



Integration Between the Sharia Maqasid Principles and the Sustainable Development Goals (SDGs)

Muslim Marpaung ^{1*}, Irma Suryani Lubis ²

^{1,2} Politeknik Negeri Medan, Indonesia

Email : muslimmarpaung@polmed.ac.id ^{1*}, irmasuryani@polmed.ac.id ²

Abstract, *The integration of Maqasid Sharia principles with the Sustainable Development Goals (SDGs) has significant strategic potential for promoting holistic sustainable development, particularly within the context of Islamic banking. Sharia banks operate not merely to achieve economic profitability but also prioritize social welfare and environmental protection, aligning closely with the universal objectives of the SDGs. The core values of Maqasid Sharia—protection of religion, life, reason, offspring, and property—complement several key SDGs, including poverty alleviation, education enhancement, health improvement, and economic equity. This study explores how Sharia banks, exemplified by institutions, utilize various Islamic financial instruments such as zakat, waqf, and sukuk waqf to address socio-economic challenges and support the halal industry, which emphasizes sustainable consumption and production. Despite these efforts, challenges persist, primarily related to low Sharia financial literacy, limiting community engagement with sustainability programs. Thus, increased financial literacy through ethical education aligned with Maqasid Sharia is recommended for optimizing the contribution of Sharia banks towards achieving comprehensive SDGs.*

Keywords: *Financial Inclusion, Maqasid Sharia, Sustainable Development Goals*

1. INTRODUCTION

In recent decades, the concept of sustainable development (SDGs) have become a major concern internationally, including in Muslim- majority countries such as Indonesia. Sharia banks, as financial institutions based on sharia, are not only oriented towards economic benefits but also pay attention to social and environmental welfare which is in line with the universal goals of the SDGs. On the other hand, Maqasid Sharia, which is the main goal of Islamic law, has a focus on protecting religion, life, reason, offspring and property. Therefore, integrating the principles of Maqasid Sharia with the SDGs is considered strategic to achieve comprehensive sustainable development. Sharia banks have a strategic role in supporting sustainable development by paying attention to social welfare and the environment. Sharia banks not only function as financial intermediation institutions, but also have high social responsibility. Sharia banks actively contribute to improving social welfare through various corporate social responsibility (CSR) programs, which aim to reduce social inequality, improve education, and provide humanitarian assistance, especially in crisis situations, such as the COVID-19 pandemic (Yusuf et al., 2023).

The role of sharia banks in social welfare and the environment can also be seen through the harmony between bank operations and the principles of Maqasid Sharia. Sharia banks are oriented towards achieving *maslahah* (common good) and reducing *mafsadah* (damage), in line

with the principles of sustainable development goals (SDGs), especially in eradicating poverty, quality education, and good health and welfare (Prasojo et al., 2024). Sharia banks in Indonesia, for example Bank Syariah Indonesia (BSI), have attempted to integrate the principles of Maqasid Syariah in achieving the SDGs through various strategic approaches. This implementation is carried out through zakat, waqf and waqf sukuk instruments, which are directed at assisting the community in overcoming various socio-economic problems such as poverty and access to basic services such as education and health (Prasojo et al., 2024). Furthermore, Islamic banks also play a significant role in supporting the development of the halal industry, which is an important part of a sustainable economy. Sharia banks provide financing and act as facilitators for the halal industry, which includes food, cosmetics, pharmaceuticals and halal tourism, whose operations always pay attention to environmental, social and economic aspects (Tajuddin et al., 2024). In the context of the Covid-19 pandemic, Islamic banks have proven to have a role important in maintaining socio-economic stability. Sharia banks in Indonesia actively contribute through digitalization of banking services, providing installment relief to customers affected by the pandemic, personal protective equipment (PPE) assistance, and supporting the distribution of people's business credit (KUR) and other social assistance.

This reflects how sharia banks are not only oriented on profits but also shows commitment to the social welfare of society at large (Yusuf et al., 2023). Sharia banks also feature prominently in their characteristic ethics and social responsibility-based financial practices compared to conventional banks. These practices include financing based on profit sharing principles (*mudharabah* and *musyarakah*), which emphasize the importance of the concept of fair risk sharing, which ultimately encourages financial inclusion and contributes positively to social welfare and environmental sustainability (Sultan et al., 2024). In addition, adherence to the principles of Maqasid al-Shariah in its operational activities is a key feature of sharia banks, which include the protection of religion, life, reason, descent and property. By implementing this principle, sharia banks have a strong drive to actively carry out their business operations by considering social and environmental impacts, including ensuring that the products and services provided truly bring broad benefits to society (Ullah, 2014).

There are still several challenges in implementing sustainability practices in sharia banks. Among them is the level of sharia financial literacy which is still low among the community, thereby limiting the effectiveness of socializing sharia bank sustainability programs. Thus, increasing literacy through sharia financial education based on the Maqasid

Sharia ethical framework is very necessary so that people understand better and are able to be active in supporting social and environmental programs from sharia banks (Bakar et al., 2024).

2. BIBLIOGRAPHY OVERVIEW

The concept of Maqasid Sharia focuses on achieving human welfare by maintaining five basic principles, namely the protection of religion (hifz al-din), soul (nafs), reason ('aql), offspring (nasl), and property (mal) (Laldin & Furqani, 2013). In line with this, the Sustainable Development Goals (SDGs) have almost the same targets, such as poverty alleviation, good health, quality education and gender equality (Fitria, 2023). Therefore, these two concepts have the potential to complement each other in encouraging holistic community welfare (Prasojo et al., 2024).

The integration between the principles of Maqasid Sharia and the Sustainable Development Goals (SDGs) is relevant because they share a common core in promoting social and environmental well-being. The concept of Maqasid Sharia, which includes protection of religion, soul, mind, descendants and property, basically aims to create harmonious and sustainable living conditions (Laldin & Furqani, 2013). Meanwhile, the SDGs developed by the United Nations (UN) have 17 goals that cover various aspects such as eradicating poverty (SDG 1), eliminating hunger (SDG 2), ensuring public health and welfare (SDG 3), quality education (SDG 4), as well as gender equality (SDG 5) (Prasojo et al., 2024). In practice, sharia banks apply Maqasid principles Sharia through various financial activities that support social and economic development simultaneously. For example, Bank Syariah Indonesia (BSI) has integrated the objectives of Maqasid Syariah in its operations by utilizing instruments such as zakat, waqf and sukuk to help reduce poverty, improve the quality of education, and provide access to health services for the wider community (Prasojo et al., 2024). This strategy also shows that sharia banks not only function as financial institutions that pursue profits, but also actively participate in solving society's social challenges in accordance with sharia principles. Furthermore, sharia banks have a strategic role in helping businesses Micro, Small and Medium (MSMEs), which are vital sectors in the national economy. Through various sharia-based financing schemes, such as mudharabah and musyarakah, sharia banks not only provide financial support but also empower MSMEs to develop sustainably (Yusuf et al., 2023). This practice is in line with the SDGs on decent work and economic growth (SDG 8) and reducing inequality (SDG 10). Another aspect of sharia bank involvement in supporting the SDGs is attention to environmental issues. Sharia banks are not only oriented towards financial benefits, but also

ensure that any financing provided does not violate ethical and environmental principles. This is reflected in the sharia bank's policy of implementing green financing and supporting projects oriented towards environmental sustainability and responsible use of natural resources (Tajuddin et al., 2024). Sharia bank support for the development of the halal industry is also a concrete implementation of the integration of Sharia Maqasid principles and SDGs.

Halal industries that include food, cosmetics, pharmaceuticals, and tourism explicitly encourage responsible consumption and production, which is one of the primary goals of the SDGs (SDG 12). Sharia banks act as capital providers as well as facilitators of the development of this industry, which is in line with the goals of protecting religion and soul in Maqasid Syariah (Tajuddin et al., 2024). Furthermore, sharia banks also place corporate social responsibility (CSR) as an integral part of their operations. Study by Sultan et al. (2024) shows that sharia banks that improve social performance through CSR activities tend to experience increased financial performance. This shows that there is a positive relationship between social concern and economic sustainability, showing the synergy between the principles of Maqasid Sharia and the achievement of the SDGs. In the context of the Covid-19 pandemic, the social role of sharia banks is increasingly evident through initiatives aimed at helping affected communities. Sharia banks contribute through digitalization of banking services, providing personal protective equipment (PPE), distributing people's business credit (KUR), and providing relaxation to customers experiencing economic difficulties (Yusuf et al., 2023).

This initiative is in line with Maqasid Syariah principles in protecting life and property, as well as in line with the SDGs related to health (SDG 3) and decent work and economic growth (SDG 8). Nevertheless, challenges remain in this integration practice. Low sharia financial literacy among consumers can hinder effectiveness of implementation of various sustainability policies. Therefore, sharia financial literacy based on Maqasid al-Shariah needs to continue to be improved so that consumers can understand banking contracts more critically, so that they are able to protect their rights while supporting ethically sustainable banking practices (Bakar et al., 2024). Integration between Maqasid Sharia and SDGs provides strategic opportunities for sharia banks to not only develop financially but also contribute to achieving social welfare and sustainable environmental preservation. This strengthens the position of sharia banks as financial institutions that carry out their functions ethically and responsibly, in line with the Islamic values on which they are based (Yusuf et al., 2023; Prasajo et al., 2024).

Previous research shows that sharia banking has an important role in supporting the achievement of the SDGs through the implementation of the Maqasid Sharia principles. The integration of the two is able to strengthen social and economic impact through various sharia financial instruments such as zakat, waqf, sukuk, and takaful (Fitria, 2023; Abdurrehman et al., 2021). Other research shows the important role of sharia financial literacy in encouraging consumer responsibility and encouraging ethical and sustainable banking practices (Abu Bakar et al., 2024).

3. RESEARCH METHODS

This research uses a qualitative approach using the literature review method (literature review) which aims to explore in depth the integration between the principles of Maqasid Sharia and the Sustainable Development Goals (SDGs) in sharia banking practices. This literature review-based research was chosen because it is able to provide a comprehensive analysis of emerging phenomena in various academic studies, with reference to relevant and verified sources (Biancone et al., 2020). Data collection was carried out by identifying and analyzing several indexed international journal articles that focused on the concept of Maqasid Sharia, the implementation of SDGs in sharia banking practices, as well as studies that linked the two conceptually and empirically. The articles studied come from various reputable journals, including articles highlighting cases at Bank Syariah Indonesia and other sharia banks that have implemented the Maqasid Syariah concept to support the SDGs (Prasojo et al., 2024; Mohamed Sultan et al., 2024). Data analysis in this research uses content analysis techniques (content analysis). This technique was chosen because of its ability to dig up information from texts systematically, as well as providing an overview of the application of the theoretical concepts studied in real sharia banking practice (Yusuf et al., 2023). Through this technique, research was able to identify common patterns that emerged from various articles related to the integration of Maqasid Syariah with SDGs in sharia banking activities. In the implementation of content analysis, the first step is identification main keywords such as "Maqasid Sharia", "SDGs", "sharia bank", "sustainability", and "Islamic ethics". Then, the relevant articles are sorted and analyzed based on research objectives. After this process, patterns that describe how Islamic banks apply the principles of Maqasid Sharia in supporting the SDGs are effectively mapped and interpreted (Biancone et al., 2020). In addition, to maintain the validity and reliability of the analysis results, the articles analyzed were selected based on the journal's reputation (indexed Scopus, Sinta, and international Q1-Q3) to ensure the quality of the research findings (Subagiyo et

al., 2021). The findings obtained from this process are used to identify successful integration models and challenges in their implementation in the sharia banking environment.

The results of the analysis are then structured in the form of a descriptive narrative highlighting the most effective practices of integration of Maqasid Sharia and SDGs and the challenges found in these practices. This analysis also seeks to identify similarities and differences in approaches between sharia banking in Indonesia and international sharia banking practices, especially from a social and environmental perspective (Tajuddin et al., 2024). Through this analysis, the research seeks to provide a clear picture of how the principles of Maqasid Sharia can be applied in achieving the universal goals of the SDGs through Islamic financial institutions. The research findings are expected to inform Islamic banks, policy makers and academics to improve sustainability practices in Islamic banking that are oriented towards achieving social and environmental welfare in a balanced manner (Yusuf et al., 2023; Prasjojo et al., 2024). Thus, this literature review method is considered the most appropriate to explore the relationship between the concept of Maqasid Sharia and the SDGs in the context of sharia banking, as well as identify strategies and policies needed to strengthen the implementation of sustainable development based on universal and inclusive sharia principles.

4. RESULTS AND DISCUSSION

Corporate Social Responsibility (CSR) activities carried out by banks sharia shows that increasing social responsibility is positively correlated with financial performance (Sultan et al., 2024). Apart from that, the intermediation model implemented by sharia banks is based on the concept of sharing risk and profit and loss, in line with the principles of al-ghunm bi al-ghurm which are in accordance with the concept of Maqasid Sharia (Ghazali et al., 2024). Integration between Maqasid Sharia and SDGs creates positive synergy which is able to support sustainable development in the sharia banking sector. Sharia banks, such as those carried out by Bank Syariah Indonesia (BSI), proactively integrate socio-economic objectives in their various operational activities. The strategies implemented include poverty alleviation programs through zakat and waqf instruments, increasing access to quality education, as well as community empowerment through financing micro, small and medium enterprises (MSMEs) in accordance with sharia principles (Prasjojo et al., 2024). The positive impact of such integration is not only limited to aspects economic but also extends to social and environmental aspects. Sharia banks actively apply sustainability principles, for example through activities Corporate Social Responsibility (CSR) is more integrated compared to

conventional banks. Studies show that good social performance has a positive influence on the financial performance of sharia banks, thereby creating a holistically sustainable business ecosystem (Sultan et al., 2024). Sharia banks also implement appropriate financial intermediation models with sharia principles, especially the principle of *al-ghunm bi al-ghurm*, namely that profits must be balanced with the risks taken. This model supports achieving economic justice while encouraging financial inclusion in society (Ghazali et al., 2024). This shows that sharia bank operations not only consider profits but also responsibility for social and environmental impacts. In the context of real practice, Islamic banks in Indonesia also play a role in helping people face challenges such as the Covid-19 pandemic. They support digitalization programs to reduce physical interaction, provide personal protective equipment (PPE) assistance, provide payment relief schemes for affected customers, and maximize CSR programs to help economic recovery (Yusuf et al., 2023). The role of sharia banks in supporting the halal industry is clear evidence that the integration of *Maqasid Syariah* with the SDGs can be implemented effectively. Sharia banks not only provide capital financing but also function as facilitators and promoters of halal business development in line with sustainable consumption and production goals (SDG 12). This support for the halal industry creates significant social and environmental added value (Tajuddin et al., 2024). The implementation of this integration cannot be separated from various challenges, such as low sharia financial literacy among consumers.

This low level of literacy means that some consumers are not able to optimally understand the sustainability-oriented products offered by sharia banks. Therefore, strengthening sharia financial literacy through an ethics-based approach to *Maqasid al-Shariah* is very necessary (Bakar et al., 2024). In efforts to optimize this integration, sharia banking must also increase transparency and accountability in sustainability reporting. This is important to maintain public trust while ensuring that sharia banking practices truly reflect the ethical values and principles of *Maqasid Sharia* in supporting the concrete achievement of the SDGs (Prasojo et al., 2024). Integration between the principles of *Maqasid Sharia* and SDGs through sharia banking practices is a strategic step in realizing sustainable development oriented not only towards economic aspects but also towards social and environmental protection. Sharia banks are expected to continue to innovate and strengthen their commitment to carrying out their role as agents of positive change for society and the environment. Public literacy regarding sharia finance in Indonesia is still classified low, which causes various challenges in implementing sustainability practices in sharia banks (Yusuf et al., 2023). This low literacy is reflected in the lack of public understanding of sharia banking contracts, which results in

consumers' inability to take them precise and critical financial decisions (Bakar et al., 2024). This also hinders the optimization of the role of sharia banks in supporting the achievement of sustainable development goals (SDGs), which actually require active participation from the wider community. Given the important active role of society in realizing socially and environmentally responsible banking practices, developing sharia financial literacy is an urgent need. Literacy approaches based on Islamic ethical frameworks, especially Maqasid Syariah, are believed to be able to increase public awareness regarding their rights as consumers and encourage responsible and sustainability- oriented financial behavior (Prasojo et al., 2024).

This literacy also helps consumers recognize financial products that comply with the principles of fairness, risk balance and mutual benefits that are at the heart of Maqasid Syariah. Effective sharia financial literacy not only functions as an educational instrument, but is also a means of empowering the community to avoid unfair banking contract practices. Bakar et al. (2024) emphasized that sharia financial literacy developed with the Maqasid Sharia ethical approach is able to encourage consumers to be more critical in identifying and reporting unfair contract clauses to financial authorities. This ultimately creates a banking business climate that is more transparent, ethical and in line with holistic sustainability goals.

5. CONCLUSION

Integration between Maqasid Sharia and the SDGs provides a foundation strong to develop sharia banking that is more sustainable and socially responsible. Sharia banks that implement this principle not only fulfill sharia obligations but also contribute significantly to achieving global development goals. To increase the success of this integration, sharia financial literacy needs to continue to be improved in society, which will ultimately support the sustainable growth of the sharia banking sector in Indonesia.

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