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Management Strategy of Islamic Banks in Optimizing Funding, Financing, and Services: The Maqasid al-Shariah Framework

Tentiyo Suharto[1]*, Sukiman[2], Maryam Batubara[3]
[1]Program Studi Doktor Ekonomi Syariah, Fakultas Ekonomi dan Bisnis Islam Universitas Islam Negeri Sumatera Utara, Indonesia, tentiyosuharto18@gmail.com
[2]Universitas Islam Negeri Sumatera Utara, Indonesia, Sukiman@uinsu.ac.id
[3]Universitas Islam Negeri Sumatera Utara, Indonesia, Maryam.batubara@uinsu.ac.id

***Corresponding author: tentyosuharto@stain_madina.ac.id**

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ABSTRACT

The transformation of Islamic banking in the digital 5.0 era demands a paradigm shift toward value-based institutions capable of integrating business performance, technological innovation, and Maqasid al-Shariah principles. This study aims to formulate an Islamic bank management strategy to optimize the functions of funding, financing, and service in accordance with Law Number 21 of 2008 concerning Islamic Banking through an approach centered on public welfare (*maslahah*) and sustainability. The research method employs a descriptive qualitative approach utilizing literature studies through the analysis of literature, regulations, and industry reports, analyzed using the interactive model of Miles, Huberman, and Saldaña. The research results indicate that funding optimization requires product innovation, digitalization, financial literacy, and enhanced customer trust. The financing strategy is directed toward productive financing, strengthening risk management, process digitalization, and supporting the real sector and MSMEs. Meanwhile, the service strategy emphasizes customer experience quality, technological utilization, human resource competence, and trustworthy (*amanah*) service. The developed strategy model positions Maqasid al-Shariah as the foundation for creating a balance among economic, social, ethical, and spiritual aspects. The research findings confirm that the competitiveness of modern Islamic banks depends not only on profitability, but also on the ability to create sustainable value, enhance financial inclusion, and realize public welfare. This model provides theoretical and practical contributions toward strengthening the strategic management of Islamic banking to be innovative, adaptive, and globally competitive.

INTRODUCTION

The transformation of the Islamic banking industry in the digital economy 5.0 era exhibits increasingly complex dynamics, characterized by the acceleration of financial technology innovation, shifting customer behavior, and rising demands for financial services that are not only economically efficient but also ethically just and sustainable. In this context, it is no longer sufficient for Islamic banks to act merely as financial intermediation institutions; rather, they must function as value-based financial institutions capable of integrating business objectives with the principles of maqasid al-shariah. Nevertheless, reality demonstrates that the implementation of management strategies in most Islamic banks remains predominantly oriented toward asset growth, market expansion, and profitability, while the internalization of maqasid values within the design of funding, financing, and service strategies has not yet proceeded in a systemic and measurable manner (Ascarya, 2024; 2024).

Theoretically, a conceptual gap exists between modern strategic management paradigms based on competitive advantage and the maqasid al-shariah approach, which emphasizes the achievement of public welfare (maslahah) and the prevention of harm (mafsadah). Conventional strategic models generally focus on efficiency, profitability, and market share, whereas maqasid al-shariah directs economic activity toward the preservation of five fundamental human aspects: religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-'aql*), lineage (*hifz al-nasl*), and wealth (*hifz al-mal*). This gap results in the suboptimal integration of spiritual, social, and ethical indicators into the strategic performance measurement of Islamic banks. Consequently, many management strategies adopted from conventional banking undergo merely a shariah compliance adjustment rather than a comprehensive value-based paradigm transformation rooted in Islamic values (Dusuki, 2024)

From a practical perspective, the Islamic banking industry faces increasingly dynamic structural and operational challenges. These challenges include low levels of Islamic financial literacy and inclusion, the dominance of debt-like financing products, limited product innovation catering to real sector needs, and a heavy reliance on short-term funds, which impacts liquidity structure imbalances. On the other hand, digital technology disruptions through fintech, open banking, and artificial intelligence-based financial services have altered customer expectations regarding speed, transparency, and service personalization. Such conditions compel Islamic banks to execute strategic transformations that are not only technologically adaptive but also consistent with Shariah values across all business processes (Bank Indonesia, 2024).

Juridically, the existence and development of Islamic banking strategies possess a robust legal foundation within Indonesia's national legal system. Law Number 21 of 2008 concerning Islamic Banking mandates that Islamic bank business activities must be grounded in Shariah principles and prudential principles, while aiming to support equitable national economic development. Furthermore, regulations from the Financial Services Authority (OJK) and Bank Indonesia reinforce the governance, risk management, and consumer protection frameworks within the Islamic financial industry. At the normative level, the National Shariah Council of the Indonesian Ulema Council (DSN-MUI) also establishes fatwas that serve as the operational basis for Islamic banking products and services. Consequently, from a legal standpoint, Islamic banks carry a dual mandate regulatory compliance and Shariah compliance which must be integrated simultaneously into management strategies (DSN-MUI, 2024).

Empirically, the development of Islamic banking in Indonesia displayed positive growth trends in assets, third-party funds, and financing throughout 2024. Nonetheless, the market share of Islamic banking remains at a relatively moderate level compared to Indonesia's demographic potential as the country with the largest Muslim population in the world. In addition, the efficiency of financial intermediation, financing quality, and customer satisfaction indices continue to show significant room for improvement. Amidst escalating global competition and financial sector digitalization, Islamic banks are urged not only to pursue quantitative growth but also to strengthen the quality of value creation encompassing economic, social, and spiritual dimensions. Therefore, a strategic management framework capable of integrating the optimization of funding, financing, and service into a measurable, sustainable maqasid al-shariah-based system is urgently required. Grounded in these various issues, this research becomes vital to formulate a more comprehensive, adaptive, and value-based strategic management framework for Islamic banks. This framework is expected to bridge the gap between modern management theory and maqasid al-shariah principles, while offering practical contributions toward enhancing the competitiveness of the Islamic banking industry through the integrated, innovative, and public-welfare-oriented optimization of funding, financing, and service functions.

METHODS

This research employs a descriptive-qualitative library research approach to analyze Islamic bank management strategies in optimizing funding, financing, and services based on Maqasid al-Shariah (Creswell & Creswell, 2024). The study is conceptual-analytical in nature, synthesizing theories, regulations, and previous research findings to generate an Islamic banking strategy model oriented toward public welfare (maslahah) (Ahmed, 2023). The research data consists of secondary data sourced from scientific journals, academic books, industry reports, government regulations, the Financial Services Authority (OJK), the Islamic Financial Services Board (IFSB), the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bank Indonesia, and DSN-MUI fatwas.

Data collection was carried out through documentation and literature studies involving stages of identification, selection, classification, and critical analysis of relevant sources. The focus of the study is directed toward fund collection strategies (funding), financing allocation strategies (financing), and service quality improvement strategies (service) within the perspective of Maqasid al-Shariah (Creswell & Creswell, 2024). Data analysis utilizes the interactive model of Miles, Huberman, and Saldaña through the stages of data collection, data condensation, data display, and conclusion verification (Miles, Huberman, & Saldaña, 2024). Data validity was ensured through source triangulation, peer debriefing, and an audit trail to guarantee the validity and consistency of the research results (Lincoln & Guba, 2024). The analytical framework begins with the identification of strategic challenges facing Islamic banks, which are subsequently examined through strategic management theories and Maqasid al-Shariah principles.

The results of the analysis are utilized to formulate an integrative model linking funding, financing, and services with the five objectives of Maqasid al-Shariah (hifz al-din, hifz al-nafs, hifz al-‘aql, hifz al-nasl, and hifz al-mal). The research model is expected to strengthen the competitiveness, sustainability, and contribution of Islamic banks in creating economic, social, and spiritual value for society (Ascarya, 2024).

RESEARCH DESIGN AND SAMPLE

Funding Optimization Strategy

The funding optimization strategy serves as the primary foundation in strengthening the intermediation function of Islamic banks because it determines the bank's capability to gather Third-Party Funds (TPD) that are stable, cost-efficient, and sustainable. From the perspective of Maqasid al-Shariah, the success of fund collection is measured not only by the growth of TPD volume, but also by the extent to which the fund collection mechanism is able to build trust, maintain amanah (trustworthiness), enhance Islamic financial inclusion, and deliver welfare (maslahah) to customers and society. Recent research indicates that studies on Islamic bank performance are increasingly shifting from a profit orientation toward an approach based on maqasid, governance, and sustainability.

Funding optimization must be implemented through the integration of several core strategies, namely fund-collection product innovation, digital transformation, strengthening of Islamic financial literacy, relationship marketing, and the development of an Islamic partnership ecosystem. Product innovations such as goal-based savings, flexible mudharabah deposits, and easily accessible digital services can enhance product appeal. On the other hand, the utilization of mobile banking, digital account opening, data analytics, and service personalization can improve customer experiences while expanding the fund collection base. The combination of these strategies strengthens customer loyalty while lowering the cost of funds.

From a strategic management perspective, funding optimization cannot be separated from the integration of funding, financing, and service. Funds successfully gathered must be allocated to productive, high-quality financing that generates sustainable income, strengthens liquidity, and enhances the competitiveness of Islamic banks. Consequently, the funding strategy functions not merely as an activity of raising funds, but becomes part of a strategic system connecting fund collection, financing allocation, and service quality within a single Maqasid al-Shariah framework oriented toward sustainability. The framework for the Islamic bank funding optimization (Pendanaan) strategy based on Maqasid al-Shariah is as follows:

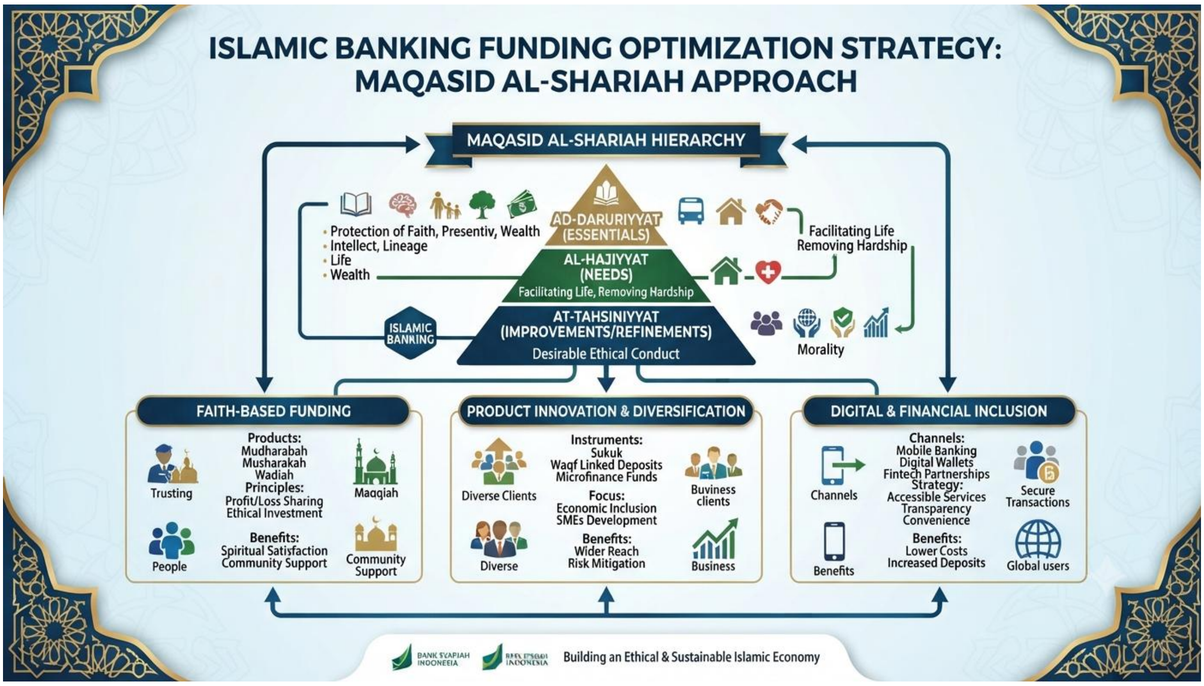

Figure 1. Framework for the Islamic Bank Funding Optimization Strategy Based on Maqasid Al-Shariah

This infographic illustrates a comprehensive framework for "Islamic Banking Funding Optimization Strategy" structured around the "Maqasid Al-Shariah Hierarchy". At its core, the pyramid model categorizes objectives into Ad-Daruriyyat (Essentials), Al-Hajiyyat (Needs), and At-Tahsiniyyat (Improvements/Refinements) to protect faith, life, intellect, lineage, and wealth. The framework branches downward into three foundational operational pillars designed to drive sustainable Islamic financial growth.

The first pillar, Faith-Based Funding, emphasizes profit-and-loss sharing contracts like Mudharabah and Wadiah to deliver spiritual satisfaction and community support. The second pillar focuses on Product Innovation & Diversification, utilizing instruments such as Sukuk and Waqf-linked deposits to foster economic inclusion and small-medium enterprise development. The third pillar highlights Digital & Financial Inclusion, leveraging mobile banking and fintech partnerships to ensure accessible services, transparency, and secure transactions. These three pillars work in synergy with the Shariah hierarchy to remove hardship and facilitate ethical wealth circulation. Furthermore, the system is reinforced by robust community engagement and diverse client integration ranging from individuals to institutional businesses. Visually framed by elegant Islamic geometric borders and professional institutional styling, the diagram conveys a modern approach to ethical banking. Ultimately, this strategic model serves as a blueprint for "Building an Ethical & Sustainable Islamic Economy" that balances profitability with high moral and social values.

Financing Optimization Strategy

The financing optimization strategy in Islamic banks is a fundamental factor in enhancing the competitiveness and sustainability of the Islamic financial industry through the allocation of productive, high-quality financing that complies with Maqasid al-Shariah principles. Financing optimization is directed not only toward increasing financing volume, but also toward portfolio quality capable of creating balanced economic, social, and spiritual value. This approach requires the implementation of comprehensive risk management, real-sector-based feasibility analysis, and the selection of Shariah contracts matching customer needs. On the other hand, digital transformation through the utilization of big data, artificial intelligence, and financial technology enables the financing process to become faster, more accurate, transparent, and efficient.

This strategy must also be supported by strong Sharia Governance to ensure every financing decision remains within the corridor of Shariah compliance. The integration between risk analysis, financing product innovation, and the strengthening of customer relationships will improve productive asset quality while suppressing the Non-Performing Financing (NPF) rate (Yulitasari, L., Salma, A. M., & Suhendar, 2025).

From the perspective of Maqasid al-Shariah, financing must be directed toward sectors providing tangible benefits to society, such as micro, small, and medium enterprises (MSMEs), agriculture, the halal industry, and the green economy. This approach strengthens the intermediation function of Islamic banks in driving inclusive and equitable economic growth. Furthermore, synergy among funding, financing, and service strategies creates a mutually reinforcing business cycle wherein the sustainability of Islamic banks is determined not solely by profitability, but also by value creation for all stakeholders.

Therefore, the Maqasid-al-Shariah-based financing optimization strategy can be viewed as a strategic management model integrating economic, social, ethical, and spiritual aspects to yield more resilient, competitive, and sustainable Islamic bank performance that contributes to the realization of public welfare (maslahah) and national economic development. The framework for the Islamic bank financing optimization strategy based on Maqasid al-Shariah is as follows:

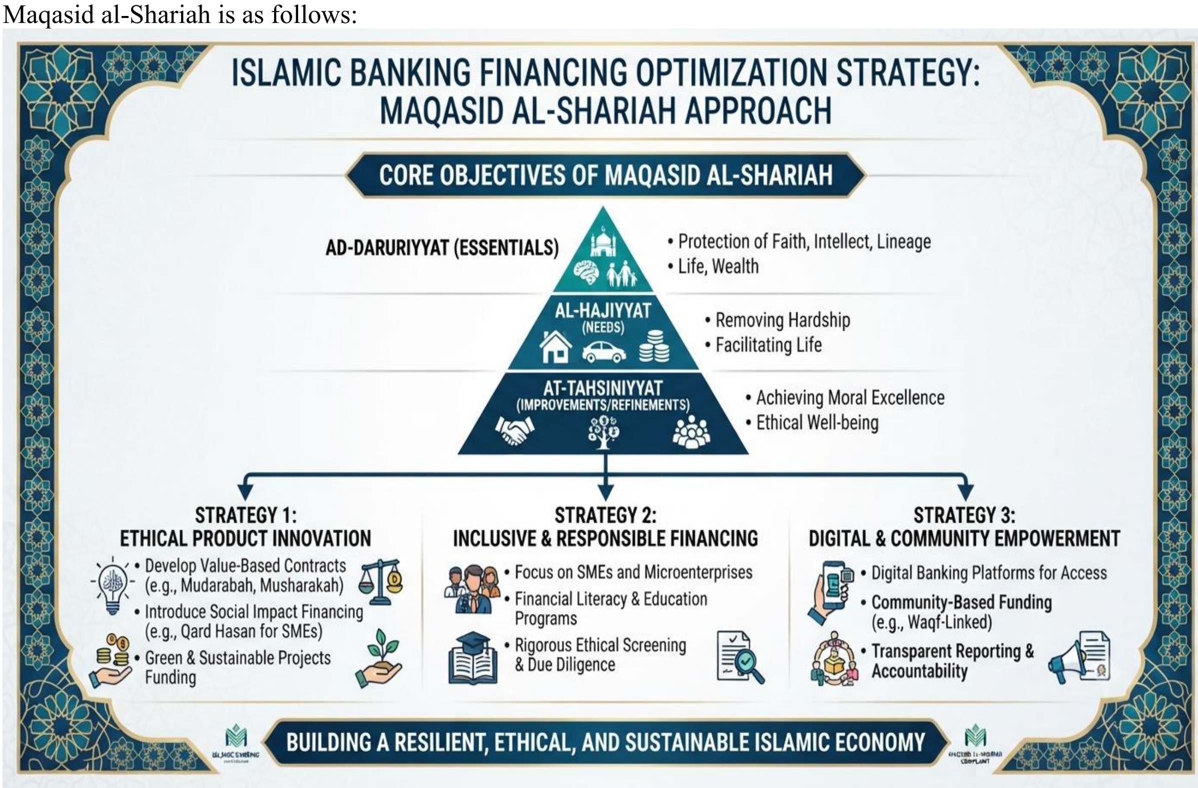

Figure 2. Framework for the Islamic Bank Financing Optimization Strategy

This infographic presents a comprehensive framework for the "Islamic Banking Financing Optimization Strategy" anchored in the "Maqasid Al-Shariah Approach". At the heart of the model is a tiered pyramid illustrating the "Core Objectives of Maqasid Al-Shariah," which ranges from Ad-Daruriyyat (Essentials) for protecting faith, intellect, lineage, life, and wealth, to Al-Hajiyyat (Needs) for removing hardship and facilitating life, and finally At-Tahsiniyyat (Improvements/Refinements) for achieving moral excellence and ethical well-being.

Branching outward from this foundational hierarchy are three core operational strategies designed to drive modern Islamic finance. The first strategy, Ethical Product Innovation, focuses on developing value-based contracts like Mudharabah and Musharakah, introducing social impact financing such as Qard Hasan for SMEs, and supporting green initiatives. The second strategy emphasizes Inclusive & Responsible Financing, targeting microenterprises and small-medium enterprises, promoting financial literacy and education programs, and maintaining rigorous ethical screening and due diligence.

The third strategy highlights Digital & Community Empowerment, leveraging digital banking platforms for broader financial access, integrating community-based funding models like Waqf-linked structures, and upholding transparent reporting and accountability. Together, these elements harmonize commercial viability with divine objectives to build a more resilient and equitable financial landscape. Framed within elegant Islamic geometric borders, the diagram communicates a professional blueprint for advancing the sector. Ultimately, this strategic paradigm serves to guide institutions toward "Building a Resilient, Ethical, and Sustainable Islamic Economy" that bridges economic growth with profound social justice.

Service Optimization Strategy

The service optimization strategy in Islamic banks is a key factor in building sustainable competitive advantage amidst intensifying financial industry competition and digital transformation. Unlike conventional banks, service quality in Islamic banks is measured not only by speed, convenience, and operational efficiency, but also by the level of compliance with Maqasid al-Shariah principles, which position customer welfare as the primary objective. Therefore, service optimization must integrate service excellence, service digitalization, the strengthening of human resource competencies, and customer experience management within a unified strategic framework.

This approach enables Islamic banks to create value added through services that are trustworthy (amanah), transparent, responsive, and oriented toward customer needs. The implementation of digital technologies such as mobile banking, artificial intelligence, data analytics, and omnichannel services also strengthens accessibility and enhances service process efficiency without diminishing the quality of interaction. Concurrently, the development of a service culture based on the values of ihsan (benevolence), amanah, and professionalism serves as an essential foundation in boosting public trust in Islamic banking institutions. Conceptually, this strategy expands the service-dominant logic perspective by integrating Islamic spiritual and ethical dimensions as sources of value co-creation (Sori, Z. M, 2025).

The synergy among service quality, digital innovation, and Shariah compliance will continuously enhance customer satisfaction, loyalty, and retention. The ultimate impact is the enhancement of reputation, competitiveness, Third-Party Fund (TPD) growth, and financing quality through stronger long-term relationships with customers.

Consequently, the service optimization strategy not only improves the operational performance of Islamic banks, but also strengthens their contribution to the development of an Islamic economy that is inclusive, sustainable, and aligned with the objectives of Maqasid al-Shariah. The framework for the Islamic bank service optimization strategy based on Maqasid al-Shariah is as follows:

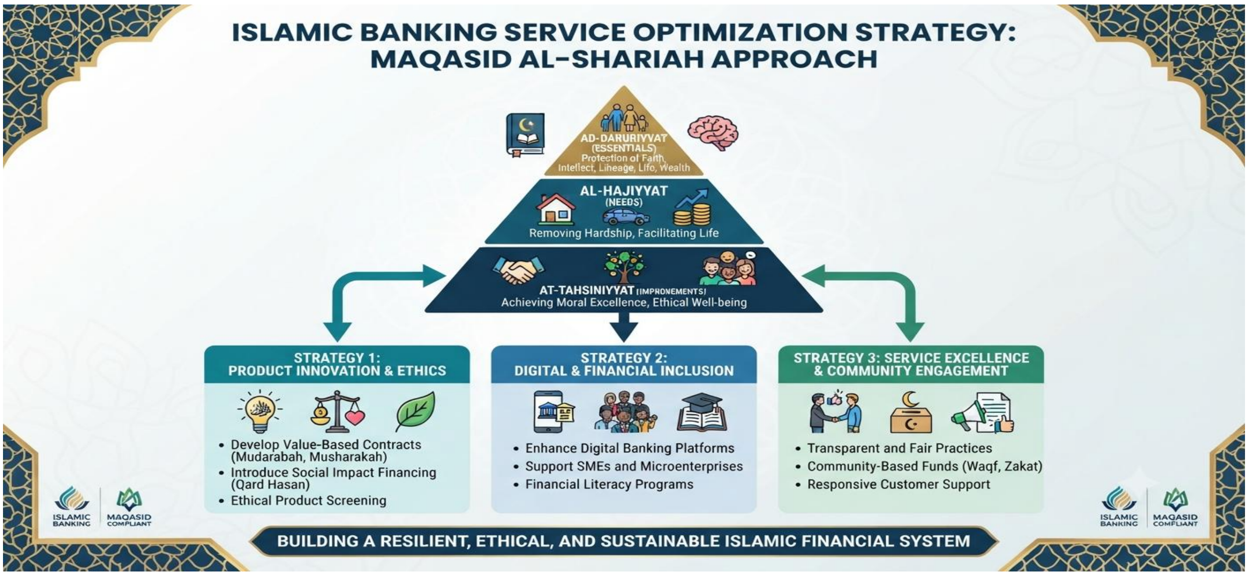

Figure 3. Framework for the Islamic Bank Service Optimization Strategy Based on Maqasid al-Shariah

This infographic outlines a comprehensive framework for the "Islamic Banking Service Optimization Strategy" anchored in the "Maqasid Al-Shariah Approach". At the pinnacle of the model is a tiered pyramid representing core objectives, categorized into Ad-Daruriyyat (Essentials) for protecting faith, intellect, lineage, life, and wealth; Al-Hajiyyat (Needs) for removing hardship and facilitating life; and At-Tahsiniyyat (Improvements) for achieving moral excellence and ethical well-being. Stemming directly from this hierarchical foundation are three distinct operational pillars designed to guide modern Islamic financial institutions. The first pillar, Product

Innovation & Ethics, focuses on developing value-based contracts like Mudharabah and Musharakah, introducing social impact financing through Qard Hasan, and maintaining rigorous ethical product screening. The second pillar emphasizes Digital & Financial Inclusion, seeking to enhance digital banking platforms, support SMEs and microenterprises, and expand community financial literacy programs.

The third pillar highlights Service Excellence & Community Engagement, prioritizing transparent and fair practices, integrating community-based funds such as Waqf and Zakat, and delivering responsive customer support. Together, these strategic pillars bridge divine maqasid objectives with practical, customer-centric banking operations. Framed by polished Islamic design elements and professional iconography, the diagram visualizes a unified pathway for the sector. Ultimately, this paradigm provides a blueprint for "Building a Resilient, Ethical, and Sustainable Islamic Financial System" that simultaneously serves commercial goals and societal welfare.

Implementation of the Maqasid al-Shariah Framework

The implementation of the Maqasid al-Shariah framework in Islamic banking management strategies demonstrates that the success of Islamic financial institutions is no longer measured solely by profitability indicators, but also by their ability to generate public welfare (maslahah) for all stakeholders. This framework integrates the five core objectives of Maqasid al-Shariah (*Hifz al-Din, Hifz al-Nafs, Hifz al-'Aql, Hifz al-Nasl, and Hifz al-Mal*) into the processes of fund collection (funding), financing allocation (financing), and service provision (service). Such integration yields a value-based Islamic banking paradigm that balances economic, social, ethical, and spiritual dimensions in every strategic decision (Jan, A., Marimuthu, M., & Hassan, R., 2023).

From a strategic management perspective, the implementation of Maqasid al-Shariah strengthens the alignment among organizational vision, governance, product innovation, digitalization, and Shariah compliant risk management. This approach also enhances institutional legitimacy through the application of the principles of amanah (trustworthiness), justice, transparency, and accountability, which bolster public trust. In addition to improving service quality and customer loyalty, this framework drives operational efficiency and more productive financing oriented toward the real sector. Empirically, the implementation of Maqasid al-Shariah holds the potential to boost Third-Party Fund (TPD) growth, asset quality, and the long-term performance sustainability of Islamic banks. Theoretically, this model expands strategic management studies by integrating normative Islamic dimensions into organizational decision-making.

Consequently, Maqasid al-Shariah functions not merely as an ethical foundation, but also as a strategic framework capable of enhancing the competitiveness and resilience of Islamic financial institutions. These findings indicate that the competitive advantage of Islamic banks will grow stronger if business strategies, governance, and digital innovation are consistently developed based on the objectives of Maqasid al-Shariah. Therefore, the implementation of this framework holds high relevance for the theoretical and practical advancement of modern Islamic banking oriented toward sustainability, inclusiveness, and long-term value creation for society. The implementation of the Maqasid al-Shariah framework within Islamic banking strategies is as follows:

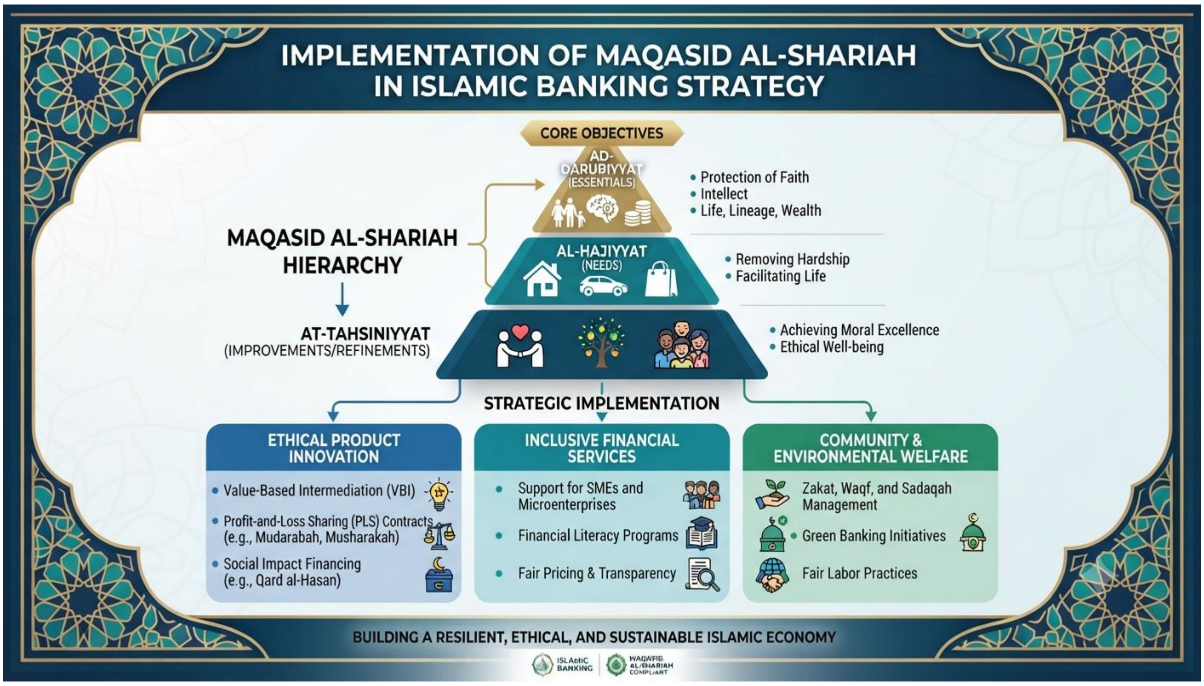

Figure 4. Implementation of the Maqasid al-Shariah Framework in Islamic Banking Strategies

This infographic illustrates the "Implementation of Maqasid Al-Shariah in Islamic Banking Strategy" to establish an ethical financial ecosystem. At its center stands the Maqasid Al-Shariah hierarchy pyramid, divided into core objective tiers. The topmost tier, *Ad-Daruriyyat* (Essentials), focuses on protecting faith, intellect, life, lineage, and wealth. The middle tier, *Al-Hajiyyat* (Needs), emphasizes removing hardship and facilitating daily life. The base tier, *At-Tahsiniyyat* (Improvements/Refinements), is dedicated to achieving moral excellence and ethical well-being. Stemming from this foundational framework are three key pillars of strategic implementation for modern Islamic banking.

The first pillar, Ethical Product Innovation, promotes Value-Based Intermediation (VBI), Profit-and-Loss Sharing (PLS) contracts like Mudarabah and Musharakah, and social impact financing via Qard al-Hasan. The second pillar, Inclusive Financial Services, prioritizes support for SMEs and microenterprises, financial literacy programs, and fair pricing with transparency. The third pillar, Community & Environmental Welfare, manages Zakat, Waqf, and Sadaqah, while implementing green banking initiatives and fair labor practices. Together, these strategies bridge divine objectives with practical banking operations to foster societal benefit. Ultimately, the diagram serves as a comprehensive visual blueprint for building a resilient, ethical, and sustainable Islamic economy.

Islamic Banking Strategic Management Model

The Islamic Banking Strategic Management Model positions Maqasid al-Shariah as the primary foundation in strategy formulation, implementation, and evaluation, ensuring that business orientation is directed not only toward achieving profitability but also toward generating sustainable social, ethical, and welfare values. This model integrates the three core functions of Islamic banking funding, financing, and service into a mutually supportive strategic management system through Shariah governance, digital innovation, risk management, and the strengthening of human resources. This approach expands the perspective of strategic management theory by incorporating Islamic value dimensions as a source of competitive advantage that is difficult for conventional financial institutions to replicate (Noor & Yaacob, 2025).

From a Resource-Based View perspective, Shariah compliance, customer trust, and an Islamic organizational culture constitute strategic assets that sustainably enhance organizational performance. Furthermore, this model strengthens the stakeholder theory approach, as institutional success is measured not only by financial indicators, but also by customer satisfaction, social utility, and contributions to Islamic economic development. Integrated strategy implementation enables banks to improve operational efficiency, strengthen financing quality, expand fund collection, and enhance service quality based on customer experience.

In the era of digital transformation, the integration of technology with Shariah principles becomes a crucial factor in boosting competitiveness without compromising the values of justice, transparency, and trustworthiness (amanah). Consequently, this model offers a conceptual contribution as a strategic framework linking business objectives with Shariah goals simultaneously. It also provides practical implications for bank management in designing strategies that are adaptive to dynamic business environments while maintaining strict adherence to Shariah principles (Ahmed, Khan, & Chapra, 2025).

Therefore, strategies oriented toward Maqasid al-Shariah are believed to generate sustainable performance growth, reinforce public trust, enhance customer loyalty, and create widespread public welfare (Ahmed, 2025; Hassan & Ali, 2025; Islamic Financial Services Board [IFSB], 2025). The framework for the Islamic banking strategic management model based on Maqasid al-Shariah is as follows:

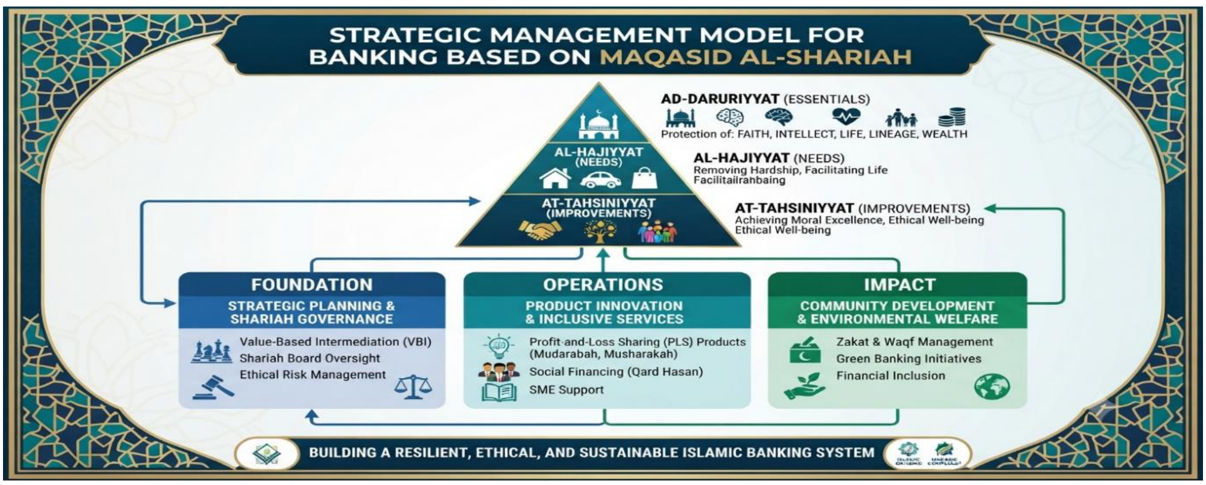

Figure 5. Islamic Banking Strategic Management Model Integrating Strategic Management Principles with Maqasid al-Shariah to Achieve Sustainable Competitive Advantage

This infographic illustrates a comprehensive "Strategic Management Model for Banking Based on Maqasid Al-Shariah" designed to build a resilient, ethical, and sustainable Islamic banking system. At the core of the model is a tiered pyramid representing the hierarchy of Maqasid Al-Shariah. The topmost tier, *Ad-Daruriyyat* (Essentials), focuses on the protection of Faith, Intellect, Life, Lineage, and Wealth. The middle tier, *Al-Hajiyyat* (Needs), emphasizes removing hardship and facilitating life, while the base tier, *At-Tahsiniyyat* (Improvements), aims to achieve moral excellence and ethical well-being.

Supporting this foundational hierarchy are three operational pillars that drive the strategic implementation. The first pillar, Foundation: Strategic Planning & Shariah Governance, establishes the necessary ethical infrastructure through Value-Based Intermediation (VBI), Shariah Board oversight, and ethical risk management. The second pillar, Operations: Product Innovation & Inclusive Services, focuses on practical application by offering Profit-and-Loss Sharing (PLS) products like Mudarabah and Musharakah, social financing such as Qard Hasan, and robust SME support.

The third pillar, Impact: Community Development & Environmental Welfare, ensures the bank's activities create positive societal and ecological change. This is achieved through Zakat and Waqf management, green banking initiatives, and promoting financial inclusion. Arrows within the diagram show a continuous feedback loop between these three pillars and the central Maqasid hierarchy, indicating an adaptive and evolving strategy. Framed by elegant Islamic geometric patterns, the image presents a holistic approach where financial goals are harmonized with high ethical and social objectives.

Theoretical and Practical Implications

The theoretical implications of the Maqasid al-Shariah-based Islamic banking strategic management model demonstrate an enhanced strategic management paradigm that looks beyond mere competitive advantage and profitability toward value creation and public welfare (maslahah) for all stakeholders. This model expands theoretical development by integrating the funding, financing, and service functions into the Maqasid al-Shariah framework, yielding a more holistic approach to explaining the relationship between strategy, organizational performance, and Islamic socio-economic objectives. This integration contributes conceptually to the advancement of Islamic banking management literature which has historically tended to separate business and Shariah aspects mand opens avenues for empirical testing regarding the impact of Maqasid implementation on the competitiveness, sustainability, and performance of Islamic banking in the era of digital transformation (Dusuki & Abozaid, 2025; Mohammed et al., 2025).

From a practical perspective, this model provides strategic guidance for Islamic bank management in formulating integrated policies spanning fund collection, financing allocation, and service quality enhancement based on customer needs and Shariah compliance. Implementing these strategies drives product innovation, service digitalization, strengthened governance, Shariah risk management, and human resource competency development, thereby boosting customer trust and loyalty, operational efficiency, and Third-Party Fund (TPD) growth. Consequently, Islamic banks not only secure a sustainable competitive advantage, but also reinforce their contribution to inclusive Islamic economic development through the creation of economic, social, and spiritual value aligned with the objectives of Maqasid al-Shariah (Islamic Financial Services Board, 2025; Accounting and Auditing Organization for Islamic Financial Institutions, 2025). The framework for the theoretical and practical implications of the Maqasid al-Shariah-based Islamic banking strategy model is as follows:

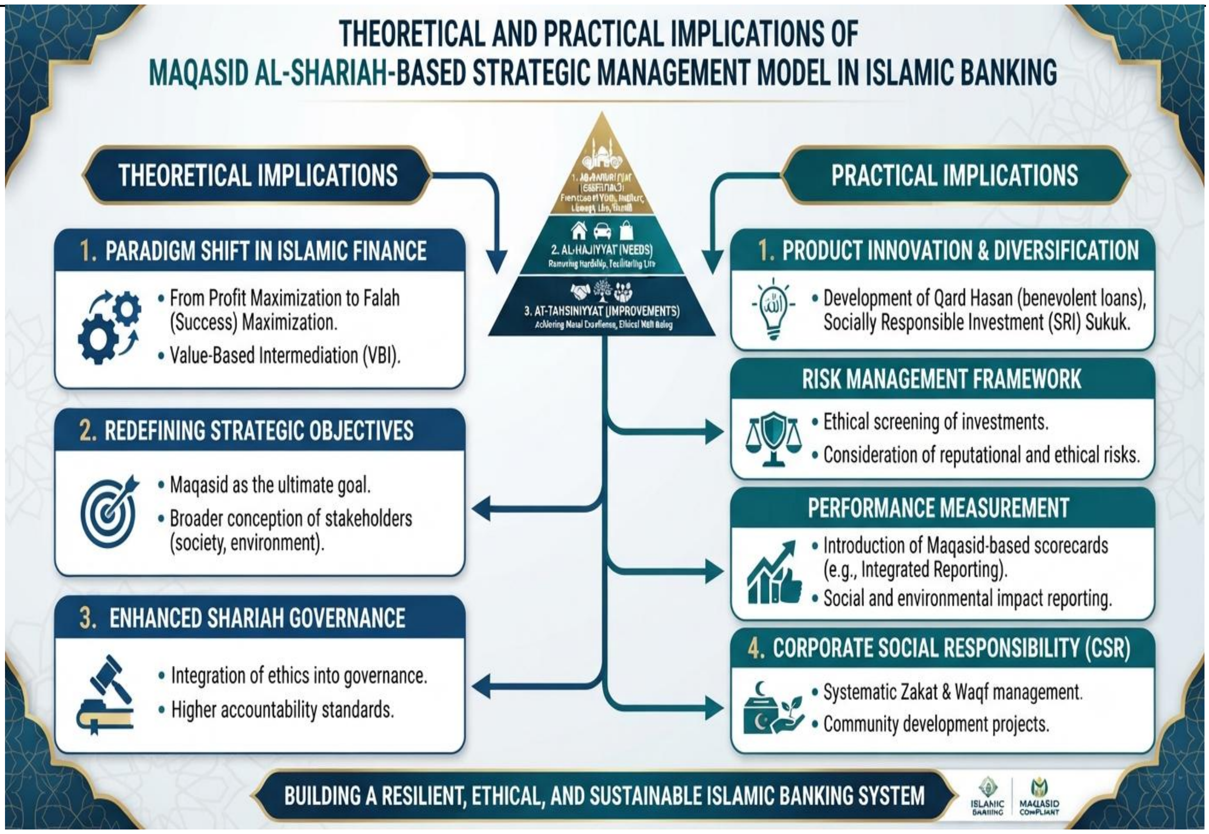

Figure 6. Theoretical and Practical Implications of the Maqasid al-Shariah Based Islamic Banking Strategic Management Model

This infographic presents a comprehensive framework outlining the "Theoretical and Practical Implications of a Maqasid Al-Shariah-Based Strategic Management Model in Islamic Banking." At the pinnacle of the model is the Maqasid Al-Shariah hierarchy pyramid, categorized into *Ad-Daruriyyat* (Essentials) for protecting faith, intellect, lineage, life, and wealth; *Al-Hajiyyat* (Needs) for removing hardship and facilitating life; and *At-Tahsiniyyat* (Improvements) for achieving moral excellence and ethical well-being. This foundational hierarchy informs two primary columns of implementation. The left column details the "Theoretical Implications," emphasizing a paradigm shift from mere profit maximization to "Falah" (success) maximization, supported by Value-Based Intermediation (VBI). This section also covers redefining strategic objectives to prioritize Maqasid and broadening stakeholder conception, along with enhancing Shariah governance by integrating ethics and raising accountability standards.

The right column translates these theories into "Practical Implications" for banking operations. It highlights four key areas: Product Innovation & Diversification, such as developing Qard Hasan (benevolent loans) and Socially Responsible Investment (SRI) Sukuk; establishing a Risk Management Framework that includes ethical screening and considers reputational risks; implementing Performance Measurement through Maqasid-based scorecards and impact reporting; and advancing Corporate Social Responsibility (CSR) through systematic Zakat, Waqf management, and community development projects. Arrows throughout the diagram illustrate the interconnectedness, showing how theoretical shifts drive practical applications. The entire framework is framed by elegant Islamic geometric patterns and concludes with a shared vision of "Building a Resilient, Ethical, and Sustainable Islamic Banking System." Professional iconography and a clear, color-coded layout make this a detailed blueprint for modern Islamic financial management.

CONCLUSION AND IMPLICATIONS

Based on the discussion regarding the Maqasid al-Shariah-based Islamic bank management strategy, it can be concluded that the success of an Islamic bank is determined not only by profitability achievements, but also by the ability to create sustainable public welfare (maslahah). The funding optimization strategy serves as the primary foundation through the enhancement of Third-Party Funds (TPD) collection, product innovation, digitalization, Islamic financial literacy, and the strengthening of customer relationships.

The financing optimization strategy is directed toward productive, high-quality financing that is oriented toward the real sector and supported by robust risk management and Shariah governance. Meanwhile, the service optimization strategy acts as a crucial factor in building customer trust, satisfaction, and loyalty through service excellence, digital technology, and an organizational culture rooted in amanah (trustworthiness) and professionalism. The integration among funding, financing, and service forms a mutually reinforcing strategic system to enhance the competitiveness and sustainability of Islamic banks.

The Maqasid al-Shariah framework provides a strategic foundation ensuring that all Islamic banking activities are oriented not merely toward business growth, but also toward values of justice, transparency, and social benefit. The application of the principles of safeguarding faith (*Hifz al-Din*), life (*Hifz al-Nafs*), intellect (*Hifz al-'Aql*), lineage (*Hifz al-Nasl*), and wealth (*Hifz al-Mal*) renders Islamic bank strategies more comprehensive in establishing a balance among economic, social, and spiritual dimensions. The Maqasid al-Shariah-based Islamic bank management strategy model broadens the perspective of strategic management by incorporating Islamic values as a source of competitive advantage.

This model affirms that trust, Shariah compliance, digital innovation, governance, and human resource quality constitute strategic assets for the success of Islamic banking. The implementation of such strategies is capable of boosting Third-Party Funds growth, financing quality, operational efficiency, and service quality in a sustainable manner. Theoretically, this model contributes to the development of Islamic strategic management studies through the integration of modern business concepts with Maqasid al-Shariah principles.

Practically, this model can serve as a guideline for Islamic bank management in designing policies that are adaptive to changes in the digital financial industry. With an integrated strategy, Islamic banks can strengthen their position as competitive, inclusive financial institutions oriented toward long-term value creation. Ultimately, the success of an Islamic bank is measured not solely by financial performance, but also by its contribution to enhancing public welfare and national economic development. Therefore, the Maqasid al-Shariah-based Islamic bank management strategy serves as a strategic approach to realizing a resilient, sustainable Islamic banking industry that delivers welfare for all stakeholders.

LIMITATIONS AND FUTURE RESEARCH

This study has several limitations that should be considered when interpreting its findings on the management strategy of Islamic banks in optimizing funding, financing, and services through the Maqasid al-Shariah framework. First, the study primarily focuses on conceptual and strategic dimensions, which may not fully capture the operational complexities of Islamic banking institutions. Second, differences in regulatory environments, market structures, and customer characteristics across countries may limit the generalizability of the findings. Third, the application of Maqasid al-Shariah as a strategic framework still requires more standardized and measurable indicators for empirical assessment. Fourth, the study does not extensively examine the influence of rapidly evolving digital technologies, including artificial intelligence, blockchain, and Islamic fintech, on strategic management. Fifth, customer perspectives regarding value-based Islamic banking services require deeper empirical investigation. Sixth, future research should develop quantitative models to measure the relationship between Maqasid-based strategies and financial, social, and customer-performance outcomes. Seventh, comparative studies across Islamic banks in different countries could provide stronger evidence regarding the effectiveness of the proposed framework. Eighth, future studies could integrate Maqasid al-Shariah with ESG, sustainability, and stakeholder-oriented strategic management frameworks. Ninth, longitudinal research is recommended to evaluate how Maqasid-based strategies influence the long-term sustainability, resilience, and competitiveness of Islamic banks. Finally, future research should develop an integrated strategic model that connects funding, financing, and services with digital transformation, financial inclusion, sustainability, and Maqasid al-Shariah, thereby strengthening the position of Islamic banks as value-based financial institutions in the global financial system.

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