International Journal of Computer Information Systems and Industrial Management Applications
ISSN 2150-7988 Volume 18(2) 2026 pp. 943-955
https://doi.org/10.70917/ijcisim-2026-3321
Article

# Integrating Maqasid al-Shariah into Sustainable Islamic Banking: A Systematic Literature Review

**Muhammad Ziyad[1*], Hari Sukarno[2] , Sumani[3,] Hadi Paramu[4]**

[1]Doctoral Student of Program Management Science of Department of Management, University of Jember, Jember 68121, East Java, Indonesia
[2, 3, 4]Departemen of Management, Faculty of Economics and Busines, University of Jember, Jember, 68121, East Java, Indonesia
[1*] Corresponding Author: 210830201009@mail.unej.ac.id
[2] Email: harisukarno.feb@unej.ac.id;
[3] Email: sumani@unej.ac.id;
[4] Email: hadi.feb@unej.ac.id;

**Abstract:** Purpose: This study aims to systematically review the academic literature on the integration of Maqasid al-Shariah into sustainable Islamic banking practices. It explores how Islamic ethical principles are operationalized to achieve financial, social, and environmental objectives aligned with global sustainability agendas. Methodology: The study adopts a Systematic Literature Review (SLR) methodology, guided by the PRISMA protocol. A total of 49 peer-reviewed journal articles published between 2015 and 2024 were selected from leading databases (Scopus, Web of Science, ScienceDirect). Thematic synthesis was conducted to identify key patterns, challenges, and research gaps. Findings: The results indicate a growing convergence between Maqasid al-Shariah and sustainability frameworks such as ESG and SDGs. Islamic financial institutions have begun implementing value-based intermediation, green banking initiatives, and Maqasid-compliant performance indices. However, inconsistencies in regulatory standards, human capital readiness, and impact measurement tools continue to limit effective implementation. Practical implications: The findings offer guidance for regulators, Islamic banks, and policymakers on aligning Shariah principles with sustainability objectives through regulatory harmonization, ESG integration, and innovation in ethical financial products. Originality: This review contributes to the Islamic finance literature by consolidating fragmented insights, proposing a thematic framework for Maqasid-based sustainability, and identifying avenues for future research and practice. It highlights the strategic potential of Islamic finance to contribute meaningfully to the global sustainable finance discourse. Kata Kunci: Islamic banking, Maqasid al-Shariah, Performance measurement, Shariah compliant, Sustainability

**Keywords:** “Maqasid Shariah”, “Sustainable Banking”, “Islamic Banking Performance”, “Shariah-compliant banking”, “Islamic finance sustainability”

## 1. Introduction

Sustainable banking has gained significant attention in recent years as financial institutions seek to address growing environmental and social challenges while contributing to the realization of the United Nations Sustainable Development Goals (SDGs). As global finance evolves beyond traditional notions of profitability, there is increasing emphasis on responsible and ethical banking practices that promote long-term economic stability and societal welfare (Schoenmaker & Schramade, 2019). The adoption of Environmental, Social, and Governance (ESG) frameworks has provided a structured pathway for banks to integrate sustainability into their operations (Weber & Feltmate, 2016). In this context, initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI) and its Principles for Responsible Banking (PRB) have been instrumental in guiding the transformation of the financial sector toward sustainability, encouraging both conventional and Islamic banks to realign their strategies with environmental and social imperatives (*Principles for Responsible Banking Shaping the Future of Banking*, n.d.).

Within the Islamic financial system, sustainability is not an external imposition but an embedded ethical obligation rooted in the principles of *Maqasid al-Shariah* (A. Jan, Marimuthu, & Hassan, 2019). These principles articulate a comprehensive vision of human well-being (*maslahah*) by safeguarding essential values such as religion (*din*), life (*nafs*), intellect (*'aql*), progeny (*nasl*), and wealth (*mal*) (Derbali, 2015). Islamic banking, therefore, inherently promotes justice, equity, and sustainability through its prohibition of exploitative practices such as interest (*riba*), excessive uncertainty (*gharar*), and speculative behavior (*maysir*). Financial products such as *green sukuk*, ethical microfinance, and value-based investment instruments exemplify the efforts of Islamic banks to align their operations with both religious norms and global sustainability goals (Abbas et al., 2019; A. Jan, Marimuthu, & Hassan, 2019). As such, Islamic banking offers an alternative paradigm where profitability coexists with social responsibility.

Despite this ethical foundation, the integration of *Maqasid al-Shariah* into sustainability-oriented banking remains insufficiently developed (Mohd Zain et al., 2024; Muhamad et al., 2022). Many Islamic banks have adopted ESG principles and sustainable finance instruments, but there is limited clarity on how these initiatives are guided by—or aligned with—Shariah objectives. While several studies have examined ESG integration in conventional finance (Kumar & Sheela, 2023), few have addressed how Islamic banks adapt these frameworks within a Shariah-compliant structure. Moreover, sustainability reporting and compliance metrics have advanced in conventional banking, but performance indicators tailored to *Maqasid* remain underdeveloped. The literature is fragmented, often conceptual, and lacks unified models or standardized criteria to evaluate the real-world sustainability performance of Islamic financial institutions. These gaps hinder both theoretical development and practical implementation within the Islamic finance ecosystem (Blongkod et al., 2023).

Given the fragmented nature of the literature and the absence of consensus on evaluative frameworks, a systematic literature review is essential to synthesize the current state of research in a transparent, reproducible, and comprehensive manner (Radin et al., 2024). This study therefore seeks to explore how *Maqasid al-Shariah* has been conceptualized and implemented within sustainable Islamic banking, and what impact it has on financial, social, and environmental outcomes (Chapra, 2008). To guide this investigation, the study addresses the following research question: How has *Maqasid al-Shariah* been integrated into sustainable banking practices, and what impact does it have on Islamic banks' performance across financial, social, and environmental dimensions?

To achieve this goal, the study critically analyzes peer-reviewed literature published over the past decade, focusing on conceptual frameworks, empirical findings, and evaluative models that connect *Maqasid al-Shariah* with sustainability practices (Antonio et al., 2012). This inquiry is intended not only to consolidate existing knowledge, but also to identify blind spots, emerging trends, and opportunities for future research (Mahadi & Zakariyah, 2024; Mahyudin et al., 2024). In doing so, the review provides a foundation for developing an integrated framework that incorporates Islamic ethical principles into sustainability measurement and strategy (Ariyantiningsih et al., 2024; Julia & Kassim, 2019). To ensure methodological rigor, the study adopts the PRISMA protocol for systematic reviews, covering academic literature published between 2013 and 2023 from leading academic databases.

This research contributes theoretically by enriching the discourse on Islamic sustainability, empirically by synthesizing real-world applications of *Maqasid*-based banking, and practically by offering guidance for regulators, policymakers, and practitioners (Julia & Kassim, 2019). Ultimately, it aims to bridge the gap between religious ethics and modern sustainability imperatives in the context of Islamic finance (Faozan et al., 2023).

## 2. Methodology

### *2.1. Research Design*

This study adopts a Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize peer-reviewed academic studies that explore the relationship between *Maqasid al-Shariah* and sustainable Islamic banking practices. The SLR methodology is particularly suited for mapping the current state of knowledge, highlighting theoretical and empirical gaps, and proposing future directions in a structured, transparent, and replicable manner. This study follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines to ensure methodological rigor and clarity in the literature selection and analysis process (Liberati et al., 2009).

### *2.2. Review Protocol and Process*

The SLR process involved four major phases:

1. Identification: Retrieving relevant academic literature from reputable scholarly databases based on pre-defined search criteria.

2. Screening: Applying inclusion and exclusion criteria to refine the pool of articles based on titles and abstracts.
3. Eligibility: Conducting full-text reviews of potentially relevant articles to assess their suitability for in-depth analysis.
4. Synthesis: Thematically analyzing the final set of eligible studies to extract key patterns, findings, and conceptual insights.

### *2.3. Data Sources*

To ensure high-quality and relevant sources, three prominent academic databases were used:

- Scopus (Elsevier)
- Web of Science (Clarivate Analytics)
- ScienceDirect (Elsevier)

These databases were selected due to their comprehensive coverage of publications in the fields of Islamic finance, banking, and sustainability (Liberati et al., 2009). Only peer-reviewed journal articles were considered to ensure academic reliability.

### *2.4. Search Strategy*

The search strategy employed a combination of keywords and Boolean operators (AND/OR) to refine the search and maximize relevance. The following terms were used:

- Keywords: "Maqasid Shariah", "Sustainable Banking", "Islamic Banking Performance", "Shariah-compliant banking", "Islamic finance sustainability"
- Search String Example: ("Maqasid al-Shariah" OR "Sustainable Banking" OR "Islamic Banking Performance")

Searches were conducted within the title, abstract, and keywords fields to ensure precision in capturing relevant articles.

### *2.5. Inclusion and Exclusion Criteria*

To ensure consistency and academic rigor, the following inclusion and exclusion criteria were applied:

- Inclusion Criteria:
    - Articles written in English
    - Published between 2015 and 2024
    - Indexed in Scopus (Q1–Q3), Springer, or Web of Science
    - Focused explicitly on *Maqasid al-Shariah* in the context of sustainable or Islamic banking
    - Contain conceptual or empirical frameworks relevant to Islamic financial performance or sustainability
- Exclusion Criteria:
    - Articles that focus solely on Islamic banking without discussing sustainability
    - Articles that discuss conventional sustainable finance without linkage to Islamic finance or *Maqasid al-Shariah*

### *2.6. PRISMA Flow Diagram*

To maintain transparency in the review process, the selection procedure is illustrated using a PRISMA flow diagram. The diagram outlines the number of studies identified, screened, excluded, and finally included in the synthesis. The PRISMA protocol ensures that the review process remains reproducible and traceable.

- Identification: Initial database searches yielded a pool of articles.

- Screening: Duplicates and irrelevant studies were excluded based on titles and abstracts.
- Eligibility: Remaining articles were reviewed in full to assess methodological rigor and relevance.
- Inclusion: Final studies were included in the thematic synthesis.

### *2.7. Thematic Data Extraction and Synthesis*

Following the final selection of studies, data were extracted and analyzed using thematic synthesis. This qualitative approach facilitated the identification of dominant themes and conceptual categories across the literature. The analysis focused on three key areas:

1. The integration of *Maqasid al-Shariah* within sustainable banking strategies
2. The impact of sustainability principles on the financial performance of Islamic banks
3. Challenges and opportunities in the operationalization of *Maqasid al-Shariah* within the Islamic banking industry

By structuring the findings thematically, the review enables a holistic understanding of the evolving role of Islamic ethics in shaping sustainable banking performance.

**Results**

a. **Descriptive Analysis**

**Distribution of Articles by Year of Publication**

The figure below illustrates the trend in article publications from 2013 to 2023, showing a significant increase in recent years.

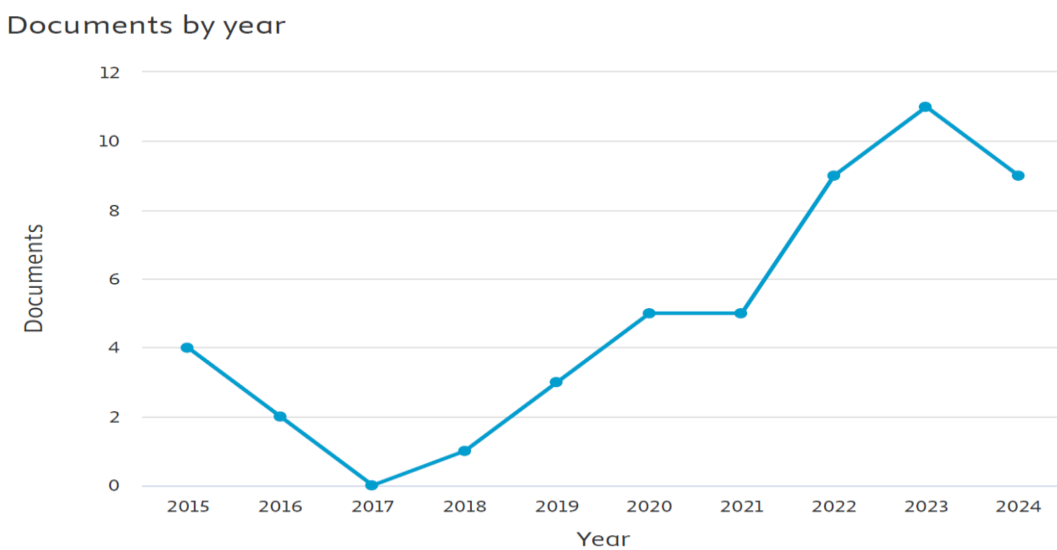


Figure 1: Research Trends (2013–2024)

Source: Scopus.com

Based on the graph in Figure 1, the research trend on Sustainable Banking and Maqasid Sharia over the past decade has shown significant development. Between 2015 and 2017, the number of publications declined, reaching its lowest point in 2017, reflecting limited academic attention to this topic. However, starting in 2018, research activity began to rise gradually, driven by growing global awareness of the importance of sustainable finance within the Islamic economic framework. The period from 2021 to 2023 marked a substantial surge in publications, peaking in 2023. This indicates that the concept of Islamic Sustainable Banking has garnered increasing attention, in line with the heightened focus on ESG (Environmental, Social, and Governance) principles and the implementation of policies rooted in Maqasid Sharia. The year 2024 shows a slight decline, which may be attributed to a shift in research focus or the consolidation of extensively explored concepts. Overall, this trend reflects the growing relevance of Maqasid Sharia in sustainable banking. Looking ahead, future research may focus more on practical implementation, measuring effectiveness, and comparing Islamic models with conventional sustainability frameworks to strengthen the contribution of Islamic finance to the global financial system.

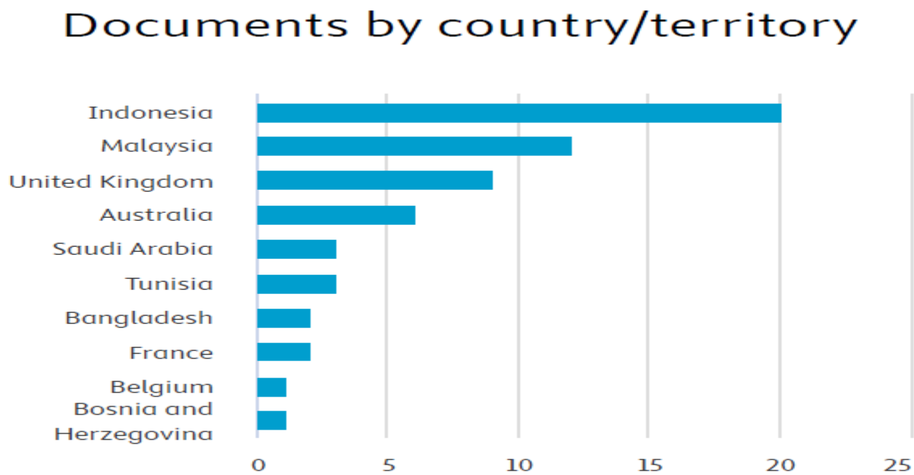


Figure 2: Distribution of Published Articles by Region/Country

Source: Scopus.com

The chart in Figure 2 presents the number of publications on Sustainable Banking and Maqasid Sharia by country or territory. Indonesia ranks the highest with the largest number of publications, followed by Malaysia. This reflects the strong research development in both countries, which possess rapidly growing Islamic banking systems supported by government policies and active academic communities engaged in Islamic finance research. Countries such as the United Kingdom, Australia, and Saudi Arabia also demonstrate significant contributions to this field, indicating a global interest in Islamic Sustainable Banking, including from non-Muslim-majority countries with major financial centers like the UK and Australia. Meanwhile, other countries such as Tunisia, Bangladesh, France, Belgium, and Bosnia and Herzegovina show a lower number of publications, likely due to academic limitations or the relatively early stage of Islamic banking adoption in those regions.

A total of 1,653 articles were initially identified through a search and screening process using the Scopus academic database. After applying inclusion and exclusion criteria, 49 articles were deemed eligible for further analysis.

The PRISMA flowchart below illustrates the article selection process undertaken:

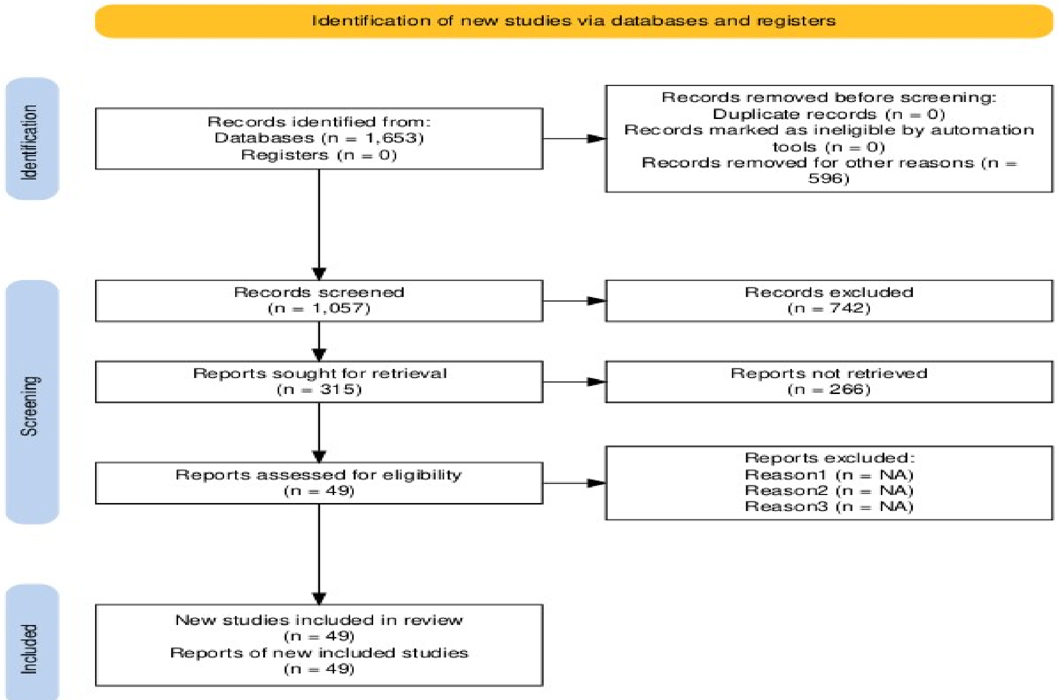


Figure 3: PRISMA Flowchart

## *3.2 Thematic Qualitative Analysis*

Following the systematic selection of relevant literature, a thematic synthesis was conducted to extract patterns and recurring insights regarding the integration of *Maqasid al-Shariah* in sustainable Islamic banking. The analysis identified three dominant themes across the selected studies: (1) the integration of *Maqasid al-Shariah* into sustainability frameworks; (2) the impact of sustainability practices on Islamic banking performance; and (3) challenges and opportunities in implementing *Maqasid*-driven sustainability models.

### 3.2.1 Integration of Maqasid al-Shariah into Sustainable Banking Strategies

A large body of literature emphasizes that aligning Islamic banking practices with *Maqasid al-Shariah* is essential not only for Shariah compliance but also for advancing ethical, social, and environmental objectives. Studies have shown that Islamic banks are increasingly incorporating Environmental, Social, and Governance (ESG) principles, which complement the five core objectives of *Maqasid*: preservation of religion, life, intellect, progeny, and wealth (Aisah et al., 2024). The ESG-Maqasid integration enhances ethical credibility, institutional transparency, and social impact (Amaroh, 2016).

Several works highlight the growing role of green banking, including environmentally responsible investments and operational practices, as a reflection of the *Maqasid*-driven mission of promoting societal welfare and environmental stewardship. Nonetheless, researchers argue that many Islamic banks remain in early phases of green finance implementation and must enhance their alignment with *Maqasid*-oriented sustainability metrics (Zain et al., 2024).

Another significant development is the implementation of Value-Based Intermediation (VBI)—an initiative championed by Bank Negara Malaysia—which seeks to ensure that Islamic financial services generate meaningful impact on economic, social, and environmental well-being. VBI is widely regarded as a practical extension of *Maqasid al-Shariah* in banking operations, promoting financial inclusion, ethical intermediation, and responsible governance (Ammar et al., 2023).

In addition, the concept of Islamic social responsibility is gaining prominence in the reviewed literature, particularly in operational policies related to charity, financial education, and social inclusion. Good governance practices grounded in Islamic values are shown to be critical for ensuring that funds are managed efficiently, transparently, and in alignment with *Maqasid* objectives (Alghafes et al., 2024).

To support these strategies, several studies also propose the development of customized performance measurement indices that incorporate religious and ethical dimensions. Such indices allow banks to evaluate not only economic performance, but also their contributions to community welfare and environmental preservation, which are central to the Shariah worldview (A. Jan, Marimuthu, & bin Mohd @ Mat Isa, 2019).

**3.2.2 Impact of Sustainability on Islamic Bank Performance**

The second major theme emerging from the literature concerns the impact of sustainability-oriented practices on the financial performance of Islamic banks. Overall, findings suggest that sustainability is positively correlated with improved performance, but the strength and nature of the relationship vary across contexts.

For instance, research on ESG adoption indicates that different ESG components yield distinct financial benefits. The social dimension tends to improve customer loyalty and reputation, governance practices enhance internal efficiency and Return on Equity (ROE), and environmental efforts are associated with higher market valuation, as measured by Tobin's Q (Siswanti & Sukoharsono, 2019). Similarly, studies show that banks with comprehensive sustainability practices tend to enjoy stronger shareholder confidence, operational efficiency, and market competitiveness (A. A. Jan et al., 2022; Kartikasari, 2024).

Intellectual capital has also been identified as a mediator in the sustainability-performance relationship. Scholars argue that when Islamic banks invest in knowledge assets and ethical leadership, they experience better financial outcomes and long-term sustainability (Shrestha et al., 2024).

Moreover, the integration of Islamic corporate governance (ICG) with sustainability objectives has been shown to enhance institutional resilience. Embedding sustainability into ICG frameworks enables Islamic banks to align strategic goals with Shariah values, thereby boosting profitability and stakeholder trust (Lu et al., 2022). Further empirical evidence from G7 countries and sustainability indices like FTSE confirms that high-performing sustainable banks are also more profitable over time (Orazalin et al., 2019).

Finally, sustainability efforts are linked to financial risk mitigation and stability. For example, firms in the oil and gas sector that adopted sustainability-oriented strategies—particularly in high-risk environments like Russia—demonstrated stronger financial resilience (Mohd Zain et al., 2024). This suggests that Islamic banks embracing sustainability could similarly achieve more stable long-term outcomes.

## *3.3 Challenges and Opportunities in Implementing Maqasid al-Shariah*

The implementation of *Maqasid al-Shariah* in Islamic banking, while theoretically robust and ethically compelling, presents a complex landscape of practical challenges and emerging opportunities. The literature reviewed reveals that the transition from conceptual frameworks to applied strategies is often constrained by systemic, regulatory, and institutional barriers that limit the effectiveness of Maqasid-oriented sustainability in practice.

One of the most significant challenges lies in the regulatory and accounting divergence across jurisdictions. Differences in Islamic accounting standards, financial reporting practices, and policy environments create inconsistencies in how *Maqasid* principles are interpreted and operationalized. This fragmentation complicates the development of unified performance indicators and hinders cross-border standardization in Islamic sustainable finance (Rahayu et al., 2024). For example, studies comparing Indonesia and Malaysia illustrate that misalignment in tax policies, governance structures, and regulatory mandates can dilute the intended outcomes of Maqasid-based sustainability initiatives.

A second persistent issue is the readiness of human capital. Many Islamic financial institutions lack personnel with the interdisciplinary expertise needed to bridge Shariah principles and sustainability frameworks. The scarcity of professionals trained in both Islamic finance and ESG-related competencies poses a critical bottleneck in strategy formulation and execution (Rahayu et al., 2024). This skills gap leads to suboptimal implementation, where sustainability efforts may remain symbolic rather than substantively transformative.

Another challenge involves the integration of ESG principles with *Maqasid al-Shariah*. While both frameworks share overlapping objectives—such as justice, transparency, and welfare—their alignment is not always straightforward. Differences in philosophical underpinnings and stakeholder expectations can result in tension when attempting to apply ESG standards within a Shariah-compliant context. A nuanced understanding is needed to reconcile these paradigms and ensure that sustainability reporting reflects Islamic values without compromising global compatibility (Mohd Zain et al., 2024).

Furthermore, product innovation remains a critical yet underdeveloped area. Islamic banks often emulate conventional financial products for competitiveness, which may dilute the uniqueness and ethical depth of *Maqasid*-driven offerings. The lack of truly Shariah-based green or ethical financial instruments restricts the industry's ability to fully leverage its normative potential in promoting inclusive and sustainable development (Ishak & Asni, 2020).

Despite these challenges, the literature also identifies several strategic opportunities that can strengthen the role of *Maqasid al-Shariah* in sustainable Islamic finance. One prominent initiative is the development of Value-Based Intermediation (VBI), which has been instrumental in translating Shariah principles into actionable banking strategies that prioritize social and environmental impact alongside financial returns (Mahyudin et al., 2024). VBI offers a promising framework for embedding *Maqasid* across institutional policies, product design, and impact measurement.

In addition, the rise of Islamic financial instruments—such as *sukuk*, *wakaf*-linked products, and equity-based contracts—presents a powerful mechanism for mobilizing capital toward sustainable development goals (Haron, 2024; Saeudy & Hussainey, 2024). These instruments align naturally with Maqasid objectives and can be further enhanced by integrating sustainability screening and impact evaluation criteria.

Green FinTech also emerges as a transformative opportunity. By leveraging digital platforms and environmental data, Islamic banks can offer innovative, Shariah-compliant products that address ecological challenges while expanding financial inclusion. The integration of FinTech and green finance in the Islamic context offers a pathway toward scalable, ethical financial ecosystems (Rahman et al., 2023).

Lastly, several scholars advocate the creation of comprehensive performance measurement frameworks that combine financial, social, and environmental metrics with explicit alignment to *Maqasid al-Shariah*. Such frameworks would allow Islamic banks to assess their performance not only in economic terms but also in their ethical and societal contributions (Mohd Zain et al., 2024; Muhamad et al., 2022). This would also strengthen stakeholder confidence and regulatory transparency, positioning Islamic finance as a model for ethically grounded sustainability.

Taken together, the successful implementation of *Maqasid al-Shariah* in sustainable banking requires not only addressing institutional and regulatory limitations but also harnessing innovation, talent development, and cross-framework integration. Bridging the gap between theory and practice is essential to ensuring that Islamic finance can contribute meaningfully to the global sustainability agenda.

**Literature Gap**

Despite growing academic interest in the intersection of *Maqasid al-Shariah* and sustainable Islamic banking, the systematic review reveals several persistent gaps in the literature. First, there is a limited number of studies that thoroughly integrate sustainability principles—particularly environmental and social dimensions—into the conceptual and operational frameworks of Islamic finance. While there is growing discourse on ESG-aligned instruments, the incorporation of such principles into Shariah-compliant equity and long-term investment remains fragmented and underexplored (Dai, 2024).

Moreover, although performance measurement has gained traction, existing evaluation models often lack a holistic approach that unifies financial, social, environmental, and religious dimensions in a cohesive framework. Several attempts to develop sustainability indices for Takaful and Islamic banks have been made, but they frequently omit comprehensive governance and environmental metrics that align with both ESG and Maqasid principles (Ammar et al., 2023; Mohd Zain et al., 2024).

Another critical issue is the lack of standardized methods to quantify social impact. Islamic banks often struggle to evaluate their non-financial contributions due to the absence of clear conceptual definitions of Islamic social banking and the indicators it entails (Abu Seman et al., 2024; Hamidi & Worthington, 2021). This limitation hinders comparative analysis and weakens strategic decision-making related to sustainability.

Furthermore, while there is growing empirical research on the impact of sustainability practices on financial performance, findings remain inconclusive. Some studies suggest that conventional banks outperform Islamic banks in terms of sustainability integration, raising questions about the readiness and capacity of Islamic banks to achieve competitive ESG alignment (Alghafes et al., 2024; Jawad & Abdulla, 2022).

In terms of implementation, regulatory divergence, governance inconsistencies, and human capital limitations continue to impede the operationalization of Maqasid-based sustainability in banking practice. Regional disparities in accounting standards, policy frameworks, and professional competencies contribute to misalignments between intent and execution (Rahayu et al., 2024). At the institutional level, there is a lack of research on the role of stakeholder engagement and organizational support in facilitating Maqasid–SDGs alignment. Early evidence suggests that institutional backing may moderate this relationship, highlighting the need for deeper inquiry into institutional governance models (Ichsan et al., 2024).

Lastly, while innovative instruments such as green sukuk and Islamic FinTech have shown potential in promoting ethical and environmentally responsible finance, the development and mainstreaming of these tools remain nascent. Further investigation is needed to examine their effectiveness, scalability, and long-term impact on Islamic financial ecosystems (Alqurran & Alkaseasbeh, 2024). Similarly, the integration of ethical entrepreneurship and halal ecosystems with Islamic finance remains an understudied area with strong potential to advance Maqasid-oriented sustainable development (Callejas-Albiñana et al., 2017; Elmes et al., 2016).

Taken together, these gaps highlight the need for future research that not only deepens theoretical understanding but also advances practical frameworks and performance tools to enhance the contribution of Islamic finance to global sustainability agendas.

## 4. Discussion

The findings of this systematic literature review reveal a growing scholarly engagement with the intersection of *Maqasid al-Shariah* and sustainable Islamic banking, particularly over the past five years (Aisah et al., 2024; Mahyudin et al., 2024; Mohd Zain et al., 2024). The descriptive trend analysis reflects not only a quantitative rise in publication volume but also a qualitative shift in thematic emphasis—from normative conceptualizations of *Maqasid* to applied studies that seek to operationalize ethical principles in financial decision-making (Adnan et al., 2025; Hidayat et al., 2021; Ichsan et al., 2024). The spike in academic interest from 2021 to 2023 suggests that sustainability is no longer treated as an auxiliary concern within Islamic finance, but as a strategic imperative aligned with global agendas such as the SDGs and ESG frameworks.

The geographical concentration of publications—dominated by Southeast Asia, particularly Indonesia and Malaysia—highlights the role of institutional support, regulatory evolution, and Islamic finance maturity in enabling Maqasid-oriented research and innovation (Aisah et al., 2024; Ichsan et al., 2024; Rahayu et al., 2024). However, the relative scarcity of publications from the MENA region or emerging Islamic finance markets indicates the need for broader geographical inclusivity in future research (Aisah et al., 2024; Ichsan et al., 2024).

The thematic synthesis provides a comprehensive understanding of how *Maqasid al-Shariah* is being translated into sustainable banking practices (Adnan et al., 2025; Rahayu et al., 2024). The integration of ESG principles, the implementation of Value-Based Intermediation (VBI), the rise of Islamic green banking, and the development of Maqasid-compliant performance indices indicate a strong convergence between ethical imperatives and sustainability objectives. This convergence is particularly promising, as it addresses the long-standing critique that Islamic banking often prioritizes formal Shariah compliance over substantive social and environmental impact (Adnan et al., 2025). However, the literature also reveals that while conceptual alignment is increasingly recognized, actual implementation remains inconsistent across institutions and jurisdictions.

The findings also affirm that sustainability initiatives—when authentically grounded in Islamic ethical values—can enhance financial performance (Alkhan & Hassan, 2021). The literature reviewed in impact of sustainability on islamic bank performance supports the argument that ESG-aligned practices improve operational efficiency, reputation, and risk management in Islamic banks (Blongkod et al., 2023; Radin et al., 2024). These insights reinforce prior research in conventional finance showing that sustainability does not necessarily entail financial trade-offs, and may in fact confer competitive advantages. However, the pathway through which *Maqasid*-oriented practices influence financial outcomes remains complex and context-dependent. This points to the need for more empirical work that isolates mediating variables such as intellectual capital, governance quality, or market maturity.

Challenges and opportunities in implementing *Maqasid al-Shariah* sheds light on the multidimensional challenges that hinder the full realization of *Maqasid al-Shariah* in sustainable banking (Antonio et al., 2012). Regulatory divergence, human capital constraints, and a lack of innovation infrastructure continue to inhibit progress. These issues echo findings from other domains of Islamic finance, where heterogeneity in interpretation and institutional capacity often lead to implementation gaps (Alkhan & Hassan, 2021). Notably, the challenge of aligning ESG with Islamic values underscores the need for a harmonized theoretical framework that bridges normative Islamic ethics with measurable sustainability indicators. Despite these limitations, several structural opportunities exist—particularly through FinTech, VBI, and the growing appetite for green sukuk and Shariah-compliant ESG funds. These innovations could serve as catalytic mechanisms for embedding *Maqasid* into the core architecture of financial systems, provided they are supported by coherent regulatory strategies and capacity-building initiatives.

Finally, the research gaps identified in research gaps point to an evolving but still immature body of literature. While the conceptual link between *Maqasid* and sustainability has been repeatedly affirmed, few studies offer integrative frameworks or robust performance models (Alkhan & Hassan, 2021). The lack of standardized methods for assessing social impact, combined with limited empirical testing of financial outcomes, suggests that the field remains underdeveloped in its methodological sophistication (Chapra, 2008; Hudaefi & Noordin, 2019). Additionally, the limited exploration of institutional dynamics—such as stakeholder engagement and inter-organizational cooperation—reveals a blind spot in understanding how sustainability transitions occur within Islamic financial institutions.

In summary, the review highlights both momentum and fragmentation within the literature (Saviano et al., 2024). The growing interest in aligning Islamic ethical finance with global sustainability imperatives is promising, yet the field requires deeper theoretical integration, broader geographical diversity, and more rigorous empirical validation (Schoenmaker & Schramade, 2019). The study contributes by synthesizing these insights and offering a platform for future research to advance not only the Islamic sustainability discourse but also the global dialogue on ethical, inclusive, and purpose-driven finance.

## 5. Conclusion

This systematic literature review analyzed 49 peer-reviewed studies published between 2015 and 2024 to examine the integration of *Maqasid al-Shariah* within sustainable Islamic banking frameworks. The findings demonstrate an increasing alignment between Islamic ethical principles and global sustainability agendas, particularly through instruments such as green sukuk, ESG integration, and Value-Based Intermediation. These developments reflect a shift from normative Shariah compliance toward value-driven financial strategies that emphasize social and environmental impact alongside profitability. Despite this progress, the review also highlights persistent challenges, including regulatory fragmentation, lack of standardised performance metrics, and limited empirical validation of outcomes.

In practice, the review suggests that Islamic financial institutions should invest in Shariah-aligned sustainability governance, expand talent capacity in ESG and Islamic ethics, and develop holistic impact measurement tools that capture financial, social, and environmental outcomes. However, this study is limited by its language scope (English-only sources) and geographic concentration in Southeast Asia, which may affect generalisability. Future research should address these limitations by expanding empirical coverage to other regions, developing integrated Maqasid-ESG performance indices, and exploring how Islamic digital finance innovations (such as green FinTech and blockchain-based sukuk) can accelerate the operationalisation of Maqasid-aligned sustainability in a scalable and measurable manner.

**Acknowledgments** The authors extend heartfelt appreciation to the academic mentors and supervisors at University of Jember, Jember, Indonesia, for their invaluable guidance.

**Conflict of Interest** The authors affirm that there are no competing interests influencing the conduct, authorship, or publication of this study.

### References

1. Abbas, J., Hussain, I., Hussain, S., Akram, S., Shaheen, I., & Niu, B. (2019). The impact of knowledge sharing and innovation on sustainable performance in Islamic banks: A mediation analysis through a SEM approach. Sustainability (Switzerland), 11(15). Scopus. https://doi.org/10.3390/su11154049
2. Abu Seman, J., Shahwan, S., Muhamed, N. A., Ramli, N. A., & Kamarubahrin, A. F. (2024). Sustainability of Islamic Social Banking: A Systematic Literature Review. In Contributions to Management Science: Vol. Part F3298 (pp. 255–268). Springer Science and Business Media Deutschland GmbH; Scopus. https://doi.org/10.1007/978-3-031-61778-2_14
3. Adnan, N. I. M., Ghani, N. A. R. N. A., Ahyani, H., Soleh, I., Slamet, M., Mutmainah, N., Lousada, S. A. N., & Sofiani, T. (2025). Leveraging Qardhul Hasan Practices from Zakat Funds for Sustainable Develooment: A Maqasid Sharia Persfective and its Contribution to SDGS in Malaysia. Journal of Lifestyle and SDG'S Review, 5(2). Scopus. https://doi.org/10.47172/2965-730X.SDGsReview.v5.n02.pe04016
4. Aisah, N., Utomo, C. W., & Setyawan, R. (2024). Contribution of Green Banking to Performance Based on Integrated Sharia Maqasid: The Moderation Role of Islamic Social Reporting. E3S Web of Conferences, 571, 03006. https://doi.org/10.1051/e3sconf/202457103006

5. Alghafes, R., Karim, S., Aliani, K., Qureishi, N., & Alkayed, L. (2024). Influence of key ESG factors on Islamic banks' financial performance: Evidence from GCC countries. International Review of Economics & Finance, 96, 103629. https://doi.org/10.1016/j.iref.2024.103629
6. Alkhan, A. M., & Hassan, M. K. (2021). Does Islamic microfinance serve maqāsid al-shari'a? Borsa Istanbul Review, 21(1), 57–68. Scopus. https://doi.org/10.1016/j.bir.2020.07.002
7. Alqurran, T., & Alkaseasbeh, M. (2024). Role of Green Finance in Supporting Sustainable Energy Investments Perspective of Energy Sector in Jordan. Quality - Access to Success, 25(198), 1–9. Scopus. https://doi.org/10.47750/QAS/25.198.01
8. Amaroh, S. (2016). Tanggung Jawab Sosial Bank Syariah Terhadap Stakeholder dalam Perspektif Maqâshid Syarî'ah. AHKAM : Jurnal Ilmu Syariah, 16(1). https://doi.org/10.15408/ajis.v16i1.2894
9. Ammar, R., Rebai, S., & Saidane, D. (2023). Toward the development of an Islamic banking sustainability performance index. International Journal of Islamic and Middle Eastern Finance and Management, 16(4), 734–755. https://doi.org/10.1108/IMEFM-12-2021-0479
10. Antonio, M. S., Sanrego, Y. D., & Taufiq, M. (2012). An Analysis of Islamic Banking Performance: Maqashid Index Implementation in Indonesia and Jordania.
11. Ariyantiningsih, F., Fadah, I., Suryaningsih, I. B., & Apriono, M. (2024). Financial Behavior Based on Risk Preferences, Financial Decisions, and Financial Performance of Islamic People's Financing Banks in East Java During the Covid-19 Pandemic. Quality - Access to Success, 25(198), 167–172. Scopus. https://doi.org/10.47750/QAS/25.198.18
12. Blongkod, H., Rasjid, H., Hamin, D., & Mahmud, M. (2023). Measuring the Performance of Sharia Commercial Banks in Indonesia Using the Islamicity Performance Index (IPI) and Maqashid Sharia Index (MSI). Quality - Access to Success, 24(196), 105–112. Scopus. https://doi.org/10.47750/QAS/24.196.14
13. Callejas-Albiñana, F. E., Martínez-Rodríguez, I., Callejas-Albiñana, A. I., & De Vidales-Carrasco, I. M. (2017). Assessing the Growth of Ethical Banking: Some Evidence from Spanish Customers. Frontiers in Psychology, 8, 782. https://doi.org/10.3389/fpsyg.2017.00782
14. Chapra, M. U. (2008). The Islamic Vision of Development in the Light of Maqāsid Al-Sharī'ah. Unpublished. https://doi.org/10.13140/RG.2.1.4188.5047
15. Dai, Y. (2024). Sustainable Investing and Islamic Finance: Evidence from The Organization of Islamic Cooperation (OIC) Countries. ISRA International Journal of Islamic Finance, 16(1), 41–56. Scopus. https://doi.org/10.55188/ijif.v16i1.563
16. Derbali, A. (2015). Islamic banking during the financial crisis of 2007. Serbian Journal of Management, 10(1), 89–108. Scopus. https://doi.org/10.5937/sjm10-6402
17. Elmes, M. B., Mendoza-Abarca, K., & Hersh, R. (2016). Food Banking, Ethical Sensemaking, and Social Innovation in an Era of Growing Hunger in the United States. Journal of Management Inquiry, 25(2), 122–138. Scopus. https://doi.org/10.1177/1056492615589651
18. Faozan, A., Syah, T. A., Kusuma, H., & Adawiyah, W. R. (2023). Good Corporate Governance and Moderating The Influence of Intellectual Capital on FInancial Performance: The Study of The Islamic Banking Industry. Corporate and Business Strategy Review, 4(2 Special Issue), 225–237. Scopus. https://doi.org/10.22495/cbsrv4i2siart2
19. Hamidi, L., & Worthington, A. C. (2021). How social is Islamic banking? Society and Business Review, 16(1), 51–70. Scopus. https://doi.org/10.1108/SBR-03-2020-0036
20. Haron, R. (2024). Issues and Challenges of Sustainable Finance in the Islamic Capital Market. In Islamic Finance and Sustainable Development: A Global Framew. For Achieving Sustainable Impact Finance (pp. 195–208). Taylor and Francis; Scopus. https://doi.org/10.4324/9781003468653-22
21. Hidayat, S. E., Sakti, M. R. P., & Al-Balushi, R. A. A. (2021). Risk, efficiency and financial performance in the GCC banking industry: Islamic versus conventional banks. Journal of Islamic Accounting and Business Research, 12(4), 564–592. Scopus. https://doi.org/10.1108/JIABR-05-2020-0138
22. Hudaefi, F. A., & Noordin, K. (2019). Harmonizing and constructing an integrated maqāṣid al-Sharīʿah index for measuring the performance of Islamic banks. ISRA International Journal of Islamic Finance, 11(2), 282–302. https://doi.org/10.1108/IJIF-01-2018-0003
23. Ichsan, R. N., Syahbudi, M., Barus, E. E., & Nst, V. F. H. (2024). THE ROLE OF ISLAMIC BANKING LITERACY AND EASE OF USE ON ACHIEVING SUSTAINABLE DEVELOPMENT GOALS AND MAQASHID AL-SHARIAH IN INDONESIA. International Journal of Economics and Finance Studies, 16(2), 190–208. Scopus. https://doi.org/10.34109/ijefs.202416210
24. Ishak, M. S. I., & Asni, F. (2020). The role of maqasid al-Shariʿah in applying fiqh muamalat into modern Islamic banking in Malaysia. Journal of Islamic Accounting and Business Research, 11(9), 2137–2154. Scopus. https://doi.org/10.1108/JIABR-12-2019-0224
25. Jan, A. A., Lai, F.-W., Draz, M. U., Tahir, M., Ali, S. E. A., Zahid, M., & Shad, M. K. (2022). Integrating sustainability practices into islamic corporate governance for sustainable firm performance: From the lens of agency and stakeholder theories. Quality and Quantity, 56(5), 2989–3012. Scopus. https://doi.org/10.1007/s11135-021-01261-0
26. Jan, A., Marimuthu, M., & bin Mohd @ Mat Isa, M. P. B. M. (2019). The nexus of sustainability practices and financial performance: From the perspective of Islamic banking. Journal of Cleaner Production, 228, 703–717. Scopus. https://doi.org/10.1016/j.jclepro.2019.04.208

27. Jan, A., Marimuthu, M., & Hassan, R. (2019). Sustainable business practices and firm's financial performance in islamic banking: Under the moderating role of islamic corporate governance. Sustainability (Switzerland), 11(23). Scopus. https://doi.org/10.3390/su11236606
28. Jawad, A., & Abdulla, Y. (2022). ESG scores in MENA banks. 69–73. Scopus. https://doi.org/10.1109/SIBF56821.2022.9939932
29. Julia, T., & Kassim, S. (2019). How serious are Islamic banks in offering green financing?: An exploratory study on Bangladesh banking sector. International Journal of Green Economics, 13(2), 120–138. Scopus. https://doi.org/10.1504/IJGE.2019.103236
30. Kartikasari, L. (2024). Mediating Role of Islamic Financial Performance Index in the Islamic Corporate Governance's Impact on Sustainability Performance of Islamic Commercial Banks. In Studies in Systems, Decision and Control (Vol. 524, pp. 613–621). Springer Science and Business Media Deutschland GmbH; Scopus. https://doi.org/10.1007/978-3-031-54379-1_54
31. Kumar, R. S. P., & Sheela, P. (2023). Can Islamic banks be sustainable with a simultaneously strong conventional banking counterpart? – A comparative study of the financial performance of Islamic and conventional banks in Bahrain. International Journal of Business Excellence, 30(2), 133–159. Scopus. https://doi.org/10.1504/IJBEX.2023.132063
32. Liberati, A., Altman, D. G., Tetzlaff, J., Mulrow, C., Gøtzsche, P. C., Ioannidis, J. P. A., Clarke, M., Devereaux, P. J., Kleijnen, J., & Moher, D. (2009). The PRISMA statement for reporting systematic reviews and meta-analyses of studies that evaluate health care interventions: Explanation and elaboration. Italian Journal of Public Health, 6(4), 354–391. Scopus.
33. Lu, J., Rodenburg, K., Foti, L., & Pegoraro, A. (2022). Are firms with better sustainability performance more resilient during crises? Business Strategy and the Environment, 31(7), 3354–3370. https://doi.org/10.1002/bse.3088
34. Mahadi, N. F., & Zakariyah, H. (2024). Islamic Sustainable Finance and Its Jurisprudential Solutions. In Islamic Sustainable Finance: Policy, Risk and Regulation (pp. 90–101). Taylor and Francis; Scopus. https://doi.org/10.4324/9781003395447-12
35. Mahyudin, W. A. T., Rosman, R., & Haron, R. (2024). Islamic Sustainable Finance: How Does VBI Facilitate? In Islamic Sustainable Finance: Policy, Risk and Regulation (pp. 51–65). Taylor and Francis; Scopus. https://doi.org/10.4324/9781003395447-8
36. Mohd Zain, F. A., Muhamad, S. F., Abdullah, H., Sheikh Ahmad Tajuddin, S. A. F., & Wan Abdullah, W. A. (2024). Integrating environmental, social and governance (ESG) principles with Maqasid al-Shariah: A blueprint for sustainable takaful operations. International Journal of Islamic and Middle Eastern Finance and Management, 17(3), 461–484. Scopus. https://doi.org/10.1108/IMEFM-11-2023-0422
37. Muhamad, S. F., Zain, F. A. M., Samad, N. S. A., Ab. Rahman, A. H., & Yasoa', M. R. (2022). Measuring Sustainable Performance of Islamic Banks: Integrating the principles of Environmental, Social and Governance (ESG) and Maqasid Shari'ah. IOP Conference Series: Earth and Environmental Science, 1102(1), 012080. https://doi.org/10.1088/1755-1315/1102/1/012080
38. Orazalin, N., Mahmood, M., & Narbaev, T. (2019). The impact of sustainability performance indicators on financial stability: Evidence from the Russian oil and gas industry. Environmental Science and Pollution Research, 26(8), 8157–8168. Scopus. https://doi.org/10.1007/s11356-019-04325-9
39. Principles for Responsible Banking Shaping the future of banking. (n.d.).
40. Radin, D. N., Shaharuddin, N., Bujang, I., & Rijanto, I. F. (2024). The Interaction of Maqasid Al-Shariah in the Relationship Between ESG and Firm Financial Performance. ASEAN Journal on Science and Technology for Development, 41(2), 210–216. Scopus. https://doi.org/10.61931/2224-9028.1580
41. Rahayu, S. K., Komala, A. R., & Yusuf, S. N. B. S. (2024). Enhancing Islamic Banking through Accounting and Taxation Harmonization: A Comparative Study of Indonesia and Malaysia. Australasian Accounting, Business and Finance Journal, 18(5). https://doi.org/10.14453/aabfj.v18i5.09
42. Rahman, A. A. A., Rahiman, H. U., Meero, A., & Amin, A. R. (2023). Fintech innovations and Islamic banking performance: Post-pandemic challenges and opportunities. Banks and Bank Systems, 18(4), 281–292. Scopus. https://doi.org/10.21511/bbs.18(4).2023.23
43. Saeudy, M., & Hussainey, K. (2024). An institutional perspective on the shifts in banking and capitalist ideology: Sustainability, social and environmental insights. International Journal of Bank Marketing, 42(4), 818–839. Scopus. https://doi.org/10.1108/IJBM-02-2023-0125
44. Saviano, M., Russo, G., Farina Briamonte, M., & Di Nallo, L. (2024). The challenges in integrating ESG factors into banks' credit department: A knowledge management enhanced framework. Journal of Knowledge Management, 28(8), 2460–2481. Scopus. https://doi.org/10.1108/JKM-11-2023-1042
45. Schoenmaker, D., & Schramade, W. (2019). Investing for long-term value creation. Journal of Sustainable Finance and Investment, 9(4), 356–377. Scopus. https://doi.org/10.1080/20430795.2019.1625012
46. Shrestha, C., Andrikopoulos, P., & Aryal, N. P. (2024). Does it matter to be a part of the sustainability index? Journal of Sustainable Finance & Investment, 1–22. https://doi.org/10.1080/20430795.2024.2401357
47. Siswanti, I., & Sukoharsono, E. G. (2019). Intellectual capital and financial performance of islamic banks in Indonesia. Institutions and Economies, 11(4), 31–49. Scopus.

48. Weber, O., & Feltmate, B. (2016). Sustainable banking: Managing the social and environmental impact of financial institutions (p. 242). University of Toronto Press; Scopus. https://www.scopus.com/inward/record.uri?eid=2-s2.0-84981502018&partnerID=40&md5=9da9c4a239fcd5dc12b93905ed57baa5
49. Zain, N. S., Noor, F. M., & Hassan, R. (2024). Islamic Sustainable Finance: How Does Waqf Matter? In Islamic Finance and Sustainable Development: A Global Framework for Achieving Sustainable Impact Finance (pp. 120–129). Taylor and Francis; Scopus. https://doi.org/10.4324/9781003468653-14