

## AN EXPLORATION OF THE VARIABLES THAT HELP CREATE MAQASID AL-SHARIAH BASED ON FINANCIAL INSTITUTIONS DEVELOPMENT INDEX

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**ABSTRACT** - Maqasid al-shariah can be defined as the objectives of Islamic law. The two main sources that can be considered as the core of Islamic law are Al-Quran and Sunnah. Maqasid al-shariah objectives are based on their constituent part of the goals and objectives which constituted the reasons for legislation of the rule of Islam. Imam Al-Ghazali classified maqasid into five major categories viz., faith, self, intellect, posterity and wealth. The details on description of these objectives are essential to achieve the study goal and to support the shariah purpose for the welfare of human beings. Al-maqasid al-shariah is an important and yet somewhat neglected science of the shari'ah. Presently, in Muslim countries, the maqasid have become the focus of attention to provide convenient access to shari'ah. This can be achieved with the development of framework that can help in creating maqasid al-shari'ah based financial institutions' development index. This study aims to explore the measurable of Al-Maqasid al-Shari'ah by suggesting various indicators that discover their nexus with financial institution parameters and help develop a framework. The study identifies that most of the countries prepare data on conventional and Islamic financial institution that can be mapped with Al-Maqasid al-Shariah five major categories. To help create a generalized index, study provides few countries' web-addresses to acquire data on the identified measurable to achieve this objective.

**Keywords:** Maqasid al-Shari'ah, financial institution parameters, Index

**ABSTRAK** – *Eksplorasi Variabel Pembentuk Maqashid Syariah Berdasarkan Indeks Pembangunan Institusi Keuangan.* Maqasid al-syariah dapat didefinisikan sebagai tujuan hukum Islam. Dua sumber utama yang dianggap sebagai inti dari hukum Islam adalah Al-Quran dan Sunnah. Tujuan Maqasid al-syariah didasarkan pada pentingnya tujuan dan sasaran yang menjadi dasar bagi peraturan dan perundang-undangan menurut Islam. Imam Al-Ghazali mengklasifikasikan maqasid dalam lima kategori utama yaitu, iman, diri sendiri, kecerdasan, keturunan dan kesejahteraan. Penjelasan rinci tujuan ini penting untuk mencapai tujuan kajian guna mendukung tujuan syariah bagi kesejahteraan manusia. Al-maqasid al-syariah adalah ilmu penting namun terabaikan dalam syariah. Saat ini, di negara-negara Muslim, maqasid telah menjadi fokus perhatian untuk menyediakan akses mudah ke syariah. Hal ini dapat dicapai dengan pengembangan kerangka kerja yang dapat membantu dalam menciptakan maqasid al-syariah berdasarkan indeks pembangunan institusi keuangan. Penelitian ini bertujuan untuk mengeksplorasi pengukuran Al-Maqasid al-syariah dengan mengusulkan berbagai indikator-indikator yang mengungkapkan hubungannya dengan parameter institusi keuangan dan membantu pengembangan kerangka kerja. Studi ini mengidentifikasi sebagian besar negara yang menyediakan data institusi keuangan Islam dan konvensional yang dapat dipetakan menurut lima kategori Al-Maqasid al-Shariah. Untuk membantu membuat indeks umum, kajian menyediakan alamat web beberapa negara untuk memperoleh data pengukuran yang diidentifikasi untuk mencapai tujuan tersebut.

**Kata Kunci:** Maqasid al-Shari'ah, Parameter Institusi Keuangan dan Indeks

## **INTRODUCTION**

It is the need of the time to develop an index that help Islamic economics and finance in defining the role of Maqasid al-Shariah for the welfare of the society. For this, it is necessary to explore the availability of the variables that assist create financial institutions' development index and translates Maqasid al-Shari'ah for the benefits of human beings. This objective is necessary to achieve the Shari'ah goal to encourage the welfare of the individuals. Imam Al Ghazali classified Maqasid into five major categories viz. faith, self, intellect, posterity and wealth. These five fundamentals of Maqasid al-Shariah were entirely analyzed as the objectives of Islamic economics/banks. Islamic banks' goals also support the tasks of Islamic economics as well Maqasid al-Shariah in their precise bearings.

Modern Muslim scholars focused their attention on the maqasid approach to Islamic finance and Islamic economics. For instance, Al-Najjar (2008) analyzed the legal perspective of al-maqasid al-shariah in the context of its contemporary economic application. Furthermore, there are some prominent economists including Chapra (1985; 2004), Al-Allaf (2000), Siddiqi (2000), Hasan (2004), Khurshid (2000), and Larbani and Mohammed (2009) who discussed a lot on this subject. Their works related al-maqasid to the discipline of economics in a broad theoretical framework. Dusuki (2005) related Al-Maqasid to corporate social responsibility. Hameed et al., (2005) tried to develop what they termed as 'Islamicity Disclosure Index' to measure and compare the performances of two Islamic banks. Al-Allaf (2000) discussed maqasid theory and gave maqasid model as the circles of the essentials, complementarities and embellishments. Larbani and Mohammed (2009) developed a model from the elements of al-maqasid al-shariah. Further, the financial institutions development is the course of financial and economic development in a civilization. It is observed with parameters, such as assets, liabilities, equity, share capital, advances, deposits, profit/return/loss, investment, hiba/gift etc.

Based on the literature reviewed so far, it can be said that no one has yet created a nexus between Maqasid al-Shariah and financial institutions' predictors. The present study is taking a step to explore the possible links between five elements of Maqasid al-Shariah classified by Imam Al Ghazali and numerous variables of financial institutions' development predictors. Study's main contribution lies in translating of Maqasid al-Shariah from the theoretical level down to the



operational level. It develops a comprehensive list of the variables based on Al-Maqasid al-Shariah for the welfare of human beings that helps in allocating their investible resources to vital sectors of the economy. The following are the salient objectives of this paper:

1. Specifies the definition and conceptualization of Maqasid al-Shariah as measurable concept.
2. Suggests various indicators of financial institutions, how they tie with five objectives of the Maqasid al-Shariah.
3. Evaluates various indicators for the measurement of the multi-dimensions of Maqasid al-Shariah and to what extent there is cross-dimensional overlap between Maqasid al-Shariah measurable and financial institutions' variables.
4. Discovers data availability across various countries that may be relevant / useful in the construction of Maqasid al-Shari'ah based financial institutions' development index.
5. Searches out the addresses of various countries that have such measurable that can help construct Maqasid al-Shari'ah based financial institutions' development index.
6. Provide recommendations for the further research.

The main issues of interest of the study are:

1. Provision of bases that helps understand the role of Maqasid al-Shariah in financial institutions' development.
2. Identification of variables that helps gauge the performance of financial institutions' development policies to meet Maqasid al-Shariah.
3. Construction of nexus sheet that helps the measurement of the financial institutions' development variables in achieving Maqasid al-Shariah.

The paper is divided into five sections including the introductory section. The second section reviews the literature on Maqasid al-Shariah and financial institutions' variables. The third section discusses various concepts of the Maqasid al-Shariah, while fourth section maps out the parameters of Maqasid al-Shariah with financial institutions' measurable. The fifth section analyzes data availability across various countries and searches out the addresses of those countries that have these measurable to help construct Maqasid al-Shari'ah based financial institutions' development index. The final section concludes the study and makes suggestions for future research.



## LITERATURE REVIEW

The study provides literature review in two strands, Maqasid al-Shariah and financial institution development.

### **Maqasid al-Shariah**

Seitanidi and Crane (2009) discussed maqasid al-shariah in details and summarized it under verses of surah al an ‘am, wa tama ‘at kalimaturabiksidqanwa ‘adlan, “And the Word of your Lord is fulfilled and completed in truth and in justice.” The study further explained that Abu Ishaq al Shatibi educated us that the maqasid are part of the art of ‘Ilm al Yaqin’. Maqasid al-shariah can also be considered as the sub-category ‘Ilm al ‘Adl. Similarly, by defining features of religious code and social ethics the authors described maqasid al-shariah as a plan to rehabilitate religion in America. Al-Allaf (2000) discussed maqasid theory and gave maqasid model as the circles of the essentials, complementarities and embellishments. The circle of the essentials (Daruriyyat) is further defined as procreation, life, religion, intellect, and property. These five requirements are originated from shari’ah as essential and central for human existence. Therefore, it is obvious that every society should safeguard and watch these five goals; or else, human life would be cruel and miserable here and in the hereafter. Larbani and Mohammed (2009) explained the decision making tools for resource allocation that are based on maqasid al-shariah. The study also explained the levels of tools of malaah for the managers of firms to use in allocating their investible resources to vital sectors Ghazali the economy. Their paper developed a model (MSB model – Maqasid al-Shariah Based model) from the elements of al-maqasid al-shariah which can be used as a decision making tool for prioritizing the allocation of investible resources.

The five elements of al-maqasid and the three levels of malaah form the theoretical components of the model are linked to prepare an index. The main features of MSB model are simplicity and comprehensiveness. Chapra (2008) focused maqasid al-shari’ah for the financial institutions’ development and pointed out how Imam Abu Hamid al-Ghazali (d.505AH/1111AC) classified the shari’ahmaqasid into five major categories. The author further stated that the well-being of the human beings is the very fundamental objective of the shari’ah. Explaining the five objectives, he said that the welfare of the persons lies in the protection of their faith, self, intellect, posterity and wealth. This is a



comprehensive study on the linkages of five main concepts of maqasid al-shariah and the social developments of human beings. Dusuki and Bouheraoua (2011) discussed the structure of maqasid al-shariah and its inferences to Islamic finance. The authors inspected the meanings of maqasid al-shariah on literal and technical basis and scrutinized the situation of its perception in Islamic law. They also presented maqasid al-shariah' essential elements and explained the contribution of this approach to clarify the diverse Islamic finance issues and challenges.

Mustafa and Shahwan (2013) critically examined the tasks of Islamic banking and Islamic economics under maqasid al-shariah. Adopting the exploratory content analysis and inductive method approach, the authors achieved study goals and concluded that the five fundamentals of maqasid al-shariah are completely experimental as the shari'ah objectives. The study finally suggested that Islamic banks' objectives should endorse the objectives of Islamic economics in achieving maqasid al-shariah in their holistic path. An analyzed the contemporary Islamic banking products and practices under Al-Mubarak and Osmani (2010) *maslahah* and maqasid al-shari'ah framework in order to propose a better banking system for the Muslims. The authors also showed that the preference of 'macro-maqasid' over the 'micro-maqasid' was not a perfect justification for many such Islamic banking practices. The authors further gave a brief sketch of maqasid al-shariah as they are designed to "promote benefits and repel harms and mentioned Imam Shatibi view on the objectives as "... to free man from the grip of his own whims and fancy, so that he may be the servant of Allah by choice, as he is one without it." These objectives, though not expressed clearly, are indicated in every law in the shari'ah, as have been mentioned about the benefits of *salat*, *Jihad*, *qisas* and others. They conclude that, shari'ah has also come up with solutions and alternatives to those contracts. Home financing, car financings, and other financing contracts can be based on diminishing partnership instead of the conventional contracts. Similarly, credit cards can be issued under the *qardhhasana* or even *rahn* contract (without charging for the custodianship fee). According to Asutay (2010), Islamic banking aims to analyze deeply the aspirational objectives such as community banking and responsible finance. However, a critical examination reveals that the realities are outlying the objectives. The author further argued that there was no unanimously established regulatory body that methodically examines Islamic financial providers.



## Financial Institutions

Financial Institution (FI) is an establishment that focuses on dealing with financial transactions, such as investments, loans and deposits. Conventionally, financial institutions are composed of organizations such as banks, trust companies, insurance companies, credit unions, SME banks, Investment banks, Asset management companies and investment dealers. Almost everyone deals with financial institutions on a regular basis. Everything from depositing money to taking out loans and exchanging currencies is done through financial institutions. Financial institutions are the firms that provide financial services and advice to their clients. The financial institutions are generally regulated by the financial laws of the government authority.

Islamic finance has experienced rapid growth in the past four decades. The assets managed by the Islamic financial institution are forecasted to exceed US\$1 trillion by the year 2011 (Yaacob, 2012) and US\$1.6 trillion in 2012 (Global Islamic Finance, 2012). In addition, there are now more than six hundred (600) Islamic financial institutions in more than seventy five countries. This is rather astonishing, with approximately US\$150 billion in the midst of 1990s, it increased to US\$1.1 trillion in year 2011 (Global Islamic Finance, 2012). The Islamic finance industry annual growth is from 15% to 20% annually for the past decades easily surpassing the rate of the world economic growth (Rammal, 2010). Hence, it is crucial that the Islamic finance industry should have a proper 'check and balance' mechanism (Ibrahim, 2015) which suits the objectives and missions of its formation, the 'Maqasid al-Shari'ah'. Various types of financial institutions are as follows:

- Banks
- Specialized banks
- Islamic banks
- SME banks
- Investment Banks
- Non bank Finance Companies (NBFCs)
- Credit Unions
- Stock Brokerage Firms
- Asset Management Firms
- Insurance Companies
- Mutual Funds



## Banks

Banks are financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. They connect customers with capital deficits to customers with capital surpluses. Banking is generally a highly regulated industry, and government restrictions on financial activities by banks have varied over time and location. The current set of global bank capital standards is called Basel III. In some countries such as Germany, banks have historically owned major stakes in industrial corporations while in other countries such as the United States, banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of a cross-share holding entity known as the keiretsu. In Iceland, banks had very light regulation prior to the 2008 collapse. A bank is a commercial or state institution that provides financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions and the creating of credit. There are many kinds of banks; they are central bank, commercial banks, investment banks, Islamic banks, SME banks, specialized banks and microfinance banks. There are two main types of banks; conventional banks and Islamic banks.

- A bank is a commercial or state institution that provides financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions and the creating of credit.
- A central bank, reserve bank or monetary authority, is an entity responsible for the monetary policy of its country or of a group of member states, such as the European Central Bank (ECB) in the European Union, the Federal Reserve System in the United States of America, Bank Negara Malaysia, State Bank of Pakistan etc. Its primary responsibility is to maintain the stability of the national currency and money supply, but more active duties include controlling subsidized-loan interest rates, and acting as a “*lender of last resort*” to the banking sector during times of financial crisis
- A commercial bank accepts deposits from customers and in turn makes loans, even in excess of the deposits; a process known as fractional-reserve banking. Some banks (called Banks of issue) issue banknotes as legal tender.
- A savings bank is a financial institution whose primary purpose is accepting savings deposits. It may also perform some other functions.
- For the purpose of poverty reduction program, such kinds of banks are working in the different countries with the contribution of UNO or World



Bank. In Pakistan 7 Micro Finance Banks are providing services under the SBP prudential regulation.

### **Specialized Banks**

They are the premier financial institution geared towards the development of the agricultural sector through the provision of financial services and technical know-how. Industrial Development Banks are the oldest development financing institutions created with the primary objective of extending term finance for investment in the manufacturing sector and SME sector.

### **Islamic banks**

Islamic banking refers to a system of banking or banking activity that is consistent with Islamic law (*Sharia*) principles and guided by Islamic economics. In particular, Islamic law prohibits usury, the collection and payment of interest, also commonly called *riba* in Islamic discourse.

### **SME Banks**

- Promote the business.
- Positive impact on financial environment.
- Financing of projects.
- Tell revenue generation schemes to entrepreneurs.

### **Investment banks**

Investment banks help companies and governments and their agencies to raise money by issuing and selling securities in the primary market. They assist public and private corporations in raising funds in the capital markets (both equity and debt), as well as in providing strategic advisory services for mergers, acquisitions and other types of financial transactions.

### **Non-Bank Finance Companies**

Non-bank finance companies (NBFCs), are financial institutions that provide banking services without meeting the legal definition of a bank, i.e. one that does not hold a banking license. Operations are, regardless of this, still exercised under bank regulation. However this depends on the jurisdiction, as in some jurisdictions, such as New Zealand, any company can do the business





of banking, and there are no banking licenses issued. Non-bank institutions frequently act as suppliers of loans and credit facilities, supporting investments in property, providing services relating to events within people's lives such as funding private education, wealth management and retirement planning however they are typically not allowed to take deposits from the general public and have to find other means of funding their operations such as issuing debt instruments. In India, most NBFCs raise capital through Chit Funds.

### **Credit Unions**

The credit unions are the co-operative financial institutions that are owned by the members of the union. The major difference between the credit unions and banks is that the credit unions are owned by the members unlike banks. The policies of credit unions are governed by a volunteer Board of Directors that is elected by and from the membership itself. This board of directors also decides on the interest rates to be charged. According to the regulation of credit unions, only the members of the credit union are eligible to deposit money in the union or borrow money from the union. The credit unions are always committed and dedicated to the members and ensure to improve the financial status of the members. The size of the credit unions may vary in a large manner. There are credits unions available both with handful of members to thousands of members. The credit unions are generally non-profit organizations. The credit union can also be termed as profit enterprise dedicated to earn profit for its members. The profits earned by the union are received by the members in the forms of dividends. The dividends are paid on savings that are taxed as ordinary income.

### **Asset Management firms**

Asset Management firms are companies that invest their clients' pooled fund into securities that match their declared financial objectives. Asset management companies provide investors with more diversification and investing options than they would have by themselves and attain their investment goals by proper management of assets. There are a large number of asset management firms operating all over the world. These asset management firms are famous for providing professional financial services to the corporations and finance companies on the management of their assets. The top asset management firms of the world offer professional management services for managing the shares and bonds of their clients. The clients of the asset management firms may be



insurance companies, corporations, pension funds or individual investors. The primary goal behind the service of the asset management firms is to help the investors attain their investment goals by proper management of assets. Services like wealth management and portfolio management are also offered by the asset management firms to their clients. Asset management is nothing but the investment management of collective investments of the companies.

- Generally, an "investment company" is a company (corporation, business trust, partnership, or Limited Liability Company) that issues securities and is primarily engaged in the business of investing in securities. An investment company invests the money it receives from investors on a collective basis, and each investor shares in the profits and losses in proportion to the investor's interest in the investment company.
- A lease or tenancy is the right to use or occupy personal property or real property given by a lessor to another person (usually called the lessee or tenant) for a fixed or indefinite period of time, whereby the lessee obtains exclusive possession of the property in return for paying the lessor a fixed or determinable consideration (payment).

### **Insurance companies**

Insurance companies may be classified as

1. *Life* insurance companies, which sell life insurance, annuities and pensions products.
2. *Non-life* or *general* insurance companies, which sell other types of insurance.

### **Mutual Fund**

An investment which is comprised of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market securities and similar assets. Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.



**Brokerage Houses**

The stock brokerage firms are those entities that are responsible for helping the investors put their money in the stock market. However, the stock brokerage firms are also useful in many other ways, especially for the investors. The stock brokerage firms help their clients, the investors, by providing them with accurate information regarding the workings of a stock market. The stock brokerage firms are useful as they can help the investors get the maximum return from their investments in the stock market. The services of the online stock brokerage firms save the investor a lot of money and time, which may be invested in other purposes. It is always easy for the investors to gather information on the online stock brokerage firms and their services, as information on them are always found on the Internet. There are certain steps that an investor needs to follow before enlisting the services of a particular stock brokerage firm.

**More Information Related to Financial Institutions**

All Banks & Development Financial Institutional	Credit Unions
Institutional Compliance	Stock Brokerage
Community Development	Financial Insurance
Financial Institutional Fraud	Financial Institutional Functions
Financial Institution Management	Trust Company
Financial Institutional Regulation	Risk Management
International Role of Financial Institution	Stock Exchange
Marketing in Financial Institution	Financial Institution Valuation

**MEASUREABLE CONCEPTS OF MAQASID AL-SHARIAH**

In directly meaning maqasid al-shariah can be defined as the objectives of Islamic law. However, in linguistic meaning maqasid are defined as goals or as inspirations while al-shariah is defined as the law that God revealed to Muhammad (PBUH) involving all aspects of life such as family institution, finance or it can say the way of Muslims live their life.

Maqasid al-shari’ah are the fundamental natures of human life and the basis of all human actions and activities. In this regard, Mustafa (2009) listed out three specific maqasid al-shari’ah based on Abu Zaharah’s classification (1997)



known as educating individuals, establishing justice and public interest. Further, Islam as religion provides a green light for business activities derived in many verses in Al-Quran, ‘there must be maqasid al-shari’ah implicitly and explicitly meant by the Creator’. Similarly, Muamalat in general has direct positive correlation towards maqasid al-shari’ah in terms of its application. In this regard, Shaukat, Zafarullah, & Wajid (2009) pointed out an important issue in translating maqasid al-shari’ah in Islamic banking; referring to a proper understanding of maqasid al-shari’ah and its various concepts. Furthermore, Islamic economics is the father of Islamic banking by referring to human dealings and the main stream of Islamic economics is based on the socio-economic justice. Hence, this study also considers Islamic economics issues while excavate the nexus between sub-classifications of maqasid al-shari’ah five major categories and the numerous variables of financial institutions’ development.

### **Mapping of financial institutions’ and Maqasid al-Shariah parameters**

To achieve the main objective, this study aims to transform the five categories of Maqasid al- Shari’ah into the financial institutions’ development variables. Prior to the identification of the nexus between Maqasid al-Shari’ah and the financial institutions’ development variables, this study gives brief discussions on the five categories of Maqasid al-Shari’ah classified by Imam Al Ghazali with their sub-elements for proper mapping.

As discussed above, Imam Al Ghazali placed immense importance on the safeguarding of five maqasid: faith, the human self, intellect, posterity and wealth. Imam Abu Ishaq al-Shatibi (790/1388) put his stamp of endorsement on Al Ghazali list (Chapra, 2007). Al-Raysuni (1992) argued that, while the five primary maqasid were commonly authorized by other scholars, all of them were necessarily bound to al-Ghazali sequence. Following discussions therefore does not stick to any such sequences.

#### *Enrichment of ‘Human Self’*

Enrichment of the human self is one of the five primary objectives of the Maqasid al- Shari’ah. It is therefore essential to depict how this goal can be explained effectively. For this reason, it is crucial to identify the chief wants of human beings that must be fulfilled to not only hoist and maintain their development and comfort, but also facilitate them to play their roles successfully. The framework by which this objective can be achieved with the



mapping of Maqasid al-Shari’ah sub-elements (column-01) with the financial institutions’ development parameters (column-02) is shown in the following Table 1 to Table 5.

Table 1. Mapping of Enrichment of the Human Self predictors

<b>Maqasid al-Shariah</b>	<b>Financial Institutions’ Development</b>
Self respect, human brotherhood dignity, and social equality	The study searched out different countries web sites and identified 96 financial institutions’ development parameters that can be mapped with the sub classified predictors of Maqasid al-Shariah-element ‘Human self’. For instance, these parameters comprise: Social Services and Security, Education and Migration by Causes and Sex etc. etc. Details of these parameters are given in annex-01.
Justice	
Moral uplift	
Security of life and property	
Freedom	
Education	
Good Governance	

*The Role of Faith*

The upbringing reforms of human beings and what part faith executes in such processes have been emphasized by almost all Muslim scholars in the world. In this regard, the Qur’an has evidently pointed out that “he succeeds who purifies his own self, remembers his Lord and prays” (87:14-15; see also 91: 9-10). One may surmise here that, whether the insertion of faith into this representation would lead to the restriction of human liberty. The answer must be, not basically the human beings are still free to wish and choose. Enjoying this freedom, human beings may either survive up to the requirements of their faith or refuse them. This study tries to answer this question with the help of relevant parameters of financial institution and their mapping with Maqasid al-Shariah predictors as given in below Table 2.

Table 2. Mapping of Faith predictors

<b>Maqasid al-Shariah predictors</b>	<b>Financial Institutions’ Development parameters</b>
Religious worldview	The study further identified 89 financial institutions’ development parameters that can be mapped with the ‘Faith’ predictors of Maqasid al-Shariah that comprise: marriage & divorce rates, GDP rates and poverty & income distribution etc. etc. The details of these parameters are given in annex-02.
Values	
Proper motivation	
Moral and material education	
Role of the state	
Equitable distribution of	
Income	



### *The Role of 'Intellect'*

A human being's distinguishing characteristic is known as Intellect. It is needed to improve and enrich the knowledge and technological stand constantly to encourage the financial and social development for human beings. Whilst the 'intellect' necessitates supervision from faith to be of service to mankind, faith also entails the service of intellect to sustain its enthusiasm, to reply productively to the varying socio-financial and intellectual surroundings. It is also needed to build up the relevant technology that can speed up development in spite of scarceness of resources, and to play a crucial role in the realization of the Maqasid. The procedure to achieve this objective is the mapping of maqasid al-Shariah predictors' sub-objectives with the financial institutions' parameters, as given in the following Table 3 and its subsequent annex 3.

Table 3. Mapping of Intellectpredictors

<b>Maqasid al-Shariah predictors</b>	<b>Financial Institutions' Development parameters</b>
Science education and high quality of religious at affordable prices	The study identified 91 financial institutions' development parameters that can be mapped with the 'Intellect' predictors of Maqasid al-Shariah that include: research & development, Finance, financial institutions and financial flows etc. etc. The details of these parameters are given in annex 3.
Library and research facilities	
Freedom of thought and expression	
Reward for creative work	
Finance	
Importance of the Maqasid in the interpretation of texts	

### *The Role of Posterity (Nasl)*

Civilization cannot survive if the upcoming generations are religiously, bodily, and spiritually of a subordinate feature than the preceding generations. For the survival, there must be uninterrupted development in the quality of the future generations. This quality comprises many dynamics, of which, one is the parental upbringing approach of the children that help them become physically, religiously and spiritually powerful. This approach help them discover from their very early days to be candid, honest, meticulous, liberal and able to get along with others peaceful, regular, enthusiastic, economical, polite, civilized,



courteous and willing to fulfill all their responsibilities towards others, specifically their subordinates, the deprived and the underprivileged. To accomplish the task, this study identified the parameters of financial institutions' variables and mapped them out with the relevant Maqasid al-Shariah sub-categories predictors of posterity. The nexuses are given in the below Table 4 and annex 4.

Table 4. Mapping of Posterity predictors

Maqasid al-Shariah predictors	Financial Institutions' Development parameters
Moral and intellectual development	The study also identified 80 financial institutions' development parameters that can be mapped with the 'Posterity' predictors of Maqasid al-Shariah sub-categories of housing, population & demographics, contraceptive methods and fertility rates etc. etc. The details of these parameters are given in annex-04.
Proper upbringing and family integrity	
Healthy environment	
Need fulfillment	
Freedom from insecurity, fear conflict and anxiety of debt servicing burden	
Marriage and stable family life	

*The Role of Wealth*

Poverty and wealth can be viewed in relative terms. Wealth is a faith form God and necessities to be obtained and used candidly and carefully for eliminating poverty, satisfying the needs of all, making life as stress-free as possible for everyone, with the impartial allocation of income and wealth to human beings. For the purpose of grasping the Maqasid, its possession as well as utilization should primarily be considered. It is because, faith has a crucial role to play through its values and its motivating system and the growth of wealth is vital for realizing the fundamental Islamic goal of lessening the disparities between income and wealth. Following Table-05 depicts the mapping of Maqasid al-Shariah sub-categories predictors of Role of Wealth and with financial institutions' parameters in subsequent annex-4.

Table 5. Mapping of Wealth predictors

Maqasid al-Shariah predictors	Financial Institutions' Development parameters
Improvement in technology and management	The study identified 128 parameters of financial institutions' development that



Security of life, property and honor	can be mapped with the 'Wealth' sub-predictors of Maqasid al-Shariah. They are labor employment, per capita income, transport and communication etc. etc. The details of these parameters are given in annex 5.
Enterprise freedom	
Opportunities of employment	
Mutual trust and social solidarity	
Investment, saving and expenditure	
Development supreme rate	

### *Exploration of data availability in various countries and their addresses*

The major objective of this study is to help construct development index by identifying country-wide financial institutions indicators that can truly represent five major elements of Maqasid al-Shariah. For this, the study browsed countries web-sites and listed down 484 financial institutions indicators. Above tables (Table 1 to Table 5) demonstrate the sub classifications of the five main elements of Maqasid al-Shariah (left column) and main heads of the numerous financial institutions' parameters (Annex 1 to Annex 5) from different countries' web-sites. The complete web-site address list of these countries is given in the annex 6. These countries produce data on the parameters identified by this study and can help the development-team in the construction of Maqasid al-Shari'ah based financial institutions' development index. The fit between Maqasid al-Shari'ah and financial institutions' development characteristics of different countries can be improved by statistical transformation of the variables.

## **CONCLUSION AND RECOMMENDATIONS FOR FURTHER RESEARCH**

This study engaged five major categories of Al-Maqasid al-Shari'ah identified by Imam Al-Ghazali and explored their various sub-classifications that contain nexuses with financial institutions' predictors required to develop Maqasid al-Shari'ah based financial institutions' development index. For this, the study enthusiastically searched out the availability of all possible measureable across various countries. Accordingly, the study identified more than 484 financial institutions' parameters on which various countries are used to preparing data. These parameters comprise: assets, liabilities, equity, share capital, advances, deposits, profit/return/loss, investment, hiba/gift, Ijarah/leasing, mudarabah, Murabaha etc. etc. Details on more than 484 financial institutions' parameters under the heads of financial institutions' names are given in five annexes (Annex 1 to Annex 5). The study analysed the relevancy of these identified measureable with the Shari'ah objectives and provided the countries' web-





addresses for the construction of Maqasid al-Shari'ah based financial institutions'' development index.

Future research is recommended with an objective to explore the Maqasid al-Shari'ah based financial institutions' parameters for the development of IsDB's member countries own database. It is expected that this research can help IsDB lay down milestone to serve Muslim ummah by disseminating important original data acquired directly from 56 Muslim countries.

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