

The Role of Good Governance on Maqoshid Index Performance: The Case of Islamic Bank in *Indonesia*

Irman Firmansyah¹, Nisa Noor Wahid¹, Adil Ridlo Fadillah¹ and Dedi Kusmayadi¹

¹Accounting Department, Economics Faculty, Siliwangi University, Jl. Siliwangi No. 24 Tasikmalaya Indonesia

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Abstract: This study aims to analyse the performance of each Islamic bank through the *maqoshid sharia* index approach, which measures the performance in accordance with the Islamic banks operational purpose. In addition, the important factor in improving performance is the implementation of good governance so that it will be tested the influence of good corporate governance on *maqoshid sharia* performance. This research was conducted at Islamicbanks in Indonesia in period of 2012 until 2016. The result of research shows that overall, the best performing bank of *maqoshidsharia* is *Bank PaninSyariah*. In addition, the results of the regression show that good corporate governance does not affect the performance of *maqoshid sharia* Islamic banks in Indonesia. This research proves that good governance in Islamic bank has not been able to improve the performance of *maqoshid sharia*. The biggest possibility is that banks still prioritize earnings as a measure of performance.

1 INTRODUCTION

Currently, Islamic banking continues to progress. The data show that the development of Islamic banks in 2015 that had weakened can be proven again in the next year that Islamic banks are able to compete and pass some economic crisis conditions. This shows that sharia banks have a good performance.

To measure the performance of Islamic banks can be done through the mechanism of financial statement analysis. Financial statement analysis is a way of analyzing the condition of a company based on data taken from the financial reporting. In measuring financial performance, the researchers measure the performance of the bank's profitability ratio is a ratio that measures the company's ability to generate profits. The greater the profitability ratio the better the company's financial performance. Some research on financial performance (ROA) such as research conducted by Choong et al, Hidayat and Firmansyah (Choong et al. 2012); Hidayat and Firmansyah, 2017).

Measuring the performance of Islamic banks is certainly different from conventional banks that only see the performance of the business side or the ability to generate profits. In Islamic banks profit

should not be the only measure of performance, but other aspects need to be taken into account, especially the social and human resources aspects.

To restore the purpose of the existence of Islamicbanks, the performance of sharia banks should be measured by maqashid sharia rather than just the rate of return of profit. As in Omar Muhammed's research that formulates a useful measurement for measuring the performance of Islamic banking developed based on the principles of maqoshid sharia with the aim that there is a measurement for Islamic banks in accordance with its purpose. Performance measurement for Islamic banking does not focus only on profit and other financial measures, but incorporated other values of banking that reflect the size of non-profit benefits that are in line with the objectives of sharia banks. His research resulted in a measurement of financial performance of Islamic banking called maqoshid sharia index (MSI). Until now this MSI model has been widely applied in subsequent scientific studies to measure the performance of sharia banking in various countries including in Indonesia. Some studies that use maqoshid sharia index on Islamic banking is MohamedandRazak (2008), Rusydiana and Firmansyah (MohamedandRazak, 2008; Rusydiana and Firmansyah, 2017).

Maqasid syariah index (MSI) is developed based on three main factors, namely individual education, justice creation, and welfare achievement, in which three factors are in accordance with the general purpose of maqasid syariah that is "to achieve prosperity and avoid evil". These three objectives are universal which should be the objective and operational basis of every entity with public accountability, not only Islamic banks but also conventional banks, as they relate to the welfare of all stakeholders, not just shareholders or owners of the company.

Related to the implementation of good governance for Islamic banks, another important factor apart from the performance of maqoshid sharia is the implementation of governance. A good bank of course must run good governance as well in order to produce maximum performance. Implementation of GCG certainly gives hope to improve the performance of Islamic banks, especially the performance measured by maqoshid index. As in Todorovic's, Jinarat and Quang, Gupta and Sharma, Danoshana and Ravivathani studies that demonstrate the effect of GCG implementation on performance improvement. In this study the performance measured is not by maqoshid index but only financial performance measured by ROA. Therefore, to know the effect of GCG implementation on performance measured by maqoshid sharia index, it is necessary to do further research (Todorovic's, 2013; Jinarat and Quang, 2010; Gupta and Sharma, 2014; Danoshana and Ravivathani, 2014).

2 LITERATURE

2.1 Islamic Bank

Islamic Bank is a banking system in Islamic Economy that runs its business operations based on the concept of division of either profit or loss, meaning that the results obtained by customers will fluctuate in accordance with the benefits obtained by the bank where the greater the bank's profits, the greater the results obtained by customers. Islamic banks are developed based on principles that do not allow the separation between the temporal and the religious.

2.2 Maqoshid Sharia Index

The language of *Maqasid al-Syariah* consists of two words namely maqasid and *syari'*. *Maqasid* is the

plural form of *maqshud* which means intent/purpose, sharia means the path to the source, and simply *maqashd al-syariah* means the purpose of the law is prescribed in Islam. From the many opinions regarding maqasidsharia, as previous research by MuhammedandRazak, Firmansyah, Rusydiana and Firmansyah, the researchers considered that Ibn Ashur's view of the purpose of sharia is to create prosperity and avoid the ugliness identical with Abu Zahrah's opinion on *maqasidsharia*, more clearly to be reduced to several measurements (MuhammedandRazak, 2008; Firmansyah, 2018; Rusydiana and Firmansyah, 2017). As Abu Zahrah classifies Sharia objectives, which include: 1) Tahdhib al-Fard (educating the individual), 2) Iqamah al-Adl (creating justice), 3) Jalb al-Maslahah (prosperity).

Maqasidsyariah index (MSI) is a model of measuring the performance of Islamic banking in accordance with the objectives and characteristics of sharia banking. MSI is developed with three main factors, namely: education, the creation of justice and the achievement of welfare, where the three factors are universal. The three performance measures based on maqoshid sharia, namely education, justice, and welfare require national banks to be able to design educational and training programs with moral values so that they will be able to improve the skills and skills of the employees. Justice means that sharia banks must ensure honesty and fairness in all transactions and business activities covered by the product, all activities of free interest. The last sharia banking should develop investment projects and social services to improve the welfare of the community (MuhammedandRazak, 2008).

The research of MuhammedandRazak, Antonio et al show that the maqoshid sharia approach can be a strategic alternative approach that can illustrate how well the national banking performance can be implemented in the form of a comprehensive policy strategy (MuhammedandRazak, 2008; Antonio et al. 2012).

Operationally, the method of Sakaran (Sakaran, 2000) is able to explain the elements to be measured through the research. This is done by observing the behavior of the dimensions illustrated by the concept described. These dimensions will be translated into observable and more measurable derivative elements, which can form the measurement indexes.

Based on the Sakaran method, the behavioral characteristics to be measured are derived into a concept, denoted as (C). The concept will be downgraded into several dimensions that will be

more easily observable and measurable, denoted by (D). Dimensions will be lowered back into some of the clearer elements of measurement, denoted by (E). (Muhammedand Razak, 2008).

By using Sakaran method, the banking objectives according to the sharia*maqasid* framework described before in the second part covering: education for

individuals, administering justice and realizing welfare, can be explained operationally. Each goal is translated as concept (C). Then with certain characteristics it is lowered into some measurable dimension (D). This dimension will obviously be derived again into specific elements which can be easily measured (E) described in the table below:

Table 1: Operational Objectivity of Islamic Bank.

Concept (Objectives)	Dimensions	Elements	Performance Ratios	Source of Data
1. Education Individual	D1. Advancement of Knowledge	E1. Education grant	R1. Education grant/total income	Annual Report
		E2. Research	R2. Research expense/total expense	Annual Report
	D2. Instilling new skills and improvement	E3. Training	R3. Training expense/ total expense	Annual Report
	D3. Creating awareness of Islamic banking	E4. Publicity	R4. Publicity expense/total expense	Annual Report
2. Establishing Justice	D4. Fair dealing	E5. Fair return	R5. Profit/total income	Annual Report
	D5. Affordable product and service	E6. Affordable price	R6. Bad debt/total investment	Annual Report
	D6. Elimination of injustices	E7. Interest free product	R7. Interest free income/total income	Annual Report
3. Public interest	D7. Profitability	E8. Profit ratios	R8. Net profit/total asset	Annual Report
	D8. Redistribution of income & wealth	E9. Personal Income	R9. Zakat/net income	Annual Report
	D9. Investment in vital real sector	E10. Investment ratio in real sector	R10. Investment deposit/total deposit	Annual Report

Source: MuhammedandRazak (Muhammed andRazak,2008)

The ratios were chosen because they met several criteria in this study, including:

1. Discussion of banking objectives that are closer to Islamic values can be represented through these ratios. Dimensions and elements can be easily identified through these objectives.
2. Previous studies that examine identic problems also use the same ratios in measurement, both for sharia banking and conventional banking. So, it can be implemented in both agencies (Al-Osaimy and Bamakhramah, 2004; Hameed et al. 2004).
3. Data to be collected by researchers is much easier, because the data source is the annual financial statements of banks.
4. The possibility of measuring the implementation of the concept of *maqasid sharia* is more accurate by using these ratios.

The ratios presented in Table 1 are those that meet the criteria of *maqasidsharia*. The description of these ratios as well as their relation to the *maqasid sharia* framework is:

- a. The first objective which is the goal of individual education is described by R1; which is the ratio of educational grants/total income. R2; is the ratio of research costs incurred bank/total cost. R3; is the ratio of training cost/total cost. R4; is the ratio of publicity costs/total costs incurred by the bank. The interpretation of these four ratios is the higher the value of the ratio, in other words the higher the funds allocated or issued by the bank for the fulfillment of these four indicators, both training, education grants, publicity, and research, the better the achievement of the goals of the *maqasidsharia* on the bank.
- b. The second objective which is the goal of the administration of justice is described by R5; which is the ratio of profit earned bank/total profits earned bank. R6; is the ratio of bad debts/total investment bank. R7; is the ratio of noninterest income/total revenue. The objective of achieving justice by sharia banks and conventional banks is better if R5 is lower. This means that if the profit or profit received by the

bank is smaller than the total bank income, then the bank is considered increasingly applying the goal of achieving justice. Likewise, when R6 in banks in Indonesia is low, the goal of achieving justice in the national banking is highly valued. This means that if the debt is not collected in the national banking is small compared to the total investment channeled by the national banking, the achievement of the goal of equity is better because it reduces the income distribution disparity. On the contrary, the attainment of justice in the national banking system is considered better if the R7 value is higher. This means that if the non-interest investment is channeled national banks higher than the total total investment that the bank is doing, then the achievement of the goal of justice better by maqasidsharia.

The goal of welfare achievement (*maslahah*) which is the third goal is illustrated through R8, R9, and R10 based on this concept. The goal of welfare achievement by the national banking is better if the value of R8, R9, R10 is higher. This means that the higher net profit, zakat issued bigger, and investment banking national at real sector more dominant, hence assessed national banking increasingly support the realization of *maslahah* (welfare).

2.3 Good Corporate Governance and the Impact on MSI

Good Corporate Governance is a corporate management system designed to improve corporate performance, protect the interests of stakeholders and improve compliance with applicable legislation and ethical values in general. Corporate governance is a concept that concerns the structure of the company, the division of tasks, the division of authority and the division of responsibility burden of each of the elements that form the structure of the company and the mechanisms that must be taken by each element of the company, elements of the structure of the company also regulate the relationships between the elements of the company structure with elements outside the company.

Banks are required to conduct self-assessment of Bank Health Level by using Risk Approach, either individually or consolidative at least every semester for the end of June and December position as stipulated in Bank Indonesia regulation concerning Health Rating Commercial banks.

Good corporate governance plays a key role in enhancing integrity and efficiency of companies, as

well as financial markets in which company operates. Poor corporate governance weakens company's potential and in worst care can open the way for financial difficulties and frauds. Companies which follow the best practice of corporate governance usually raise capital easier and by lower price and in long term are more profitable and competitive than companies that have poor corporate governance (Todorovic, 2013).

The importance of GCG implementation for the company because it has been proven to improve performance. Several studies have shown that GCG affects performance (Todorovic, 2013; Jinaratand Quang, 2010; Gupta and Sharma, 2014; DanoshanaandRavivathani, 2014).

3 RESEARCH METHOD

3.1 Population

This study used the population of all Islamic banks in Indonesia from 2012 until 2016. From the total population, purposive sampling method was used to select the sample in this study. Banks used as sampling was a bank that did not suffer losses. So this research obtained 7 Islamic banks.

3.2 Variables

In this research there are two variables that are independent variable (good corporate governance) and dependent variable (maqoshid sharia index).

3.2.1 Good Corporate Governance

This variable is taken as a result of self assessment covering 11 (eleven) GCG Implementation Assessment Factor that is:

1. execution of duties and responsibilities of the Board of Commissioners;
2. execution of duties and responsibilities of the Board of Directors
3. the completeness and performance of the Committee's duties;
4. handling of conflict of interest;
5. implementation of compliance function;
6. implementation of internal audit function;
7. implementation of external audit function;
8. implementation of risk management including internal control system;
9. provision of funds to related parties and large exposures;

- 10. transparency of Bank's financial and non-financial condition, GCG implementation report and internal reporting; and
- 11. Bank's strategic plan.

The GCG scoring scores consist of numbers 1 through 5 with the following criteria:

Table 2: GCG Composite Measurement.

Composite Value	Composite Predicate
Composite Value < 1,5	Very good
1,5 ≤ Composite Value < 2,5	Good
2,5 ≤ Composite Value < 3,5	Enough good
3,5 ≤ Composite Value < 4,5	Not too good
4,5 ≤ Composite Value < 5	Not good

3.2.2 Maqoshid Sharia Index

In this study, the ratios used as described in Table 1 are derived from previous studies conducted by Muhammed and Razak (Muhammed and Razak, 2008). In a previous study, researchers verified the measurements to be used for sharia scattered experts in the Middle East and Malaysia, who are experts in both fields, both in Islamic banking and conventional banking. Confirmation submitted done in two stages. The first stage is an interview to 12 experts in the field of Islamic banking, *fiqh* (law) Islam, and Islamic Economic Sciences related performance measurement developed by previous writers in the study. Interviews on the 12 experts stated that the twelve experts approved the reliability of performance measurements developed by researchers at the time.

The second stage, previous researchers verify performance measurements developed to 16 experts in the field of banking through a questionnaire. The sixteen experts were asked to answer the weighted questions given to each of the ratios in order to be measurable, as well as to re-identify the performance measurement component whether acceptable and in accordance with the banking conditions. The average weights given by the experts are described in Table 3:

Table 3: Average Weight for 3 Objectives and 10 Provided Elements Experts.

Objectives	Average weighting (scale 100%)	Unsure	Average weighting (scale 100%)
O1. Education	30	E1. Education Grants/donations	24
		E2. Research	27
		E3. Training	26
		E4. Publicity	23
		TOTAL	100
O2. Justice	41	E5. Fair return	30
		E6. Affordable Product Price	32
		E7. Not interest product	38
		TOTAL	100
O3. Welfare*	29	E8. profit ratio	33
		E9. Transfer earning	30
		E10. Investment Ratio to Real Sector	37
		TOTAL	100

*Maslahah includes the bank's interest plus the public interest
 Source: Muhammed and Razak (Muhammed and Razak, 2008)
 Sample Bank Rankings According to Performance Indicators.

Based on 10 predetermined ratios, there will only be 7 ratios used in determining the performance of the national banking system, namely: The first 4 ratios referring to the first sharia objectives and the educational objectives. And the last 3 ratios referring to the third sharia goal and the goal of welfare attainment. While the other 3 ratios which are the manifestations of the second sharia objective of applying justice cannot be used in this study due to the limited data on the sample used. Ratios that can be used in research, including:

- a. Education grants/total income (R1,1)
- b. Research cost/total cost (R1,2)

- c. Training cost/total cost (R1,3)
- d. Cost of publicity/total cost (R1,4)
- e. Net income/total assets (R3,1)
- f. Zakat/Net income (R3,2)
- g. Distributed investment/total disbursement (R3,3)

Where: MSI = Maqoshid sharia Index
 GCG = Good Corporate Governance
 a = Constanta
 e = error

3.3 Data Analysis Method

3.3.1 Measurement of Maqoshid Sharia Index as Performance Measurement

The method used by researchers in the research *maqoshid sharia* index is referring to the methods used by Muhammed and Razak (Muhammed and Razak,2008). This method is used to weight, calculate distribution and process the rank (rank) in certain data. This method is an attribute decision-making method. The decision maker then gets the total score from each bank by multiplying the scale level on each attribute by evaluating the correspondent obtained for each intra attribute and adding the total score for the product. Mathematically, the calculation of Performance Indicators (PI) for each goal can be seen in the paper MuhammedandRazak (MuhammedandRazak, 2008).

3.3.2 Testing the Role of Good Corporate Governance on MSI

To test the effect of GCG implementation on the MSI performance then used simple regression analysis with the following equation:

$$MSI = a + bGCG + e \tag{1}$$

Table 4: Maqoshid sharia Index at Educational Objective.

Bank Names	O1			
	Re-search Cost / Total Cost	Training Cost/ Total cost	Publi-city cost/ Total Cost	Aver-age
Bank SyariahMandiri	0,0007	0,0099	0,0189	0,0098
Bank Muamalat	0,0030	0,0150	0,0380	0,0187
BRI Syariah	0,0029	0,0093	0,0254	0,0125
BNI Syariah	0,0005	0,0296	0,0613	0,0305
Mega Syariah	-	0,0197	0,0777	0,0325
PaninSyariah	-	0,0104	0,0199	0,0101
BCA Syariah	-	0,0148	0,0106	0,0085

The table above shows that the aspect of the first educational goal is the existence of research conducted in the period 2012 to 2016. The results showed that the average aspect of research objectives seen from the implementation of research that the largest index conducted by the bank Muamalat that is equal to 0.3%, then followed by

4 RESULT AND DISCUSSION

Based on the results of research, the data collected are as many as 7 Islamic banks the period 2012 to 2016. Islamic banks are:

1. Bank Syariah Mandiri
2. Bank Muamalat
3. Bank Mega Syariah
4. Bank BNI Syariah
5. Bank BRI Syariah
6. Bank BCA Syariah
7. Bank Panin Syariah

4.1 Maqoshid Sharia Index

Assessment of *maqoshid sharia* performance divided into 3 major sections of education, justice and welfare. The following is explained about all three.

4.1.1 Education Objective

In banking, the total aspects of educational objectives that can be researched are aspects of research, training and publicity. The following table describes the research results of the three elements:

BRI Syariah is to 0.29% and the third is Syariah Mandiri Bank by 0.07%.

The second aspect of goal is to provide education and training for employees. The results showed that the largest index obtained *BNI syariah* that is equal to 2.96%, then bank Mega Syariah of 1.97% and the third is *Bank Muamalat* that is equal to 1.5%.

Aspects of further educational objectives of publication / promotion to introduce banks to the public. The results showed that the largest index was performed by Mega Syariah bank of 7.77%, followed by BNI Syariah 6.13% and third was *Bank Muamalat* of 3.8%.

As if seen from the average value of this aspect shows that the best educational objectives obtained by Bank Mega Syariah with a value of 3.25% this value slightly above the BNI syariah which has a value of 3.05%.

4.1.2 Justice Objective

As in previous goals, the justice objectives from the total aspects of justice objectives that can be researched are just aspects of fair returns. The following table describes the research results of both elements:

Table 5: Maqoshid sharia Index at Justice Objective.

Bank Names	Net profit/ total income
<i>Bank SyariahMandiri</i>	0,0782
<i>Bank Muamalat</i>	0,0133
<i>BRI Syariah</i>	0,0700
<i>BNI Syariah</i>	0,0844
<i>Mega Syariah</i>	0,0853
<i>PaninSyariah</i>	0,1072
<i>BCA Syariah</i>	0,0926

Table 5 above explains that the sharia maqoshid performance in Islamicbank from the element of justice objectives can only be seen viewed from one aspect that is related to the percentage of net income of total income. The results showed that banks of all banks studied in the period of research 2012 to 2016 which has the highest index of this aspect is the bank Panin Syariah is equal to 10.72%, followed by BCA Syariah that is equal to 9.26% and the third tertnggi obtained Bank Mega Syariah that is equal to 8,53%.

4.1.3 Walfare Objective

Different from the previous objectives, in this welfare goal the total aspect of the objectives can be studied overall consisting of the bank's profit ratio, the transfer of income and the ratio of investment to the real sector. The following table describes the research results of both elements:

Tabel 6: Maqoshid sharia Index at Walfare Objective.

Bank Names	O3			Aver-age
	Net profit/ Total Asset	Zakah/net profit	Invest. financing/Tot.financing	
<i>Bank SyariahMandiri</i>	0,0069	0,0352	0,2395	0,0939
<i>Bank Muamalat</i>	0,0010	0,2304	0,4988	0,2434
<i>BRI Syariah</i>	0,0052	0,2426	0,3642	0,2040
<i>BNI Syariah</i>	0,0091	0,0374	0,1744	0,0736
<i>Mega Syariah</i>	0,0124	0,0344	0,0209	0,0225
<i>PaninSyariah</i>	0,0086	0,0214	0,7248	0,2516
<i>BCA Syariah</i>	0,0057	-	0,4774	0,1610

The third element of maqoshid sharia related to welfare objectives consists of the percentage of profit earned on total assets, the amount of zakat incurred from the total net profit earned, and the amount of investment financing to the real sector of total financing disbursed.

The first aspect is the percentage of profits earned. Table 6 shows that the highest profit index during the period of 2012 to 2016 obtained by Bank Mega Syariah 1.24% followed by *BNI syariah* with an average of 0.91% and the third largest index obtained by *PaninSyariah* Bank of 0.86%.

The second aspect of welfare is zakat. The largest index of zakat is issued by BRI sharia worth 24.26% followed by Muamalat bank which is 23.04% and the third largest is BNI Syariah of 3.74%. Moreover, the data show that there are *syariah* banks still have not issued zakat during the study period.

The third aspect of the welfare objective is the real investment of the total invested investment. The results showed that *PaninSyariah* bank has the largest percentage of investment in financing sector that is equal to 72.48%, second place is *Bank*

Muamalat which is 49.88% and third rank is *BCA syariah* equal to 47,74%. All three banks have the best ratings in terms of financing distribution as the characteristics of Islamic banks.

On average, banks that have the greatest value of the welfare aspect are *PaninSyariah* Bank which is an average of 25.16% followed by Bank *Muamalat* which is 24.34%.

Overall, the following table describes the performance of sharia banks from the aspect of *maqoshidsharia* after performing the weighting in accordance with the provisions.

Table 7: Analysis Result of Maqoshid sharia Index.

Bank Names	MSI
<i>Bank SyariahMandiri</i>	0,197
<i>Bank Muamalat</i>	0,235
<i>BRI Syariah</i>	0,228
<i>BNI Syariah</i>	0,196
<i>MEGA Syariah</i>	0,180
<i>PANIN Syariah</i>	0,252
<i>BCA Syariah</i>	0,221

Table 8: GCG Composite Assessment Result.

Bank Names	2012	2013	2014	2015	2016	Aver-age
<i>Bank SyariahMandiri</i>	2,25	1,85	2,12	2,00	1,00	1,84
<i>Bank Muamalat</i>	1,15	1,15	2,74	2,61	2,25	1,98
<i>BRI Syariah</i>	1,38	1,35	1,74	1,61	1,60	1,53
<i>BNI Syariah</i>	1,25	1,30	1,43	1,75	1,80	1,50
<i>Mega Syariah</i>	1,60	1,86	1,80	1,54	1,64	1,68
<i>PaninSyariah</i>	1,35	1,35	1,40	1,95	1,80	1,57
<i>BCA Syariah</i>	1,55	1,80	1,00	1,00	1,00	1,27

Based on the results of this study, it can be seen that all Islamic banks have a small score. The more score the better the governance. A total of 6 Islamic banks have a composite score of between 1.5 to 2.5 so that it is in either category. While 1 Islamic bank has a score below 1.5 so it is in very good category. To find out whether there is any impact of GCG implementation on the improvement of *maqoshid sharia* performance, then regression analysis is done.

4.3 Testing the Impact of GCG on *Maqoshid Sharia* Performance

To know the effect of GCG implementation on *Maqoshid sharia* performance can be seen on Adjust R-Square value. The results showed that the value of 0.008 or 0.8%. This value is very small indicating that GCG gives very little effect to the success of *maqoshid* performance of sharia.

The result of *maqoshid sharia* index (MSI) analysis was conducted to 7 Islamicbanks in Indonesia research range 2012 until 2016 obtained that the best MSI performance obtained by Bank *Panin Syariah* that is average value of MSI equal to 0,252. This shows that Bank *PaninSyariah* is the best bank among other Islamicbanks during 2012 to 2016.

4.2 Good Corporate Governance

Islamic bank governance assessment based on self assessment was conducted by each Islamic bank that can be explained in the following table of Good Corporate Governance assessment result:

In addition, the value is supported by a significance value of 0.609 (greater than 0.05) so it is concluded that GCG has no effect on the *sharia maqoshid* performance in Islamicbanks in Indonesia.

Table 9: Output SPSS.

Adjust R-Square	0,008
t	0,516
Sig.	0,609

These results provide an explanation that in Islamic banks, governance is implemented still not have a significant impact on performance changes. This can be because the implementation of GCG will have an impact over a long period of time, or it could be because running operations through good governance is intended only to improve financial performance. While the performance of *maqoshid sharia* is the performance in accordance with Islamic sharia which thinks of all aspects.

Therefore, it should be re-examined on the impact of GCG on performance to ascertain whether GCG is intended to improve performance or does not have an effect on the performance of Islamic banks.

5 CONCLUSIONS

Based on the results of previous research and discussion, this research can be summarized as follows:

1. From the point of maqoshid sharia performance, the bank that has the best performance from the aspect of education objective is Bank Mega Syariah, while from the aspect of justice objective is Bank Panin Syariah, as well as from the aspect of welfare objective is Bank Panin Syariah again. Overall, banks that have maqoshid sharia performance during the 2012-2016 research period is Bank Panin Syariah.
2. Regression results show that good corporate governance does not affect the performance of maqoshid sharia in Islamic bank in Indonesia.

Some of the important suggestions for this study are related to the deficiencies that can be improved, including:

1. Not all banks can be examined in this study because there are banks whose data is difficult to obtain so further research is attempted to obtain data as optimal as possible.
2. The range of study period can be extended and can be added period 2017. In this study was not included because the availability of data on the website cannot be found
3. Can be added with regression analysis to know the existence of factors that can affect performance maqoshid sharia index.

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