

Realisation of Maqasid Al-Shariah Using Value-Based Intermediation in Islamic Banks: Acceptance or Refusal

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ABSTRACT

Value-Based Intermediation (VBI) is a strategy proposed by Bank Negara Malaysia (BNM) as an intermediary tool to deliver the maqasid al-shariah (intended outcomes of Shariah) through practices and products offerings in Islamic banks. However, in reality, VBI has not yet been fully accepted by all Islamic banks in Malaysia. Thus, the objective of this research is to investigate the reason(s) behind the acceptance and refusal of VBI among the Islamic Banks in Malaysia. This research had used the qualitative research methodology where semi-structured interviews were conducted with the shapers of VBI in Islamic banks or the dedicated officers in corporate social responsibility to gain information on the initiatives. This research shows that the Islamic banks which agree to implement VBI are purely supporting the BNM initiatives. However, the Islamic banks which refused to implement VBI feel that their banks had adopted a similar concept, idea or strategy as VBI much earlier in order to achieve maqasid al-shariah. It is recommended for BNM to revise and customize VBI in accordance with the Malaysian context and culture in order for it to be fully accepted by all Islamic banks and be able to avoid any conflicts between the regulator and practitioners.

Keywords: Islamic banking; Maqasid-al Shariah; Value Based Intermediation