Journal of Law & Social Politics
Volume 4, Issue 4, 1-12
e_ISSN: 2807-6311
https://jolastic.id/index.php/jlsp/index
DOI: doi.org/10.59261/jlsp.v4i4.164

Principles for Responsible Banking (PRB): Legal Analysis from the Perspective of *Maqashid Shariah* (Islamic *Shariah*)

Elyana Novira*
Universitas Bung Hatta, Indonesia

Desmal Fajri
Universitas Bung Hatta, Indonesia

***Corresponding author:**
Elyana Novira, Universitas Bung Hatta, Indonesia. ✉elyana.novira@bunghatta.ac.id

Article Info:
Article history:
Received: July 02, 2026
Revised: July 27, 2026
Accepted: July 29, 2026
Available Online: August 26, 2026

Keywords:
ESG; *Maqashid Shariah*; Principles for Responsible Banking; Sharia Banking; Sustainable Finance.

Abstract

Background: The sustainable finance paradigm has encouraged banks to integrate environmental, social, and governance (ESG) considerations into their business activities. The Principles for Responsible Banking (PRB), launched by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2019, is a leading global framework for responsible banking. Content analysis studies of Islamic banks' sustainability reporting in Indonesia show that disclosure still largely follows ESG and regulatory reporting formats, with limited articulation of *Maqashid Shariah*.
Objective: This study analyzes the conformity of the six PRB principles with *Maqashid Shariah* and reconstructs a *Maqashid*-Based Responsible Banking model.
Methods: Normative juridical legal research is employed as the research design, using statutory, conceptual, and comparative approaches. Qualitative content analysis is applied to regulations, PRB documents, and Islamic legal literature.
Results: Alignment and transparency converge with *Hifz al-mal* and *amanah*; impact and target setting with *Hifz al-nafs*and *Hifz al-nasl*; clients, customers, and stakeholders with *al-'adl* and *maslahah*; and governance and culture with *Hifz al-din* and *hifz al-'aql*. The convergence is substantive but partial because the PRB is grounded in a universal, secular framework, whereas *Maqashid Shariah* is grounded in revelation.
Conclusion: Partial convergence indicates that PRB indicators require normative supplementation rather than direct adoption. The study formulates a *Maqashid*-Based Responsible Banking model that pairs the six PRB principles with a *Maqashid Shariah* Index and recommends sector-specific guidance for Islamic banks beyond POJK No. 51/POJK.03/2017, as well as empirical validation of the proposed indicators.

To cite this article: Novira, E., & Fajri, D. (2026). Principles for Responsible Banking (PRB): Legal Analysis from the Perspective of Maqashid Shariah (Islamic Shariah). *Journal of Law & Social Politics*, *4*(4), 1-12. https://doi.org/10.59261/jlsp.v4i4.164

INTRODUCTION

The development of sustainability issues has triggered a paradigm shift in the global banking industry. Financial institutions are no longer seen solely as profit-oriented intermediaries focused on shareholder value, but also as strategic actors responsible for environmental, social, and governance impacts and stakeholder value. In response to this dynamic, the United Nations Environment Programme Finance Initiative (UNEP FI) launched the Principles for Responsible Banking (PRB) as an operational framework to support the achievement of the Sustainable Development Goals (SDGs) and the goals of the Paris Agreement.

In Indonesia, the commitment to sustainable finance has been formalized through POJK

No. 51/POJK.03/2017. However, the implementation of Islamic banking still faces significant conceptual challenges. Normatively, the reporting formats prescribed by that regulation and by SEOJK No. 16/SEOJK.04/2021 are constructed around ESG categories, so sustainability disclosure tends to be directed toward formal compliance and operational efficiency. This reading is consistent with content analysis findings that Islamic bank sustainability reports in Indonesia display strong governance disclosure but comparatively limited *Shariah*-compliance disclosure (Adirestuty et al., 2025), and with the finding that compliance with POJK No. 51/POJK.03/2017 remains the dominant driver of sustainability reporting practices fahmy (Fahmy et al., 2026; Keuangan, 2017). Because this study is normative-juridical and literature-based, the claim is advanced as a regulatory-design observation rather than as a measured empirical condition of the industry. This approach often leaves the dimensions of ethical values and distributive justice that form the essence of *Maqashid Shariah* outside the reporting framework.

The vision of a responsible global banking framework has been established jointly by the United Nations and banks from all regions of the world. Banks are responsible for measuring and managing the impacts of their financing activities on people, society, and the planet. The PRB helps banks navigate risks, opportunities, and impacts across four interrelated priorities: climate, nature, human rights, and a healthy and inclusive economy. These principles provide a sustainable banking framework that enables banks to take action and make progress toward global and local goals for a sustainable future (Initiative, 2019; Satyakti, 2023).

The presence of the PRB demonstrates that the banking sector is no longer seen solely as a financial intermediation institution, but also as a strategic instrument for realizing sustainable development (Feridun & Talay, 2024). The Principles for Responsible Banking (PRB) are built on six main principles: alignment; impact analysis and target setting; clients and customers; stakeholders; governance and culture; and transparency and accountability. The six principles require banking activities to produce positive impacts on society and the environment in a sustainable manner. Thus, the concept of responsible banking essentially prioritizes social responsibility, business ethics, and good governance as integral components of the modern financial system (Initiative, 2019; Satyakti, 2023).

In Indonesia, the Financial Services Authority provides a regulatory framework for sustainable finance, which is reflected in Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. POJK No. 51/POJK.03/2017 was enacted on July 27, 2017, two years before the PRB was launched on September 22, 2019, and its recitals refer to Law No. 21 of 2011 on the Financial Services Authority rather than to any UNEP FI instrument. It is therefore not, in the formal sense, an implementing regulation of the PRB; rather, it is an autonomous domestic sustainable finance regulation whose objectives substantively align with those of the PRB. The subsequent domestic chain of instruments consists of SEOJK No. 16/SEOJK.04/2021 on the form and content of annual reports; POJK No. 17 of 2023 on the Implementation of Governance for Commercial Banks, which requires banks to prepare and publish sustainability reports guided by POJK No. 51/POJK.03/2017; and Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector. Sustainable Finance is a comprehensive form of support from the financial services sector to create sustainable economic growth by aligning economic, social, and environmental interests.

Financial Services Institutions are required to prepare a Sustainable Finance Action Plan, which must be submitted annually to the OJK. Financial Services Institutions (LJK) are obliged to communicate the Sustainable Finance Action Plan to shareholders and all levels of the organization within the LJK. For LJKs that violate the applicable provisions, administrative sanctions may be imposed in the form of reprimands or written warnings.

From the perspective of Islamic law, the Principles for Responsible Banking (PRB), launched by the United Nations Environment Programme Finance Initiative (UNEP FI) in (2019), have many points of convergence with the principles of Islamic economics and banking. The main goal of the PRB is to create positive impacts on society and the environment (Initiative, 2025). This is in line with the concept of maslahah in Islam, which seeks to realize benefits and prevent harm, as stated in the Qur'an:

"*And cause not corruption upon the earth after its reformation. And invoke Him in fear and*

aspiration. Indeed, the mercy of Allah is near to the doers of good (Q.S. Al-A'raf [7]: 56)."
The PRB also supports objectives that are consistent with *Maqashid Shariah*, in particular:

1) *Hifz al-mal* (protection of property),
2) *Hifz al-nafs* (protection of life),
3) *Hifz al-bi'ah* (environmental protection, following the development of contemporary *maqashid*),
4) *Hifz al-nasl* (protection of future generations).

Studies on the relationship between ESG and *Maqashid Shariah* have received increasing attention in the international literature in recent years . Research published in reputable Scopus-indexed journals shows that there is conceptual alignment between ESG principles and the objectives of *Maqashid Shariah*, particularly in the areas of social justice, ethical governance, and environmental protection (Shalhoob, 2025). *Maqashid Shariah* is accordingly treated as a normative framework that can strengthen the implementation of sustainable finance in the Islamic banking industry. Therefore, Islamic banks are not only required to meet the requirements of *Shariah* compliance, but are also expected to generate social value and broader benefits (Sheikh & Hussain, 2025).

The use of conventional ESG indicators still dominates the application of the concept of sustainability in Islamic banking in Indonesia. This approach has the potential to reduce sustainability assessment to formal compliance and cannot fully reflect the ethical dimensions and values of *Shariah*. A recent study found that, to measure the sustainability of Islamic banking, ESG indicators must be integrated with *Maqashid Shariah*-based indices to provide a more comprehensive picture of performance (Fahmy et al., 2026). This integration is important to ensure that sustainability goals are measured not only in terms of economic and environmental aspects, but also in terms of justice, welfare, and benefits to society (Nadia et al., 2025).

In addition, the Principles for Responsible Banking arise from a sustainable development paradigm that is universal (general) and secular (profane) (Feridun & Talay, 2024). Meanwhile, *Maqashid Shariah* is a concept based on normative values derived from the Qur'an and Sunnah (Laldin & Furqani, 2013; Monawer et al., 2022). These different philosophical foundations raise questions about the extent to which the principles of the PRB are compatible with the objectives of Islamic law. This question is crucial because Islamic banking not only focuses on achieving economic benefits, but also on realizing maslahah and social justice (Sujana, 2026). It is also crucial because *maqashid* reasoning is itself contested: the boundaries and priority ordering of the objectives are determined interpretively, so *maqashid* can be invoked to justify divergent conclusions unless the criteria are stated explicitly (Kitta, 2026).

Not much research has been conducted on the relationship between the Principles for Responsible Banking and *Maqashid Shariah*, compared with research that discusses the relationship between ESG and Islamic banking more generally (Yulita, 2025). Many previous studies have continued to emphasize sustainability measurement and the application of ESG in the Islamic finance industry (Fahmy et al., 2026). Three gaps can be identified from that body of work. First, existing studies treat ESG as the unit of analysis and do not examine the PRB as a distinct governance instrument with its own six principles and reporting cycle. Second, studies that do apply the *Maqashid Shariah* Index treat it as a performance measurement tool for ex post evaluation (Analia et al., 2024), rather than as a normative design input for a responsible banking framework. Third, no study has mapped the six PRB principles onto the five objectives of *Maqashid Shariah*within a single analytical framework. Meanwhile, the existence of the PRB as a global governance framework requires a more comprehensive analysis from the perspective of Islamic law to determine its level of conformity with *Shariah* objectives (Prasojo et al., 2024).

This gap makes the research urgent. Indonesian Islamic banking assets are governed by the same sustainable finance instruments that apply to conventional financial services institutions, so an Islamic bank that fully satisfies POJK No. 51/POJK.03/2017 may still report nothing about the objectives that distinguish it from a conventional bank. The dichotomy between the universal-secular foundation of the PRB and the revelation-based foundation of *Maqashid Shariah* therefore has a practical consequence, not merely a philosophical one: it raises the question of the extent to which the PRB is aligned with the objectives of Islamic law and what implementation model would allow Islamic banking to go beyond simply mirroring conventional ESG.

The novelty of this research lies in the conceptual reconstruction of *Maqashid*-Based Responsible Banking, which integrates the six principles of the PRB with the five principal objectives of *Maqashid Shariah* (*Hifz al-din*, *Hifz al-nafs*, Hifz al-'aql, *Hifz al-nasl*, and *Hifz al-mal*). In contrast to previous research that generally discusses only the implementation of ESG or the relationship between ESG and Islamic banking, this study offers an integrative model that combines global sustainability standards with Islamic normative values through the use of the *Maqashid Shariah* Index as a complementary instrument for measuring sustainability performance. The model provides a new perspective on the development of Islamic banking governance that is more holistic, equitable, and oriented toward maslahah.

This study aims to analyze the compatibility of the principles of the Principles for Responsible Banking (PRB) with the concept of *Maqashid Shariah* as a philosophical foundation of Islamic banking. In addition, this study aims to identify points of convergence and conceptual differences between the ESG-based global sustainability paradigm and the objectives of Islamic law, as well as to reconstruct the *Maqashid*-Based Responsible Banking model through the integration of the principles of the PRB and the *Maqashid Shariah* Index. The study has two principal benefits: for regulators, it offers a normative basis for sector-specific sustainability guidance for Islamic banks; for Islamic banks, it offers a reporting logic in which sustainability performance is assessed against the objectives of Islamic law rather than solely against regulatory checklists.

METHOD

This study employed normative-juridical legal research. The normative-juridical design was the primary research design, while qualitative content analysis was the analytical technique used to interpret the legal materials. The study was therefore not a qualitative empirical study of banking practices and made no claims about the measured behavior of individual banks. The main focus of the research was to conduct a comparative analysis of the operational principles of the Principles for Responsible Banking (PRB) and the fundamental values of *Maqashid Shariah*.

The systematic steps undertaken in this study included:

Data Collection: Data were collected through library research by examining primary documents, namely the Principles for Responsible Banking framework published by UNEP FI, as well as contemporary Islamic legal literature relevant to *Maqashid Shariah* and banking economics.

Data Reduction: The researcher selected the six main principles of the PRB (alignment, impact analysis and target setting, clients and customers, stakeholders, governance and culture, and transparency and accountability) and classified them according to their relevance to the basic objectives of *maqashid* (*hifz al-din, hifz al-nafs, hifz al-'aql, hifz al-nasl*, and *hifz al-mal*).

Comparative Analysis: The researcher mapped the principles to identify points of convergence and differences in the philosophical foundations of the global sustainability (ESG) paradigm and Shariah-based normative values. This analysis used content analysis techniques to interpret the extent to which these global norms could be integrated into the framework of Islamic law.

Conceptual Reconstruction: As the final stage, a synthesis was conducted to formulate a *Maqashid*-Based Responsible Banking model. This process involved identifying the gap between conventional ESG indicators and the ethical requirements of Islamic banking and then proposing the integration of indicators based on the *Maqashid Shariah* Index as a means of strengthening Islamic banking governance.

The approaches used included: (1) the statute approach, namely, by reviewing Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017, POJK No. 17 of 2023 on the Implementation of Governance for Commercial Banks, SEOJK No. 16/SEOJK.04/2021, Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, and other regulatory instruments or soft-law instruments related to sustainable finance; (2) the conceptual approach, namely, by examining the concepts of the PRB, ESG, sustainable finance, *Maqashid Shariah*, and Shariah governance; and (3) the comparative approach, namely, by comparing the orientation of indicators and normative rationality between conventional ESG or PRB frameworks and *Maqashid Shariah*-based indices. Each of these instruments was analyzed substantively in the Results section; POJK No. 17 of 2023 was examined in relation to its governance principles and sustainability reporting mandate (Keuangan, 2023).

Legal materials were collected through literature research. The analysis was then conducted qualitatively through several stages, namely norm inventory, categorization, issue identification, mapping of the relationship between the six principles of the PRB and the objectives of *Maqashid Shariah*, and the subsequent formulation of arguments deductively and prescriptively. By using this analytical model, this article not only explained the points of convergence between the PRB and *Maqashid Shariah*, but also assessed the adequacy of the current sustainable finance instruments and proposed a more appropriate normative construction for Islamic banking.

Operational Definition of the *Maqashid Shariah* Index. The term *Maqashid Shariah* Index does not refer to a single standardized instrument; therefore, the version used in this study was specified. This study adopted the Abu Zahrah-derived index as operationalized for Islamic banking, in which the objectives of Islamic law were reduced to three measurable dimensions: *tahdhib al-fard* (educating the individual), *iqamah al-ʻadl* (establishing justice), and *jalb al-maslahah* (realizing public benefit). Each dimension was broken down into elements and then into financial and nonfinancial performance ratios derived from annual and sustainability reports. Examples included the education grant ratio and research expenditure ratio for the first dimension, the profit equalization reserve and interest-free income ratios for the second, and the zakat ratio and real-sector investment ratio for the third. The dimension scores were aggregated using Simple Additive Weighting, and the weights were those established in the Abu Zahrah-based literature rather than weights assigned by the present authors.

This version was selected for three reasons. First, it is the version most widely applied to Indonesian Islamic banks, which makes the resulting model comparable with existing empirical work (Al Parisi et al., 2021; Analia et al., 2024). Second, its ratios are constructed from data that Islamic banks already publish under POJK No. 51/POJK.03/2017, so integration with PRB reporting does not require a new disclosure regime. Third, its three dimensions can be traced back to the five classical objectives, allowing the index to serve as the measurement counterpart of the normative mapping presented in the Results. Because *maqashid* categorization is interpretive (Kitta, 2026), this study treats the index as a conceptual instrument requiring empirical validation rather than as a settled measurement standard.

RESULTS AND DISCUSSION

Results

The Concept of Principles for Responsible Banking in the Sustainable Finance Framework

The first finding of this study concerns the legal character of PRB rather than its definition, which was set out in the Introduction. PRB is a voluntary soft-law instrument: it binds signatory banks through a commitment mechanism, an impact analysis and target-setting cycle, and periodic progress reporting, but it carries no sanctions under public law. Its normative force therefore depends on two things: incorporation into domestic regulation and the internal governance culture of the signatory bank. This is the point at which *Maqashid al-Shariah* becomes analytically relevant, because it supplies the internal normative commitment that a voluntary framework cannot itself impose (Initiative, 2019; Raimi et al., 2024).

These six principles require banks to ensure that their policies and operational activities produce positive impacts on communities while minimizing negative impacts on the environment. Thus, the concept of responsible banking is essentially part of the transformation of the global financial system toward a more inclusive and sustainable system.

This approach has a close relationship with the concept of *Environmental, Social, and Governance* (ESG), which is evolving in modern corporate governance (Fahmy et al., 2026). The implementation of ESG in the banking sector is considered capable of improving the quality of governance, strengthening public trust, and supporting financial system stability in the long term. Therefore, sustainability is no longer viewed as a complementary aspect but has become an integral part of a financial institution's business strategy.

Judging from the relationship between PRB, ESG, and the SDGs, PRB is a universal framework of principles that provides banks with normative directions to support sustainable development; ESG is an operational framework through which those directions are implemented; and the SDGs are the outcomes against which both are assessed.

Indonesian sustainable finance regulation does not constitute a formal adoption of PRB. POJK No. 51/POJK.03/2017 predates the 2019 launch of PRB, and neither that regulation nor POJK No. 17 of 2023 refers to UNEP FI as a legal source. What exists is substantive alignment: POJK No. 51/POJK.03/2017, the OJK Sustainable Finance Roadmap Phase II 2021–2025, the Sustainable Finance Taxonomy, and Law No. 4 of 2023 pursue objectives that overlap with the six PRB principles without incorporating them as binding norms. ESG functions as an operational framework for banks in financing, risk management, governance, and sustainability reporting. When substantively integrated, ESG can contribute to the SDGs through green financing.

Governance Regulation as the Domestic Anchor: An Analysis of POJK No. 17 of 2023

POJK No. 17 of 2023 on the Implementation of Governance for Commercial Banks, enacted on September 14, 2023, replaced POJK No. 55/POJK.03/2016 and was issued as a follow-up to the governance mandate of Law No. 4 of 2023. Article 2 requires every bank to apply the principles of good governance in carrying out its business activities, comprising at least transparency, accountability, responsibility, independence, and fairness. The regulation also requires banks to avoid conflicts of interest in management, supervision, and procurement and to disclose any conflicts of interest that arise. Most relevant to the present analysis, it requires banks to prepare and publish a sustainability report in accordance with POJK No. 51/POJK.03/2017, making the governance regulation an instrument that gives the sustainability-reporting obligation supervisory enforceability.

Read against PRB, POJK No. 17 of 2023 is the closest domestic analogue to Principle 5 (*Governance & Culture*) and Principle 6 (*Transparency & Accountability*), because it converts governance commitments into reporting duties enforceable by the supervisor. Read against *Maqashid al-Shariah*, its five governance principles express *amanah* and the prohibition of conflict-driven decision-making and therefore correspond to *Hifz al-din* in its institutional dimension and to *Hifz al-mal* in its protective dimension. Two limitations follow. First, POJK No. 17 of 2023 applies to commercial banks generally, so it prescribes no sharia-specific governance content beyond the sharia supervisory board arrangements established under separate instruments. Second, it regulates the existence and form of the sustainability report but not the substantive adequacy of its contents, which leaves the ethical content of Islamic bank sustainability disclosures to the discretion of the reporting bank.

Maqashid al-Shariah as the Philosophical Foundation of Islamic Banking

Maqashid al-Shariah refers to the fundamental objectives of Islamic law, which are directed toward realizing human welfare and benefit. The concept is oriented toward the protection of five main elements, namely religion (*Hifz al-din*), life (*Hifz al-nafs*), intellect (*Hifz al-'aql*), lineage (*Hifz al-nasl*), and wealth (*Hifz al-mal*) (Marpaung & Lubis, 2025). In the context of Islamic economics, *Maqashid al-Shariah* is not only interpreted as compliance with the prohibition of *riba*, *gharar*, and *maysir*, but also as a means of promoting justice and social welfare (Amaroh, 2018; Kurnia & Bakhri, 2025).

The development of the modern Islamic banking industry shows that profit orientation alone is no longer sufficient to describe the objectives of Islamic financial institutions. Islamic banks are required to generate social value and encourage the equitable distribution of welfare through productive and inclusive financing mechanisms (Sujana, 2026). Therefore, *Maqashid al-Shariah* constitutes the normative basis that distinguishes Islamic banking from the conventional banking system (Al Parisi et al., 2021; Damayanti et al., 2023).

Various recent studies show that *Maqashid al-Shariah* has a strong link with the concept of sustainability that is developing in the global financial system. *Maqashid al-Shariah* is viewed as an ethical framework capable of strengthening the implementation of ESG in Islamic financial institutions (Agustin et al., 2023). Thus, the integration of sustainability principles and *Maqashid al-Shariah* can result in a more equitable and benefit-oriented banking model (Fahmy et al., 2026). Empirically, however, the *maqashid* performance of Indonesian Islamic banks has been found to be unevenly distributed across the three *maqashid* dimensions, indicating that the normative link is not automatically realized in practice (Analia et al., 2024).

In relation to banking, *Maqashid al-Shariah* expressly indicates that Islamic banks should not be understood merely as profit-seeking entities. Islamic banks must serve as a means of connecting economic efficiency with moral responsibility. Therefore, the prohibition of *riba*, *gharar*, *maysir*, *tadlis*, and other invalid practices should not be considered merely contractual limitations, but also as part of efforts to preserve wealth, prevent exploitation, uphold justice, and ensure that economic activities produce genuine benefits.

A sensible consequence of the *maqashid* approach is that the performance of Islamic banks cannot be adequately measured solely by profitability, efficiency, or even the level of formal sharia compliance. Rather, Islamic banks should be assessed according to the extent to which they support productive financing, expand access to fair financial services, avoid financing sectors that harm people and the environment, protect customers from information asymmetry, and contribute to the equitable distribution of welfare through Islamic social finance instruments. In other words, *Maqashid al-Shariah*provides more substantive insights than mere sharia compliance.

Analysis of the Suitability of Principles for Responsible Banking with Maqashid al-Shariah

The principle of *Alignment* in PRB requires that a bank's business strategy be aligned with the goals of sustainable development (Satyakti, 2023). From the perspective of *Maqashid al-Shariah*, this principle has a relationship with the concept of *Hifz al-mal*, which emphasizes the protection and responsible management of wealth and assets (Sheikh & Hussain, 2025). The management of funds directed toward productive and sustainable sectors is part of efforts to maintain the economic sustainability of communities (Sujana, 2026).

The principle of *Impact & Target Setting* emphasizes the importance of identifying the impacts of banking activities on society and the environment (Raimi et al., 2024). From the perspective of *Maqashid al-Shariah*, this orientation is consistent with the purpose of *Hifz al-nafs*, which aims to protect human life and well-being (Sheikh & Hussain, 2025). Financing that takes environmental considerations into account will ultimately support people's quality of life and prevent damage that is detrimental to future generations, which is consistent with the concern of *Hifz al-nasl* (Nadia et al., 2025).

The principle of *Clients & Customers* requires banks to build responsible relationships with clients and customers (Raimi et al., 2024). This principle is related to the values of justice (*al-'adl*) and benefit (*maslahah*), which are important components of *Maqashid al-Shariah* (Sheikh & Hussain, 2025). Therefore, the relationship between the bank and the customer is not merely contractual but also contains moral and social dimensions (Prasojo et al., 2024).

The idea of *maslahah 'ammah* and social justice is related to the principle of *Stakeholders*. From the perspective of *maqashid*, business decisions must be made by taking into account multiple interests, not only those of shareholders but also those of clients, workers, local communities, vulnerable groups, and the environment, since these stakeholders are affected by such decisions. Stakeholder involvement is not merely a consultative process but also part of an effort to prevent the dominance of personal interests that could result in injustice.

The principle of *Governance & Culture* in PRB is also compatible with the concept of *amanah* in Islamic law (Fahmy et al., 2026). Good governance is a form of implementing the values of honesty, transparency, and responsibility in economic activities (Shalhoob, 2025). These values constitute an important foundation for realizing an Islamic banking system characterized by integrity and justice, and they operate through *Hifz al-din* in its institutional dimension and *Hifz al-'aql* through the education of bank officers and customers.

Meanwhile, the principles of *Transparency & Accountability* are consistent with the requirements of openness (*al-bayan*), trust, and accountability (*mas'uliyyah*). Sustainability reporting by Islamic banks should not focus only on statistics concerning green financing or social activities but should also disclose the quality of substantive sharia compliance, sectors excluded from financing, the effectiveness of mechanisms for handling customer complaints, policies for protecting vulnerable groups, and the role of social finance instruments such as *zakat*, *waqf*, and *qard al-hasan*, as well as other relevant social funds.

Table 1
Mapping of the Six PRB Principles onto the Objectives of Maqashid Shariah

PRB Principle	Substantive Requirement	Corresponding *Maqashid* Objective	Nature of Convergence
1. Alignment	Business strategy aligned with the SDGs and the Paris Agreement	*Hifz al-mal*	Substantive; both direct capital towards productive and non-destructive use
2. Impact and Target Setting	Identify, measure, and set targets for material impacts	*Hifz al-nafs* and *Hifz al-nasl*	Substantive; both protect life and future generations from harm
3. Clients and Customers	Responsible relationships and sustainable economic activity	Al-'adl and maslahah	Substantive; PRB frames this as commercial responsibility, *maqashid* as a moral duty
4. Stakeholders	Consult and engage parties affected by bank decisions	Maslahah 'ammah	Partial; PRB stops at consultation, *maqashid* requires the outcome to be just
5. Governance and Culture	Governance systems and a culture of responsible banking	*Hifz al-din* (institutional) and hifz al-'aql	Partial; PRB is procedural, *maqashid* adds a substantive screening duty
6. Transparency and Accountability	Periodic disclosure of progress and impacts	Amanah and mas'uliyah, supporting *Hifz al-mal*	Substantive; both treat disclosure as an obligation owed beyond shareholders

Source: authors' synthesis of the PRB framework (Initiative, 2019) *read against Sheikh and Hussain* (2025)*, Raimi et al.* (2024)*, Satyakti* (2023)*, and Fahmy et al.* (2026)*.*

The mapping in Table 1 therefore supports a qualified rather than an absolute conclusion. Four of the six principles substantively converge with the objectives of Islamic law, while two converge only partially because PRB defines them procedurally, whereas *Maqashid Shariah* defines them in terms of outcomes. It would be inaccurate to conclude that there is no conflict at all between the two frameworks; the more accurate conclusion is that there are substantive areas of convergence alongside a difference in normative foundations, and that this difference becomes operative precisely where PRB is silent about which activities may be financed at all (Kitta, 2026). These principles nonetheless demonstrate a genuine convergence between the global sustainability paradigm and the objectives of Islamic law (Sheikh & Hussain, 2025). Thus, PRB can be viewed as an instrument that supports the realization of benefits and sustainable economic development from the perspective of *Shariah* (Prasojo et al., 2024).

Reconstruction of Principles for Responsible Banking Based on Maqashid Shariah

Although there is substantial similarity between PRB and *Maqashid Shariah*, the paradigms underlying the two concepts have different starting points. PRB emerged from a global sustainability paradigm that is universal, whereas *Maqashid Shariah* is rooted in normative values derived from the Qur'an and Sunnah (Sheikh & Hussain, 2025). These differences require a conceptual reconstruction so that the implementation of PRB in Islamic banking has a stronger philosophical foundation.

The integration of ESG indicators and the *Maqashid Shariah Index* in the operational form specified in the Method section can serve as one model for developing *Shariah*-based *responsible banking* (Fahmy et al., 2026). This approach allows for sustainability measurements that take into account not only economic and environmental aspects but also dimensions of social justice and well-being (Nadia et al., 2025). In addition, the optimization of Islamic social finance instruments, such as *zakat*, *waqf*, and *qard al-hasan*, can strengthen the contribution of Islamic banking to the achievement of the Sustainable Development Goals (Raimi et al., 2024).

Thus, the concept of *Maqashid-Based Responsible Banking* can serve as a new model that integrates global sustainability standards with the objectives of Islamic law (Sheikh & Hussain, 2025). The model not only positions Islamic banks as financial intermediary institutions but also as instruments of development oriented toward the welfare of the community and social justice (Prasojo et al., 2024).

Discussion

Fundamental Differences: Conventional ESG Indicators vs. Maqashid Shariah Index

The implementation of PRB in Indonesia is currently often limited to the use of conventional ESG indicators. The comparison below is presented as a comparison of emphasis, rather than as a claim that the two frameworks are mutually exclusive. The table 2 summarizes the essential differences between the two:

Table 2

Differences in Emphasis: Conventional ESG Indicators and the Maqashid Shariah-Based Index

Dimensions	Conventional ESG Indicators	*Maqashid Shariah*-Based Index
Philosophical Foundations	Secular in origin and pluralistic in its value base; oriented to shareholders and, increasingly, to a broad range of stakeholders. Its value content is not fixed: rating providers differ in scope, measurement, and weighting, so ESG carries values that vary by provider rather than none at all.	Theonomous, sourced from the Qur'an and Sunnah, oriented to benefit in this world and the hereafter. Its value content is explicit but interpretively determined, since the boundaries of the objectives are fixed through ijtihad.
Destination Orientation	Mitigation of operational and transition risk, and long-term profitability sustainability. Ethical outcomes are pursued, but generally as a route to durable financial performance.	Achieving falah (true welfare) through the protection of the five main elements. Financial performance is treated as a means rather than as the terminal objective.
Scope of Justice	Social and environmental justice pursued largely through disclosure and process. Distributive outcomes are addressed in some frameworks, but they are not a defining requirement of the ESG construct.	Substantive justice that expressly includes *distributive justice* and moral ethics. Distributive outcomes are a defining requirement, operationalised through zakat, waqf, and qardhul hasan.
Nature of Compliance	*Predominantly compliance-driven against global and domestic regulatory standards. Compliance is verifiable, which is its strength, but verifiability is achieved by limiting what counts as performance.*	Value-driven, integrating sharia compliance with the values of *amanah* and *maslahah*. Its scope is wider, but its indicators are less standardised and remain empirically unvalidated.

Source: authors' synthesis based on Berg et al. (2022) *on the divergence and value-ladenness of ESG ratings, Güney* (2026) *on the interpretive determination of maqashid, Adirestuty et al.* (2025) *on Islamic bank ESG disclosure practice, and Fahmy et al.* (2026) *on ESG and maqashid integration. The table contrasts prevailing emphases and is not intended to assert that conventional ESG is incapable of substantive justice claims.*

Critical Analysis: Why Is Integration Necessary?

The dominant conventional ESG approach in Indonesia tends to be technocratic. For example, carbon emissions reporting or financial inclusion in ESG is often measured only through quantitative data. By contrast, a *Maqāṣid al-Sharīʿah*reading applies a two-stage test to every banking activity. The first stage is *ḥalāl*: whether the contract, the underlying asset, and the sector financed are legally permissible. The second stage is *ṭayyib*: whether the activity, although permissible, is wholesome in its effects on people and the environment. *Ṭayyib* is used here as a descriptive qualifier of *ḥalāl*, so that every *ṭayyib* activity is *ḥalāl*, but not every *ḥalāl* activity is *ṭayyib*.

Operationalized within the proposed model, the *ṭayyib* test yields four screening indicators that sit above the standard Shariah compliance screen: (i) sectoral impact, meaning that financing is withheld from activities that are permissible in contract but harmful in effect, which serves *ḥifẓ al-nafs* and *ḥifẓ al-nasl*; (ii) contractual fairness in substance, meaning the absence of information asymmetry and exploitative pricing in retail financing, which serves *al-ʿadl* and *ḥifẓ al-māl*; (iii) distributive reach, meaning the proportion of financing directed to the real sector and to micro and small enterprises, which serves *jalb al-maṣlaḥah*; and (iv) social instrument intensity, meaning the scale of zakat, waqf, *qard ḥasan*, and benevolence funds relative to profit, which serves *ḥifẓ al-dīn*. These four indicators are the point at which the *Maqāṣid al-Sharīʿah* Index attaches to PRB reporting, and they are proposed as testable constructs rather than as settled measures.

The integration of these two models creates a holistic concept of "Responsible Banking." Banks are not only required to report energy efficiency (ESG) but also to ensure that the financing provided does not support industries that undermine morals or religion (*ḥifẓ al-dīn*) and to ensure a distribution of wealth that is not concentrated among a few people (*ḥifẓ al-māl*).

A differentiated approach is needed to examine the application of sustainable finance in Islamic banks. So far, POJK No. 51/POJK.03/2017 applies to financial services institutions, and POJK No. 17 of 2023 applies to commercial banks. To combine *Maqāṣid al-Sharīʿah* with global sustainability, Islamic banks need more specific sectoral guidelines so that *maqāṣid* aspects are not limited to general reporting. Concretely, this would take the form of an OJK technical guideline for Islamic banks that supplements the POJK No. 51/POJK.03/2017 reporting format with the four *ṭayyib* screening indicators and requires the disclosure of excluded sectors, complaint-handling outcomes, and social instrument distribution.

CONCLUSION

This study concludes that there is a substantive convergence between Principles for Responsible Banking (PRB) and the goals of *Maqāṣid al-Sharīʿah*. The mapping produced by this study shows that four of the six PRB principles converge substantively with the objectives of Islamic law, namely alignment with *ḥifẓ al-māl*, impact and target setting with *ḥifẓ al-nafs* and *ḥifẓ al-nasl*, clients and customers with *al-ʿadl* and *maṣlaḥah*, and transparency and accountability with *amānah*, while the stakeholder and governance principles converge only partially because PRB defines them procedurally. Despite being born from different backgrounds, both frameworks share the goal of creating social and environmental well-being. The fundamental difference between conventional ESG and *Maqāṣid al-Sharīʿah*-based indices lies in their philosophical foundations and scope of purpose, with *Maqāṣid al-Sharīʿah* offering a deeper ethical dimension through the concept of *falāḥ*. It follows that PRB is a compatible but incomplete instrument for Islamic banking: compatible because its six principles are not in conflict with the objectives of Islamic law, and incomplete because it does not itself determine which activities may be financed.

The reconstruction offered by this study addresses that incompleteness. The *Maqāṣid*-Based Responsible Banking model retains the six PRB principles as the governance architecture and inserts two normative components into it. The first is a *ḥalāl–ṭayyib* screening layer, expressed through four indicators covering sectoral impact, substantive contractual fairness, distributive reach, and social instrument intensity. The second is the *Maqāṣid al-Sharīʿah* Index, in the Abu Zahrah-derived form specified in the Method section, which converts those commitments into the reported performance measure that PRB Principle 6 requires. The model therefore does not replace PRB reporting; it supplies the substantive content that PRB leaves to the discretion of the signatory bank, and it does so using data that Islamic banks already publish under POJK No. 51/POJK.03/2017.

This study is conceptual, and its contribution to future research lies in what it leaves to be tested. Three lines of work follow. First, the four *ṭayyib* indicators and the integrated index require empirical validation on Indonesian Islamic commercial banks, including tests of construct validity and the weighting scheme, since *maqāṣid* categorization is interpretively determined and different weightings may produce different rankings. Second, comparative research on jurisdictions that have issued *maqāṣid*-based regulatory guidance would show whether sector-specific guidance changes reporting behavior or only reporting format. Third, regulatory development research is needed on the drafting of an OJK technical guideline for Islamic bank sustainability reporting, including the question of whether such indicators should be mandatory or comply-or-explain. Until that work is done, the model proposed here should be read as a normative framework awaiting empirical confirmation.

ACKNOWLEDGEMENT

The authors would like to express their sincere gratitude to Universitas Bung Hatta for providing academic support, research facilities, and a conducive environment throughout the completion of this study. Appreciation is also extended to scholars, researchers, and relevant stakeholders who contributed valuable insights and references related to Principles for Responsible Banking (PRB), Islamic banking governance, and the Maqashid Shariah perspective.

AUTHOR CONTRIBUTION STATEMENT

Elyana Novira contributed to the conceptualization, legal analysis, literature review, research design, and preparation of the original manuscript. Desmal Fajri contributed to supervision, validation, theoretical refinement, critical review, and improvement of the manuscript. Both authors take responsibility for the integrity, accuracy, and accountability of all aspects of the research.

REFERENCES

Adirestuty, F., Ratnasari, R. T., Firmansyah, E. A., Al Adawiyah, R. A., Chazanah, I. N., & Yuliawati, T. (2025). Sustainable finance in the Islamic world: A comparative study of ESG reporting in Indonesia, Malaysia, and Brunei Darussalam. *Al-Uqud: Journal of Islamic Economics*, *9*(1), 18–32. https://doi.org/10.26740/al-uqud.v9n1.p18-32

Agustin, F., Muhtadi, R., & Sahal, S. (2023). The Importance of Implementing Environment, Social and Government (ESG) and Maqasid Sharia-Based Islamic Finance in Islamic Bank. *Journal of Islamic Economic Laws*, *6*(2), 133–158. https://doi.org/10.23917/jisel.v6i2.21214

Al Parisi, S., Fahmi, I., & Andati, T. (2021). Efficiency vs the Maqasid Shariah Index: A Comparative Study of Conventional and Islamic Banks in Indonesia. *Jurnal Aplikasi Bisnis Dan Manajemen*, *7*(2), 252. https://doi.org/10.17358/jabm.7.2.252

Amaroh, S. (2018). Penilaian Kinerja Sosial Berbasis Maqasid Syariah pada Bank Umum Syariah Hasil Konversi di Indonesia. *MALIA: Journal of Islamic Banking and Finance*, *2*(1), 17–30. https://doi.org/10.21043/malia.v2i1.4757

Analia, A. L., Hakim, A., Anto, M. B. H., & Perdana, A. R. A. (2024). Implementing maqasid sharia: Impact on stability of Indonesian Islamic banks. *Jurnal Ekonomi & Keuangan Islam*, *10*(2), 164–176. https://doi.org/10.20885/JEKI.vol10.iss2.art2

Berg, F., Kölbel, J. F., & Rigobon, R. (2022). Aggregate Confusion: The Divergence of ESG Ratings. *Review of Finance*, *26*(6), 1315–1344. https://doi.org/10.1093/rof/rfac033

Damayanti, R. M., Sujianto, A. E., & Hidayah, N. (2023). The COVID-19 Pandemic and Its Implications for the Performance of the Maqashid Syariah Index of Sharia Banks. *Jurnal Manajemen Bisnis*, *10*(2), 865–888.

Fahmy, E., Hosen, M. N., Warninda, T. D., Rama, A., & Aimar, Q. (2026). Measuring Contemporary Islamic Banking Sustainability: Integrating ESG and Maqashid al-Syarīʿah in Indonesia. *MILRev: Metro Islamic Law Review*, *5*(1), 351–378. https://doi.org/10.32332/milrev.v5i1.12880

Feridun, M., & Talay, I. (2024). Principles for responsible banking and sustainable development goals: an empirical investigation on European wholesale and retail banks. *Applied Economics Letters*, *31*(19), 2077–2080. https://doi.org/10.1080/13504851.2023.2210810

Initiative, U. N. E. P. F. (2019). *Principles for Responsible Banking*. United Nations Environment Programme Finance Initiative. https://www.unepfi.org/banking/bankingprinciples/

Initiative, U. N. E. P. F. (2025). *Principles for Responsible Banking*. United Nations Environment Programme Finance Initiative. Retrieved March.

Keuangan, O. J. (2017). *Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017 tentang Penerapan Keuangan Berkelanjutan bagi Lembaga Jasa Keuangan, Emiten, dan Perusahaan Publik*. Otoritas Jasa Keuangan. https://www.ojk.go.id/

Keuangan, O. J. (2023). *Peraturan Otoritas Jasa Keuangan Nomor 17 Tahun 2023 tentang Penerapan Tata Kelola bagi Bank Umum*. Otoritas Jasa Keuangan. https://www.ojk.go.id/

Kitta, A. A. K. A. (2026). The Maqāṣid al-Sharī'ah Approach in Contemporary Islamic Fatwas: A Systematic Review of Methodological Integration and Jurisprudential Coherence. *Parewa Saraq: Journal of Islamic Law and Fatwa Review*, *5*(2), 121–131.

Kurnia, N., & Bakhri, S. (2025). Analisis komparasi kinerja bank umum syariah di Indonesia menggunakan Maqashid Sharia Index. *Velocity: Journal of Sharia Finance and Banking*, *5*(1), 74–87.

Laldin, M. A., & Furqani, H. (2013). Developing Islamic finance in the framework of maqasid al-Shari'ah: Understanding the ends (maqasid) and the means (wasa'il). *International Journal of Islamic and Middle Eastern Finance and Management*, *6*(4), 278–289. https://doi.org/10.1108/IMEFM-05-2013-0057

Marpaung, M., & Lubis, I. S. (2025). Integration Between the Sharia Maqasid Principles and the Sustainable Development Goals (SDGs). *Inisiatif: Jurnal Ekonomi, Akuntansi Dan Manajemen*, *4*(2), 338–346. https://doi.org/10.30640/inisiatif.v4i2.3960

Monawer, A. T. M., Abdul Rahman, N. N., Qasem Al- Nahari, A. A. A., Haji Abdullah, L., Ali, A. K., & Meguellati, A. (2022). The actualization of maqāṣid al-Sharīʿah in Islamic finance: a conceptual framework. *International Journal of Islamic and Middle Eastern Finance and Management*, *15*(5), 847–864.

Nadia, N., Muflih, M., & Ruhadi. (2025). Determinants of the Maqashid Syariah Index of Islamic Banks: Implications on Social and Environmental Sustainability. *EKONOMIKA SYARIAH: Journal of Economic Studies*, *9*(1), 17–32. https://doi.org/10.30983/es.v9i1.9286

Prasojo, Syarifah, L., & Muhfiatun. (2024). Harmonizing Sustainable Development Goals and Maqasid Shariah: A Strategic Framework for Indonesian Islamic Banks (Case Study on Bank Syariah Indonesia). *Journal of Islamic Finance*, *13*(2), 106–117. https://journals.iium.edu.my/iiibf-journal/index.php/jif/article/view/928

Raimi, L., Abdur-Rauf, I. A., & Ashafa, S. A. (2024). Does Islamic Sustainable Finance Support Sustainable Development Goals to Avert Financial Risk in the Management of Islamic Finance Products? A Critical Literature Review. *Journal of Risk and Financial Management*, *17*(6), 236. https://doi.org/10.3390/jrfm17060236

Satyakti, Y. (2023). The Effect of Applying Sustainability (Maqasid Shariah) and Competition on Islamic Bank Financing. *Sustainability*, *15*(17), 12994. https://doi.org/10.3390/su151712994

Shalhoob, H. (2025). ESG Disclosure and Financial Performance: Survey Evidence from Accounting and Islamic Finance. *Sustainability*, *17*(4), 1582. https://doi.org/10.3390/su17041582

Sheikh, R., & Hussain, K. (2025). Reimagining Islamic banking in the light of Maqasid Shariah. *Qualitative Research in Financial Markets*, *17*(5), 1113–1134. https://doi.org/10.1108/QRFM-04-2024-0108

Sujana, D. (2026). The Effect of Islamic Bank Financing Performance on the Achievement of Maqashid Shariah and Economic Sustainability in Indonesia. *Jurnal Ilmiah Manajemen Kesatuan*, *14*(1), 1447–1452. https://doi.org/10.37641/jimkes.v14i1.5035

Yulita, N. (2025). Integrating Sustainability and Maqashid Shariah in Islamic Banking: A Systematic Literature Review. *Salam (Islamic Economics Journal)*, *6*(2), 428–437. https://doi.org/10.24042/sfdaaa10