid al Shariah. Abozaid and Dusuki (2007) discussed the importance of political will in the implementation of ideal Islamic banking and argued that it is due to the absence of political will in Muslim world due to real Islamic economics has not been established and ideal Islamic banking has not been materialized yet. Therefore it is the responsibility of the government to introduce new legislation for the establishment and development of Islamic economic system. He argued that almost all the Islamic banks all over the world focus on getting fixed returns by introducing debt-based products instead of introducing equity-based products. Islamic banks focus on the legality of the contract instead of putting more focus on the substance of the contract. This practice of Islamic banks should be changed in order to achieve Maqasid al Shariah.

### **Models of Islamic Banking**

Broadly speaking, there are generally two different models of Islamic banking. One is the Islamic Development Bank (IDB) model, which is often called Chapra's model, which was developed by Chapra (1996). The second one, the Ismail model, which was described by Ismail (2002), views the Islamic banking structure as normal commercial banking operations which are based on Shariah law to maximize profits. Proponents of this model argue that the main responsibility of Islamic banks is to take care of their depositors and shareholders, while social welfare-related matters should be left to the government but not to the Islamic banks. Depositors' money and shareholders' funds should not be used for welfare purposes as it can affect the viability and profitability of Islamic banks. This view resembles with western neoclassical view, especially with the concept of Friedman regarding corporate social responsibility, in which he says that maximizing profit is the only legitimate and most important objective of commercial organization, and it is profit maximization through which society is best served provided the commercial institutes operates within prescribes rules and regulations (Friedman, 1996).

On the contrary, Chapra's model put more emphasis on religious commitments and social responsibilities for achieving equitable distribution of wealth and income, social justice, and promoting economic development. Therefore Chapra's model is considered to be more aligned with the spirit of Shariah and the Islamic worldview. According to this model, Islamic banks should contribute to social welfare activities and work for the welfare of poor and needy people without compromising on their commercial viability by putting more focus on profit and loss sharing mechanisms (Lewis and Algaoud, 2001).

The objective of this study is to evaluate the current practices and of Islamic banks in the light of Maqasid al Shariah and then

assess the need for the development of Islamic banking model in the light of Maqasid al Shariah. This study helps in understanding the need for the development of a new Islamic banking model in the light of Maqasid al Shariah which can contribute to the socio-economic well-being of the people by alleviating the poverty and fair distribution of wealth among various segments of the society. It helps in evaluating the current practices of Islamic banks in the light of Maqasid al-Shariah. Islamic bankers and policymakers can devise new policies and carry out their operations in the light of Maqasid al Shariah for the socio-economic welfare of the people.

## **METHODOLOGY**

### **Research Design**

This study was exploratory. A qualitative research approach was used in this study in which there was an effort to assess the need for the development of a model of Islamic banking in the light of Maqasid al-Shariah. An inductive approach was used in this study in which the focus was on getting the insight of renowned religious scholars, members of the Shariah Supervisory Board (SSB) of Islamic banks, and renowned academicians in the field of Islamic jurisprudence and Islamic banking to take their point of views.

### **Sample/ Participants**

Non-probability purposive sampling technique was used in this research. The purposive sampling technique is also called the selective, subjective or judgmental technique. In this sampling technique, the researcher applies his judgment while selecting respondents from the population which take part in the study keeping in view the purpose and nature of the study and the expertise and knowledge of the participants. The purposive sampling technique is used when the researcher wants to select a particular subset of the population as participants of the study because they fit to a particular profile (Sekaran and Bougie, 2016). As this study was aimed at developing a model of Islamic banking in the light of Maqasid al-Shariah, therefore the selection of suitable participants having expertise in the field of Islamic banking and Islamic jurisprudence was very critical. Therefore Purposive Sampling technique was more suitable in this case. It helped us in finding suitable participants keeping in view the nature of the study. Permission from religious scholars, members of Shariah Supervisory Board of Islamic banks and renowned academicians was obtained before interviews, and they were clearly informed about the usage of information that was only for research purposes, and data security was ensured in this regard.

### **Data Collection Techniques / Assessment Measures**

Semi-structured face-to-face interviews were conducted with renowned Shariah Supervisory Board members of Islamic banks in Pakistan, policymakers, and Shariah scholars having in-depth knowledge of Islamic banking and Islamic Jurisprudence along with members of Shariah Supervisory Board of Islamic banks and renowned academicians. Semi-structured interviews, also called semi-standardized interviews are those interviews that contain both structured and unstructured sections, including both open-ended and

standardized questions (Walliman, 2006). The interview method is quite useful when the data required by the researcher is qualitative in nature (Sekaran and Bougie, 2016). As the purpose of this research was to understand current issues in Islamic banking products and develop and model of Islamic banking in the light of Maqasid al-Sharia, therefore in this study semi-structured interviews were used to get insight information from Shariah scholars, members of Shariah Supervisory Board (SSB) of Islamic banks and renowned academicians in the field of Islamic banking. Semi-structured interviews help the researcher in getting higher responses from the participants and also help in noting down specific reactions and gestures of the participant during interviews to get data that is more accurate. When participants are contacted personally, they usually respond with good gestures and provide accurate data (Awang, 2010). Therefore semi-structured interview method was most suitable, keeping in view the nature of this study in which more comprehensive and detailed information was required.

### **Procedure**

Selected participants were contacted via telephone, email, skype, WhatsApp, and Zoom meetings to get their consent to participate in this research study. A total of 46 participants for this study were contacted, out of which 20 participants were interviewed. The objectives of this study were communicated to the participants. Sample questions were also sent to the participant well before conducting the actual interview so that they could clearly understand the purpose of the study and give us their expert opinion. The grounded theory research approach was used in this study using NVIVO data analysis software. Grounded theory is a systematic approach in which the researcher tries to build new theories instead of validating the existing theories based on the available data. In grounded theory, the inductive approach is followed in contrast to the hypothesis testing deductive approach. In this approach, data is first reviewed by the researcher. Repeated ideas or elements are given codes, and then codes can be grouped into concepts and concepts into categories based on which a new theory is built (Creswell and Creswell, 2017). As we were going to develop a new model of Islamic banking in the light of Maqasid al-Shariah, the Grounded theory approach was the best approach in our study. We used the triangulation approach in our study by gathering data from different groups of people to increase validity and reliability.

### **Data Analysis**

This study focused on getting participants' feedback on the need for the development of the Islamic banking model in the light of Maqasid al Shariah. Total 46 participants for this study were contacted out of which 20 participants were interviewed. Interviews feedback of the participants was recorded and various themes were generated from this feedback which was then coded. The relationship of these codes is shown in the form of a hierarchical diagram (Figure 2), while details of the interview feedback from each of the participants are shown in Table 3.



Figure 2. Participant's Interview Feedback.

Table 3. Participant's Feedback.

Participants	Participant's Interview Feedback
PT0001	<ul style="list-style-type: none"> <li>- No doubt in my mind that there is a need to develop a model of Islamic economy and development based on Quran and Sunnah.</li> <li>- Banking is a branch, not a totality as such.</li> <li>- It is not just a matter of one or more Islamic banking window but a matter of system.</li> <li>- Economic system based on Islamic social justice is the need of the hour.</li> <li>- Economic system of capitalistic world is cancer.</li> <li>- Capitalist economic model neglects requirements of needy persons.</li> <li>- 2008 financial crisis has proven the need of an alternative model.</li> </ul>
PT0002	<ul style="list-style-type: none"> <li>- There is a need to use those modes of Islamic finance which can contribute to achieving Maqasid al Shariah.</li> <li>- Collective efforts for welfare of the whole society are required.</li> </ul>
PT0003	<ul style="list-style-type: none"> <li>- Focus of IBs is just to avoid from riba instead achieving Maqasid al Shariah.</li> <li>- Contracts, profit calculation, and other procedures are very much similar to conventional banks.</li> <li>- Better Shariah-compliant products are required to win the trust of people who think Islamic and conventional banks are the same.</li> </ul>
PT0004	<ul style="list-style-type: none"> <li>- Yes. There is a need to develop a model of Islamic banking in the light of Maqasid al-Shariah.</li> <li>- Islamic banks should follow the approach of using ideal modes of Islamic finance.</li> <li>- People should participate in the profits and well as loss based on Mudarabha and Musharakah principles.</li> <li>- Financing by Islamic banks should be asset-backed instead of asset-based.</li> <li>- Islamic banks should not the Hiyals in asset-backed financing such as using Tawarruq and Bai Muajjal, Commodity exchange, etc.</li> <li>- Risk of ownership and risk of possession should be borne by Islamic banks.</li> </ul>
PT0005	<ul style="list-style-type: none"> <li>- There is a need to develop a system for the success of Islamic banking in market.</li> <li>- When you develop a new system, only then this system can replace old system.</li> <li>- A clear mechanism of sharing profits and losses among various parties in Musharakah and Mudarabah contracts is required.</li> </ul>
PT0006	<ul style="list-style-type: none"> <li>- Yes as Maqasid al Shariah focuses on an ideal ethical system for the socio-economic welfare of people.</li> <li>- Presidents, CEOs, management, head of commercial banking, head of corporate, heads of retail banking, and Board of Directors of Islamic banks should be encouraged to develop this new model.</li> <li>- Sustainable Development Goals (SDGs) and green Pakistan should be given priority for the socio-economic welfare of people.</li> </ul>
PT0007	<ul style="list-style-type: none"> <li>- Yes. There is a need to develop a model of Islamic banking in the light of Maqasid al-Shariah.</li> </ul>
PT0008	<ul style="list-style-type: none"> <li>- Yes. There is a need to develop a model of Islamic banking in the light of Maqasid al-Shariah.</li> </ul>
PT0009	<ul style="list-style-type: none"> <li>- It is the role of the state to make policies like the Ehsaas program, Kamyab Pakistan programs, etc. for achieving Maqasid al-Shariah, not IBs.</li> <li>- When IBs advance loans to various customers and share the profits of the business, it is working towards the betterment of people.</li> <li>- Islamic banks are business entities, not welfare organizations, and have to protect the interest of its depositors and shareholders</li> </ul>
PT0010	<ul style="list-style-type: none"> <li>- We have to look at whether Maqasid al-Shariah are being fulfilled through IBs or not. If not, we have to develop a new model.</li> </ul>
PT0011	<ul style="list-style-type: none"> <li>- Islamic banking model should be based on justice and fair play.</li> <li>- It should not merely be a theoretical or conceptual model but practical implications should be kept in mind.</li> <li>- We should make targets and set objectives well directed towards achieving Maqasid al Shariah.</li> <li>- Hurdles created due to a capitalistic mindset should be removed.</li> <li>- Be careful, the whole current system should not collapse while introducing a new system.</li> </ul>
PT0012	<ul style="list-style-type: none"> <li>- The overall legal system in Pakistan is un-Islamic.</li> <li>- Court cases are settled under the conventional system.</li> <li>- There is a need to change the law of land following Islamic principles.</li> <li>- Then change Islamic economic and Islamic banking system accordingly.</li> <li>- Islamic modes of finances should be implemented in Islamic banks with their original essence in letter and spirit.</li> <li>- Achieve socio-economic welfare of people and Maqasid al Shariah by eradicating poverty and concentration of wealth.</li> </ul>

PT0013	- Yes, there is a need to develop this model.
PT0014	- Maqasid al Shariah is an integral part of all commandments of Shariah - We have not achieved Maqasid al-Shariah in Islamic banking yet. - More focus is on Fiqhi principles and text to declare a product legal or illegal. - Yes, there is a dire need of developing an Islamic banking model in the light of Maqasid al Shariah.
PT0015	- Yes. There is a need to develop a model of Islamic banking in the light of Maqasid al-Shariah. - Islamic banks should work for the benefit and welfare of their customers like he is a Muslim brothers instead of exploiting them.
PT0016	- Yes. There is a need to develop a model of Islamic banking in the light of Maqasid al-Shariah. - Actually, it was the basic purpose of initiating Islamic banking and finance. - The conventional banking system has resulted huge destruction not only in developing but in developed countries - A new system focusing on achieving Maqasid al Shariah for the welfare of not only Muslims but all human beings on earth. - Today's terminology of social finance is very much relevant to achieving Maqasid al Shariah.
PT0017	- Islamic economic system guarantees success in this world and hereafter (falah). - Every banking system works under a well-established economic system. - But the current model of Islamic banking in Pakistan is not under an overall Islamic economic system. - IBs could not bring a visible change in society with respect to alleviation of poverty and the social well-being of the people. - Achieving Maqasid al Shariah is not even on the agenda of IBs working in Pakistan. - We need an Islamic economic system, and Islamic banking system will be a part of that Islamic economic system to achieve Maqasid al Shariah.
PT0018	- Today the goal of Islamic banking is only to maximize the profits for the shareholders and minimize risks. - Both Islamic and conventional banks are in a capitalistic paradigm - Had Islamic banking structure made on Islamic philosophical foundation, the main objective of Islamic banks would be the socio-economic welfare of the people and achievement of Maqasid al Shariah. - There is a need for socio-economic welfare-based model of Islamic banks in the current era. - Socio-economic welfare should be given the primary role in the current practices of Islamic banks for achieving Maqasid al Shariah.
PT0019	- Immediate need to save people from haram and provide the opportunity to earn halal. - In the long run, we can work for the welfare state by revolutionizing the whole economic system. - Islamic banks are already working towards achieving Maqasid al Shariah.
PT0020	- Models provided to IBs are satisfactory but not being implemented in true letter and spirit. - Ideal modes of Islamic finance should be used by IBs to achieve Maqasid al Shariah.

### CONCLUSIONS AND RECOMMENDATIONS

Islamic economic system guarantees success in this world and hereafter. The current model of Islamic banking in Pakistan is not under an overall Islamic economic system. We need an Islamic economic system, and the Islamic banking system will be a part of that Islamic economic system to achieve Maqasid al Shariah. Here it should be remembered that it is not a matter of opening one or more Islamic banking windows but a matter of changing the whole system. The current economic system of the capitalistic world is a cancer that neglects the requirements of needy persons. The Financial crisis of 2008 has already proven the need for collective efforts for the welfare of the whole society. Islamic banks could not bring a visible change in society with respect to the alleviation of poverty and the social well-being of the people. We have failed to achieve Maqasid al-Shariah in Islamic banking yet. Today the goal of Islamic banking is only to maximize the profits for the shareholders and minimization of risks. Both Islamic and conventional banks are in a capitalistic paradigm. Achieving Maqasid al Shariah is not even on the agenda of Islamic banks working in Pakistan. Models provided

by Islamic banks are satisfactory, but these are not being practically implemented in true letter and spirit as more focus is on Fiqhi principles and text to declare a product legal or illegal instead of achieving Maqasid al Shariah. The focus of Islamic banks is just to avoid riba instead achieving Maqasid al-Shariah. Contracts, profit calculation, and other procedures are very much similar to conventional banks. Had the Islamic banking structure been made on an Islamic philosophical foundation, the main objective of Islamic banks would be the socio-economic welfare of the people and the achievement of Maqasid al-Shariah. Therefore there is a need to develop a model of Islamic banking in the light of Maqasid al Shariah for the socio-economic welfare of the people. A model of Islamic economy and development based on Quran and Sunnah in which Islamic social justice is given prime importance is the need of the hour for the success of Islamic banks in the market, which was the basic purpose of initiating Islamic banking and finance. It should not be merely a theoretical or conceptual model, but practical implications should be kept in mind. Hurdles created due to a capitalistic mindset should be removed. We should keep in mind that while

removing these hurdles, the whole system should not collapse as research shows that without due care and diligence, any immature attempt to revolutionize the whole system may lead to the collapse of the system as a whole. Islamic banks should work for the benefit and welfare of their customers like brothers instead of exploiting them. Just and fair treatment of the customer should be the prime focus of Islamic banks. A new system focusing on achieving Maqasid al Shariah for the welfare of not only Muslims but all human beings on earth is the need of the hour in which socio-economic welfare should be given the primary role in the current practices of Islamic banks. When you develop a new system, only then this new system can replace an old system. Islamic banks should use ideal modes of Islamic finance to achieve Maqasid al Shariah by eradicating poverty, the concentration of wealth, and socio-economic welfare of people. Some participants of this research argued that the immediate need is to save people from haram and provide them an opportunity to earn halal through Islamic banks, and Islamic banks are already working towards achieving Maqasid al Shariah by saving people from haram without using the terminology of Maqasid al-Shariah. However, in the long run we can work for the welfare state by revolutionizing the whole economic and banking system to achieve Maqasid al-Shariah.

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