Social Performance of Islamic Banks - Theoretical and Practical Insights

Admir Meskovic[1], Emira Kozarevic[2], Alija Avdukic[3]

[1] University of Sarajevo, School of Economics and Business, Trg Alija Izetbegovic 1, Sarajevo 71000, Bosnia and Herzegovina

[2] University of Tuzla, Faculty of Economics, Urfeta Vejzagića 8, Tuzla 75000, Bosnia and Herzegovina

[3] University of Dundee, Al-Maktoum College, , 124 Blackness Rd, Dundee DD1 5PE, United Kingdom

Contact Author: admir_meskovic@live.com

Abstract — **This study analyzes the social performance of 40 Islamic banks from 13 countries over the period 2012-2018, aiming to investigate to what extent Islamic banks around the world meet the social goals of the Islamic moral economy. As key financial institutions that operate within the framework of the Islamic moral economy, Islamic banks are expected to play and emphasize their socio-economic role in society by improving their economic, social, ethical, and environmental performance. Therefore, social performance in this paper was measured via a comprehensive evaluation framework using a maqasid index based on disclosure analysis. The main findings suggested that Islamic banks achieved 35% of the maximum index value, which indicated a room for improving their social performance. There was an encouraging fact that social performance over the observed period grew on a yearly basis. The average growth rate of social performance per year was 3.58%, which did not guarantee significant changes in a short time, but it was evident that banks made some progress in this regard over the observed period. Moreover, the highest score of Islamic banks' social performance was recorded in the category I3 ("Self") of the social performance index, which was based on the level of investment in the real sector, particularly small and medium-sized enterprises (SMEs). On the contrary, the lowest rating was registered in the category I5 ("Posterity"). An alarming fact was that Islamic banks demonstrated deficient environmental awareness and achieved low performance in this index component. Further, banks from Indonesia achieved the highest social performance. Also, to provide an easier understanding of the social performance of Islamic banks compared to the expectations of the Islamic moral economy, banks were categorized into specific categories according to a rating system similar to the CAMELS approach in conventional banking, but based on the Islamic moral economy social performance framework.**

Keywords: Islamic moral economy, Islamic banks, social performance, maqasid

I. INTRODUCTION

The concept of incorporating social responsibility into business and finance has attracted considerable attention in the last couple of decades. Notably, the global financial crisis 2007-2009 relaunched the debate on ethics in finance and banking and also spurred additional interest in research in Islamic banking, as noted by Nuhanovic & Kozarevic [1]. Socially responsible financial institutions have developed in the West to build a fairer and more sustainable society. At the same time, Islamic banking has developed to provide the Islamic world with acceptable ways of financing the development needs of society. However, Chapra [2] notes that Islamic banking "is not only interest-free but is oriented towards achieving social welfare". Theorists of the Islamic moral economy have been advocating this position practically since the development of the modern Islamic moral economy, banking, and finance. They point out that the Islamic prefix dictates ethical behaviour and commitment to social goals. According to authors such as Maali, Casson & Napier [3] and Kamla, Gallhofer & Haslam [4], the goal of the Islamic moral economy is in itself to promote human well-being, while Islamic banking is an operational form of the Islamic moral economy. This approach to banking carries an ethical identity because of its religious roots, as Haniffa & Hudaib [5] claimed. Islamic banking is dominated by the idea that Islamic banks are financial institutions oriented towards the promotion of social welfare. Therefore, Islamic banks are expected to be more socially responsible than conventional banks as noted in Haniffa & Hudaib [5]; Dusuki [6]; Warde [7]; Farook, Hassan & Lanis [8]; Aribi & Arun [9].

Some critics, however, argue that Islamic banks strive for profit as actively as conventional ones and are profit-oriented, while ethical and social goals have very little influence on the behaviour of these banks and their business practices Pollard & Samers [10]; Warde [7]; Belal, Abdelslam & Nizamee [11]. Authors in this field point out the fear that the debt-oriented culture of conventional banks inspires the strategic vision of Islamic banks. El-Gamal [12] and Khan [13] go so far as to suspect that these institutions exploit Muslim believers by selling them products that are formally in line with the principles of the Islamic moral economy but not in line with its spirit and intentions, and the question of the social impact of Islamic banks arises.

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The results of previous research works examining the social performance of Islamic banks argue that the social, ethical, and environmental performance of these banks is “unimpressive” and show a “lack of social responsibility” as concluded by Asutay & Harningtyas [14]. Also, studies in this area such as Rusydiana & Firmansyah [15]; Antonio, Sanrego & Taufiq [16]; Mergaliyev, Asutay, Avdukic & Karhbahi [17] indicate the frequent absence of the expected positive effects of these financial intermediaries on society, but also note that in these social performances, there are significant differences between the analyzed Islamic banks

Analyzing the business practices and social performance of Islamic banks some authors mentioned that possible reasons for this situation are the “conventional regulatory environment and rules” according to which Islamic banks operate, as noted by Mohammed & Taib [18]), “an early stage of development in which Islamic banking finds itself” as concluded by Warde [7], as well as many other challenges these banks face in reality, especially in terms of legal and regulatory framework, political and economic climate, including lack of human capital as noted by Hasan [19]. However, most authors who analyzed this issue concluded the obviousness of Islamic banks' poor social performance but providing no empirical evidence.

In the next chapter we will present the theory of islamic moral economy and concept of maqasid. After this, we will elaborate literature on social performance of islamic banks. Methodology will be presented in the fourth chapter, followed by results and discussion.

II. THEORETHICAL FRAMEWORK

Asutay [20] scrutinizes axioms and basic principles that define the framework for conducting economic activities based on Qur'an and Sunnah:

- *Tawhid* - the belief that God is one, therefore the purpose of man is one;
- *Adalah and Ihsan* - justice and good deeds, which are expressed in human relations;
- *Tazkiyah* - growth and development in harmony and self-purification which ultimately helps man to overcome his problems in terms of the existence of interests between the individual and society;
- *Rububiyyah* - giving a chance to attain perfection;
- *Fardh* - responsibility, obligatory actions and activities that are socially oriented;
- *Amanah*- responsibility for others;
- *Hilafah* - human responsibility towards God;
- *Ukhuwwa* - solidarity and unity for the purpose of achieving general well-being;
- *Takaful* - cooperation and interdependence with each other;
- *Maqasid* - legal and rational framework of Islamic economic activities.

Kuran [21] notes that axioms and principles of Islamic moral economy explicitly emphasize moral activities in private life but also those activities that cause harmful consequences such as throwing away waste, extravagance and immodesty in an effort to stimulate generosity, and similar harmful externalities. It follows that the *maqasid* offers a legal-rational framework within which all economic activities from the Islamic aspect should be carried out. Meeting the goals of Sharia with the intention of achieving moral results implies a systematic and dynamic understanding, which implies broad but not limited measures to ensure well-being through the implementation of justice and equality, as noted by Siddiqi [22].

In addition to Islamic axioms, Tripp [23] emphasizes that the fundamental principles of the prohibition of interest and the giving of zakat characterized through unity, consideration, and friendliness are the main instruments for achieving the goals of Islamic moral economy. However, Chapra [24] emphasizes that these principles, along with the rules of inheritance are not the only values that people need to consider in order to achieve individual good in this world but also in the future, but also the overall approach of Islamic moral economy that makes interest-free economy, social justice , equal opportunities, private ownership, moral filters in resource use, self-interest motivation, wealth creation as well as collective endeavors in both competition and cooperation (Asutay [25]; Chapra [24]) to achieve *maqasid*.

The objectives of the Islamic moral economy rely on the objectives of *Sharia*, as noted by Asutay [25]. The goals of *Sharia* are either stated directly in the *Qur'an* and the *Sunnah* or are derived by the consensus of scholars based on the *Qur'an* and the *Sunnah*. All of them deal with the reason for the existence of *Sharia* itself, which is, as almost all jurists recognize, to serve the interests of all people (*maslaha*) and to remove damage or disorder. Some lawyers consider that these are two aspects of the same goal, which is the common good.

Based on the existing literature that reflects different approaches to the goals of the Islamic moral economy, Mohammad and Shahwan [26] divided the goals of the Islamic moral economy into goals based on philosophy and operational goals. Philosophically grounded goals are those goals that are related to the inner dimension of the Islamic moral economy in general and lead to its infinite goals. Adapting the goals of the Islamic moral economy, the authors similarly divided the topics into four aspects: *caliphate*, *tawhid*, *rububiyah*, and *tazkiyah*. The *caliphate* is a state of responsibility and the role of man as His vicegerent, *tawhid* is the unity and sovereignty of *Allah*, *rububiyah* refers to the human consciousness that *Allah* is the provider and sustainer of creation, and *tezkiyah* refers to the purification of the human soul. All these four themes represent the horizontal and vertical relationship between man and *Allah,* and man and other human beings.

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One of the most widely accepted classifications of *maqasid* is from Al-Ghazali, a prominent and highly esteemed reformer who lived in the fifth century AH, classified the *maqasid* (i.e., the goals of the Islamic moral economy) into five main categories stating that the very purpose of *Sharia* is to promote the welfare of the people, which consists in protecting their religion (*dīn*), their life (*nafs*), their intellect (*'aql*), their offspring (*nasl*), and their wealth (*māl*). Anything that ensures the protection of these categories serves the public interest and is desirable, and anything that violates them is against the public interest and it is desirable to remove it.

In his research works, the great Islamic scholar Abu Ishaq al-Shatibi confirmed al-Ghazali's position on the five protected values, as noted by Al-Raisuni [27]. These, however, are not the only values or goals. There are other values that the *Qur'an* and the *Sunnah* point to. Thus, while these five can be considered primary, other goals or values can be consequential or secondary. The realization of secondary goals is necessary because the primary goal cannot be achieved without realizing secondary goals. It is also important to point out that although "preservation" or "protection" is used, it does not mean preserving the status quo but rather developing these values.

According to Karcic [28], we can conclude that although most scholars generally accept these five values in the field of Islamic jurisprudence (*fiqh*) and *Sharia* science as universal, not all scholars have always adhered to the list of these five, and some have added additional ones (for example, honour). Even al-Shatibi did not always adhere to only the five categories mentioned, which means that even the listed universal values are "living matter". Therefore, it is necessary to strive for continuous enrichment of primary values and their consequences so that well-being is continuously improved following the changing needs of individuals and their society and humanity, thus enabling everyone to continue on the path to a better future. Such enrichment may be challenging if we stick to the framework of only the needs discussed by the classical ulema. Times have changed and needs have also changed.

Najjar [29] extended the *maqasid* based on four objectives and eight corollaries, as identified by Bedoui and Mansour [30], providing a framework for assessing the social performance of Islamic banks. The framework was used by several studies such as Asutay and Harningtyas [14] and Mergaliyev, Asutay, Avdukic & Karbhari [17], who used that framework referring to it as "invigoration" rather than "safeguarding" as part of Chapra's [31] redefinition of *maqasid*. Through such a reinterpretation and extended maqasid as a dynamic construct beyond a safeguarding role, an embedded Islamic moral economy frame is constituted for the Islamic banks to operate within, as noted by Asutay & Yilmaz [32].

III. LITERATURE REVIEW

Different authors used different methods and terminology when trying to evaluate some aspects of the operations of Islamic banks, usually criticizing them for disbalance between Islamic banking theory and practice. Also, more studies are attempting to develop a *maqasid* measurement methodology and just a few of them measuring the Islamic banks' social, ethical or environmental performance. Aggarwal and Yousef [33], Hasan [34], and Nagaoka [35] were among the first to note that Islamic banks rarely provide long-term financing to start-ups that need capital. The first researchers who expressed the need to assess the performance of Islamic financial institutions concerning their social goals were Hasan [19] and Tag el-Din [36]. Hasan [19] highlighted the essential criteria, methods, and procedures usually used to assess the performance of Islamic banks, however mostly ignoring the primary purpose of these institutions and their accountability to society under the principles of the Islamic moral economy.

In a pioneering work, Mohammed, Dzuljastri & Fauziah [37] used a new approach to measuring the performance of Islamic banks based on the goals of the Islamic moral economy and they were the first who used the term "*maqasid* index" as an indicator of such performance. The study went through three phases in the development of this index. The authors refered to the Sekaran [38] method for operationalizing the theory, which resulted in performance measures. Furthermore, they asked 16 experts to decide on the relative importance of the measures developed, which resulted in average weights for each measure. Finally, they applied Hwang and Yoon's [39] method for simple weighting. This phase was conducted to quantify the ratios of sample performance and the weight assigned to targets and the developed variables. The study examined the social performance of six large Islamic banks globally and ranked them according to the results.

Asutay [40] pointed out that the transformation of the original form of Islamic banking into purely commercial Islamic banking resulted in incredible financial success but to the detriment of the Islamic moral economy's social and economic development aspirations. Therefore, the mentioned article sought to investigate the social failure of Islamic banks and other financial institutions and identify the main reasons for this failure. The critical analysis led to the realization that Islamic financial institutions compromised Islamic values and trends in "financialization" and financial engineering. Based on the growing number of authors who confirmed the gap between the practice of Islamic banks and the aspirations of the Islamic economy, it could be determined that Islamic banking failed to achieve the goals of the Islamic economy. The author concluded that Islamic banks did not significantly affect the development of the economy and that social impact was not among the objectives of these banks. Asutay, therefore, proposed the establishment of particular institutions that would bear the burden of economic development and that would be resistant to the trend of "financialization" that gripped commercial Islamic financial

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institutions. Thus, the debate in recent years has been on "form versus essence" or *Sharia*-compliant financing versus Islamic-based finance, which calls into question the overall legitimacy of the current practice of Islamic finance and banking.

Asutay and Harningtyas [14] measured the social performance of Islamic banks in the light of the goals of the Islamic moral economy by Najjar [29], with eight basic orientations and associated elements. The sample consisted of 13 Islamic banks from six countries over the period 2008-2012. The results showed that the Islamic banks in the sample mainly focused on people, religion and rights, and less on wealth as dimensions of the goals of the Islamic moral economy. Empirical evidence pointed to poor achievement of the social goals of the Islamic banks.

In their paper, Ngalim and Ismail [41] proposed indicators of development in achieving social well-being based on the goals of the Islamic moral economy formulated by Chapra [31]. The empirical analysis was based on annual reports of 20 Islamic banks from Malaysia, Indonesia and the Gulf Cooperation Council (GCC) countries, and showed that the best performance was achieved by the Islamic banks from Indonesia. As far as social performance is concerned, empirical results from these regions showed that most Islamic banks still did not meet the goals of the Islamic moral economy.

Alamer, Salamon, Qureshi & Rasli [42] proposed the development of an index of socially responsible practices of Islamic banks through a review of bank activities in two dimensions - processes and outcomes, taking rationale for such a division from the Islamic categorization of illegal acts. Authors focused on a process-based approach, observing processes through following aspects: charity, environment, human resources, investment and risk sharing, research, and development. They further focused on investments and believed that the index that measured the socially responsible activities of Islamic banks should focus on whether and to what extent Islamic banks used *musharaka* and *mudaraba* in their activities.

Bedoui [43] developed a five-dimensional metric for measuring ethical performance based on the definition of sustainable development. These metrics were then generalized using the goals of the Islamic moral economy previously explained in the model by Bedoui [44] and Bedoui and Mansour [30]. Authors claimed that such a system ensured that each firm or organization ethically promoted human well-being, prevented corruption, and improved social and economic stability rather than simply maximizing its performance in terms of financial returns. This measurement of ethical performance ensured that a firm or organization that aggressively forced financial results at the expense of ethical aspects of business was poorly evaluated.

Mergaliyev, Asutay, Avdukic & Karbhari [17] used an enhanced approach to the theoretical framework of Islamic moral economy goals in assessing Islamic banks' ethical, social, environmental, and financial performance. A panel analysis using several key determinants, along with the political and socio-economic environment, ownership structures, and factors related to corporate and *Sharia* governance, was used to identify the main determinants of the social performance of Islamic banks. Through a panel analysis, this paper revealed that the share of the Muslim population, the duality of the CEO and *Sharia* governance were variables that positively affected the social performance of Islamic banks. However, the results indicated a negative impact of the country's GDP, financial and human development index, political and civil rights, institutional ownership, and a higher share of independent directors in general on the social performance of Islamic banks.

Hudaefi and Noordin [45] also pointed out that Islamic and conventional banks could not be compared using conventional performance measures, and in their research, they developed a model for measuring the performance of Islamic banks, taking into account a number of studies from this field. These included the Islamicity disclosure index, IDI, and the Islamic quantitative index, IQI (Hameed, Wirman, Alrazi, Nazli & Pramono [46], the ethical identity index, EII (Haniffa & Hudaib [5]), the maqasid al-Shariʿah index, MSI proposed by Mohammed, Dzuljastri & Fauziah [37], adaptation of Bedoui's [44] approach, social performance evaluation as proposed by Sairally [47]; Asutay & Harningtyas [14], Islamicity measurement - measuring how Islamic banks are truly Islamic by Ascarya & Sukmana [48], as well as the *Shariʿah* compliance rating proposed by Ashraf & Lahsasna [49].

Alhammadi, Alotaibi & Hakam [50] investigated the success of Islamic banking based on the higher ethical goals of the Islamic moral economy. They firstly considered the importance of ethical and social dimensions for banks in general. The authors examined whether Islamic banks achieved socio-economic justice and demonstrated best practices by ensuring social well-being. The authors also analyzed Islamic banks' ethical and social performance based on an index that highlighted bank disclosures related to education, social justice, and wealth redistribution. Empirical evidence suggested that conventional performance measurements no longer reflected the ethical goals of Islamic banks and that they negatively affected the achievement of social well-being by these banks. The result revealed financial cost of achieving the goals of the Islamic moral economy, as Islamic banks that achieved high scores for the social performance index sacrificed financial performance. This supported the view that Islamic banks prefered financial returns over their ethical and social impact.

Biancone, Saiti, Petricean & Chmet [51] as well as Bollani & Chmet [52] recognize that ethicality of the finance and the banks is often placed in second place even in the case of academic research in the field of islamic banking.

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IV. METHODOLOGY

When it comes to the methodology of empirical part of this research, it was used a balanced panel of annual data for 40 banks from 13 countries, covering period from 2012 to 2018. The criteria for composing the sample was the availability of the data, and the pool of Islamic banks that published annual reports with necessary data for the period given was almost exhausted. Among the countries covered, there were two countries from Europe (the United Kingdom and Bosnia and Herzegovina), five countries from Asia (Pakistan, Bangladesh, Malaysia, Indonesia, and Sri Lanka), and six countries from the Middle East (Jordan, Kuwait, Bahrain, the United Arab Emirates, the Kingdom of Saudi Arabia, and Qatar).

An evident difference in Islamic finance practice and ethical and social goals of the Islamic moral economy was the motivation for the counducted research. Therefore, the purpose of this paper is to investigate the social performance of Islamic banks under the Islamic moral economy's *maqasid* framework.

Social performance was measured via an index based on the theory of the Islamic moral economy previously developed by Asutay and Harningtyas [14] and further enhanced by Mergaliyev, Asutay, Avdukic & Karbhari [17].

In constructing a framework for evaluating the social performance of Islamic banks, Najjar's model of Islamic moral economy goals was implemented through four goals and eight areas, according to Mohammed, Dzuljastri & Fauziah [37], which was further refined by Bedoui & Mansour [37], Asutay & Herningtyas [14], and Mergaliyev, Asutay, Avdukic & Karbhari [17]. Dimensions, elements, and indicators were distributed to each relevant area according to a critical assessment of the above frameworks.

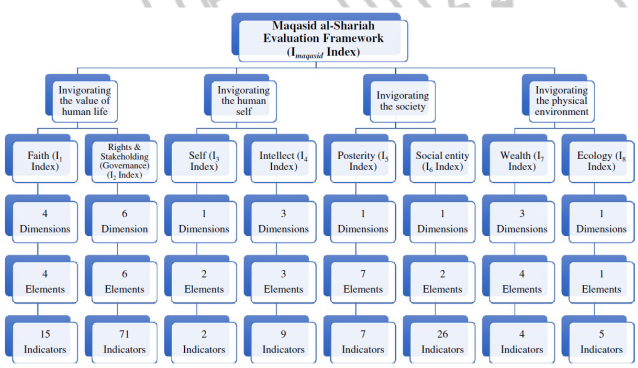

Figure 1. *Maqasid evaluation framework*

Source: Authors' research adapted from Mergaliyev, Asutay, Avdukic & Karbhari [17]; Mohammed, Dzuljastri & Fauziah [37]; Bedoui & Mansour [30]; Asutay and Harningtyas [14]

The concept of dimensions, elements, and indicators was adopted from Mohammed, Dzuljastri & Fauziah [37] to measure general objectives by deriving them into some specific indicators. Therefore, the framework for the general evaluation can be shown as done in Figure 1.

Through content analysis, a social performance index was constructed and used to measure the social performance of Islamic banks. A weighted approach was used during index calculation to avoid any possible bias in scoring, according to Antonio, Sanrego & Taufiq [16], while researchers such as Belal, Abdelslam & Nizamee [11] and Haniffa & Hudaib [5] applied an unweighted approach. In calculating the social performance index with all its sub-indices, according to Haniffa & Hudaib [5], the dichotomous approach was mainly used in the sense that the item received a rating of "1" if found in the annual report and "0" (zero) if it could not be found in the annual report. However, some sub-indices also considered quantitative data from the banks' financial statements, especially concerning categories I3, I5, and I7. Indicators from categories I5 and I7 were scaled for the values to be in the range of 0 to 1. The linear scale transformation (LST) method was applied according to Singh, Murty, Gupta & Dikshit [53], who specifically addressed the methodologies for estimating sustainability indices consisting of their sub-indices.

V. RESULTS

The results of this study are consistent with the results of similar studies on smaller samples, confirming the mentioned gap between the Islamic moral economy's expectations and Islamic banks' practice. The overall social performance of the Islamic banks for the period 2012-2018 averaged 0.3580, or 35.80%, compared to the expectations of the Islamic moral economy.

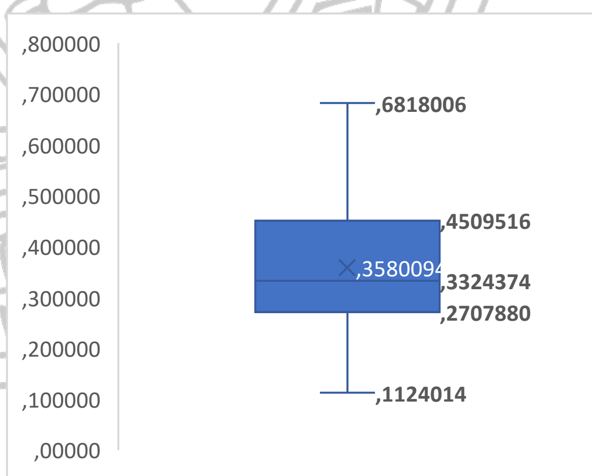

Figure 2. *Islamic social performance indicator*

Source: Authors' research

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As shown in Table 1, Hong Leong Islamic Bank BHD (Malaysia) had the maximum value of social performance index in one year, i.e., 2018 (the value of social performance was 0.6818 or 68.18%), while the Islamic Bank of Britain (today Al Rayan Bank PLC) achieved the minimum value of social performance index in the year 2012 (0.1224 or 11.24%). Islamic Bank of Britain operated in a conventional environment with underdeveloped regulations, competing with large banking groups operating in the United Kongdom for decades (or even hundreds of years). Although this bank improved its score in the last two observed years, after it was acquired, it was one of the proofs that Islamic banks did not have equal status in areas where the conventional financial system was highly developed and where they had to deal with large and well-established banks. On the other hand, Hong Leong Islamic Bank BHD is an example of results where the government of a country made significant effort to develop regulations and encourage the development of the Islamic financial system, but also forcing the goals of the Islamic moral economy, as Hassan & Nor [54] pointed out.

The presented score is relatively low compared to theoretical expectations, but the results are consistent with other studies conducted on smaller samples. Regarding the assessment of the actual social performance of Islamic banks, many empirical studies have provided evidence that, although Islamic banks achieve significant financial performance, they have poor performance in the ethical and social dimensions required by the Islamic moral economy. Asutay [40] concluded that, based on his empirical research, it could be argued that "social failure" of Islamic banking exists due to their transition from the Islamic moral economy goals based on risk-sharing to the neoclassical goal of financial performance as the primary goal of Islamic banks.

Only four Islamic banks, as can be seen from Table 1, had an average social performance index in the period 2012-2018 higher than 0.5 (or 50%). However, the social performance index was growing year-on-year; more precisely, while in 2012 only two banks had the index greater than 0.5, in 2018 the number was seven banks. Such a low social performance index supports the conclusions reached by Asutay [40]. Furthermore, from 2012 to 2018, 36 analyzed banks achieved a positive change in social performance, whilst four banks had a negative trend.

The paradigm of the Islamic moral economy provides guidelines for social responsibility of Islamic economic entities towards society and expands them through expectations based on the goals of the Islamic moral economy. However, according to several empirical studies to date, Islamic banks have failed in their social responsibility practice. For example, Sairally [47], Haniffa & Hudaib [5], Platonova [55], Belal, Abdelslam & Nizamee [11], as well as Mergaliyev, Asutay, Avdukic & Karbhari [17], found that most Islamic banks carry out only some charitable activities without a systematic approach to social responsibility. Thus, social performance is a weak area in the overall performance of Islamic banks, indicating a discrepancy with the goals defined by the Islamic moral economy.

Based on this empirical evidence, it can be concluded that Islamic banks do not meet the expectations of the Islamic moral economy but also Muslims in general, which was previously also stated by El-Gamal [12], who concluded that "Islamic finance has often failed to serve the economic purpose for which certain premodern contract structures were codified in classical jurisprudence". Therefore, Mergaliyev, Asutay, Avdukic & Karbhari [17] pointed out that it is crucial to develop an empirical framework based on the goals of the Islamic moral economy in order to test the observed shortcomings in the ethical and social performance of Islamic banks in the context of those goals, even beyond the standard five.

Categorization of social performance

In order to categorize the compliance of the operations of the Islamic banks with the expectations of the Islamic moral economy and to categorize these banks into specific categories, for this research, a rating system based on the CAMELS rating system in banks was created, according to Barr, Killgo, Siems, & Zimmel [56] and Hays, De Lurgio & Gilbert [57]. Although authors in the field of Islamic finance such as Adib, Nabiha & Khalid [58] and Hameed, Wirman, Alrazi, Nazli & Pramono [59] criticized the CAMELS system because it emphasizes financial indicators, in our case we used only the categorization of the CAMELS system on indicators based on the theory of Islamic moral economy (see Table 2).

Following this categorization and the results of the index of social performance of Islamic banks, we can conclude that Islamic banks in the observed period only partially met the expectations of the Islamic moral economy, i.e., most of them were "marginally aligned" with the Islamic moral economy principles. However, the trend is positive, and this score is moving towards "fair compliance".

Table 2. *The rating system of Islamic banks in accordance with maqasid*

Score	Compliance with maqasid
80-100%	Strong compliance
60-79%	Satisfactory compliance
40-59%	Fair compliance, with space for improvement of some categories
20-39%	Marginal compliance, with a certain risk of non-compliance
0-19%	Unsatisfactory, with a high risk of non-compliance

Source: Authors' creation

An encouraging fact was that most banks' social performance index in the observed period grew from year to year. The average growth rate of social performance index was 3.58%, which did not promise significant changes in a short time, but it was evident that banks progressed during the observed period. The lowest individual score of social performance that any of the banks had during the analyzed period was 0.1224 (Islamic Bank of Britain in 2012), while the highest score of one bank was 0.6818 (Hong Leong

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Islamic Bank BHD in 2018). With its value-based intermediation approach, Malaysia has made a significant breakthrough in the social performance of the Islamic banks operating in this country.

As Figure 3 illustrates, the Islamic banks were on average in the higher part of the "marginal compliance" category and, if this trend continues, in the coming years they could move to the "fair compliance" category, the medium category in the rating system of Islamic banks explained in Table 2.

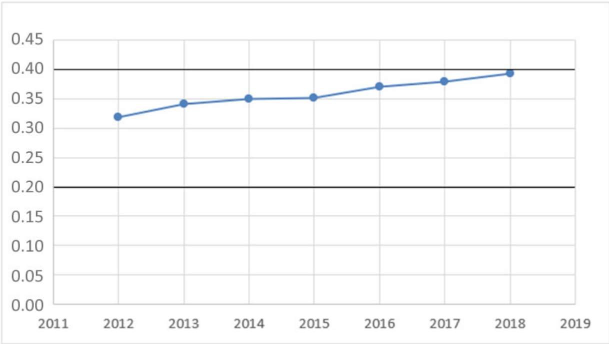

Figure 3. *Social performance index of the Islamic banks over the period 2012-2018*

Source: Authors' research

Social performance by the objectives of Islamic moral economy

The highest score of the Islamic banks' social performance was recorded in the category I3 ("Self"), based on the level of investment in the real sector, SMEs in particular (Figure 4). This fact is in line with Mergaliyev, Asutay, Avdukic & Karbhari [17]results, provided that the mentioned authors did not scale the value of components I5 ("Posterity") and I7 ("Wealth").

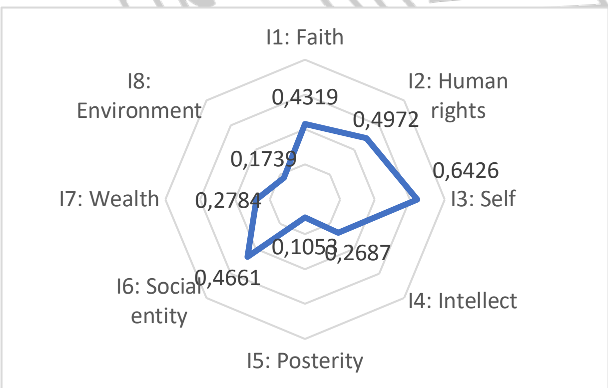

Figure 4. *Social performance by the objectives of Islamic moral economy*

Source: Authors' research adapted from Bedoui [44]; Asutay & Herningtyas [14]

If we observe individual index components under the previously presented ranking system (Table 3), we can conclude that only component I3 ("Self") had a satisfactory consistency. Components I2 ("Human rights"), I6 ("Social entity"), and I1 ("Faith") had fair compliance. Furtheermore, components I7 ("Wealth") and I4 ("Intellect") had marginal alignment, while I8 ("Environment") and I5 ("Posterity") had unsatisfactory alignment.

Table 3. *Assessment of the banks' compliance by index components*

Objective	Score	Descriptive assessment
I3: Self	0.642608	Satisfactory compliance
I2: Human rights	0.497198	Fair compliance, with space for improvement
I6: Social entity	0.466108	Fair compliance, with space for improvement
I1: Faith	0.431853	Fair compliance, with space for improvement
I7: Wealth	0.278447	Marginal compliance, with risks of non-compliance
I4: Intellect	0.268671	Marginal compliance, with risks of non-compliance
I8: Environment	0.173857	Unsatisfactory compliance
I5: Posterity	0.105333	Unsatisfactory compliance

Source: Authors' research

As far as the component I3 ("Self") is concerned, it implies investments of Islamic banks in the real sector, particularly SMEs. As the research results shown in Table 3, as well as Table 4, indicate on, it was the strongest in the social performance index and recorded an average score of 0.6426. Most analyzed Islamic banks in this area had a very high score because they had to finance halal projects exclusively with a specific fundamental basis behind them. Generally speaking, an Islamic bank cannot just borrow money like a conventional one, it either invests or trades, or rents, some tangible assets, so almost all Islamic bank financing is appropriate for this index component.

Further, the component I2 ("Human rights") consists of the most significant number of indicators compared to other components, i.e., more than half of the total number of indicators (139). This component primarily deals with corporate governance. It can be concluded that corporate governance in most analyzed Islamic banks was appropriate, with some potential for improvement. There is potential for improvement in evaluating the work of the bank's board, the relationship between the audit committee and the bank's management, the strategic role of the *Sharia* committee and the audit committee, as well as equal opportunities policies for employees and potential employees (for example, employment policy in some GCC banks favours domestic candidates). Moreover, the general situation with human rights, the share of women in committees and the like can be significantly improved in most analyzed Islamic banks.

Like the component I2, the component I6 ("Social entity") was in the "fair compliance" segment. Most banks in this segment achieved a good result in sponsoring community

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activities, commitment to social role and economic development, and offered lists and reports on realized charitable activities. Banks were generally not active in the art sponsorship segment, and many also did not offer *qard hassan* (i.e., loans with no cost and additional fees) or at least did not disclose this. Banks may avoid talking publicly about *qard hassan* mechanism because, in that case, they may face an increased number of requests for such (unprofitable) products. Most analyzed banks (67%) payed zakat and published the amount paid for zakat, while some banks handed these activities over to the owners.

The component I1 ("Faith") was also in the "fair compliance" category with potential for improvement. The analyzed banks had a high score in committing to operate under *Sharia* principles, operating exclusively within the permitted investments and financing models. Approximately 45% of the Islamic banks published how they treated illegal transactions, but only 27% published whether such transactions took place, while an even smaller percentage (20%) of those explained what the transactions were and the reasons for doing so. Principally, the only correct way to treat non-compliant transactions is for the proceeds to go to a separate charity account/sub-account.

When it comes to the component I7 ("Wealth"), as well as the component I4 ("Intellect"), it was "marginally compliant, with risks of non-compliance". Regarding I7, many banks did not have profit equalization reserves (PER), probably because they did not even have real investment accounts based on *mudaraba*, since *wakala* was a "safer" choice and more similar to conventional deposits. As far as ROA and ROE are concerned, Islamic banks traditionally do not have high values of such indicators. In this research, Altman's Z-score was an indicator that significantly influenced the increase in the total value of I7, which was the reason why I7 was one of the variables that had to be scaled to a value between 0 (zero) and 1 (originally, the minimum value of I7 before scaling was -11.0329, while the maximum value was 49.6030; mainly thanks to the Z-score which had high values, e.g., 57.1609 in the case of Jordan in 2018).

Regarding the component I4 ("Intellect"), more than half of analyzed Islamic banks provided specific scholarships for students, and they were also active at conferences in Islamic economics and banking. However, only few of them published data on research and development costs, public relations costs, and employee training costs. They were also very rarely involved in art-related activities, which were the reasons for the relatively low score in this area.

The analyzed Islamic banks had "unsatisfactory compliance" in the field of I8 ("Environment") and I5 ("Posterity"). It was evident that the Islamic banks did not publish much environmental policy information or, more likely, did not have it. This discovery is in line with the results obtained by Hassan & Harahap [60], who emphasized that it was surprising how little attention Islamic banks payed to the issue of the environment. Unlike analyzed Islamic banks, which mostly come from countries where these issues are not regulated, many banks in Europe have high standards in environmental policy and are certainly ahead of the Islamic banks.

According to this research, component I5 ("Posterity") was the weakest in the social performance index and recorded an average score of 0.1053. In general, this component includes employee costs, taxes, dividends, depositors' deposits, *zakat*, *waqf*, and *sadaqah*/charity concerning net income. Some of the analyzed banks did not pay dividends and an even smaller number of them payed *zakat*, while there were almost no bank that invested in an endowment. Also, there were cases when banks made a negative profit (loss), and in these cases, the I5 component had a negative sign. However, it was scaled to the range from 0 (zero) to 1, achieving a meagre value (i.e., close to zero).

Table 4. *Descriptive statistics by index components*

	I1	I2	I3	I4	I5	I6	I7	I8
Mean	0.43	0.49	0.64	0.26	0.10	0.46	0.27	0.17
Standard error	0.01	0.01	0.01	0.01	0.00	0.01	0.00	0.01
Median	0.40	0.51	0.60	0.22	0.08	0.46	0.25	0.10
Mode	0.40	0.48	1.00	0.22	0.08	0.46	0.25	0.00
Standard deviation	0.20	0.16	0.25	0.20	0.08	0.21	0.12	0.24
Sample variance	0.04	0.02	0.06	0.04	0.00	0.04	0.01	0.05
Kurtosis	-0.21	-0.24	-1.22	0.83	56.38	-0.69	23.21	1.45
Skewness	0.55	0.06	0.07	0.89	5.90	-0.15	4.42	1.51
Range	0.86	0.75	0.89	0.88	1.00	0.88	1.00	1.00
Minimum	0.10	0.12	0.10	0.00	0.00	0.00	0.00	0.00
Maximum	0.96	0.88	1.00	0.88	1.00	0.88	1.00	1.00
Count	280	280	280	280	280	280	280	280

Source: Authors' research

VI. DISCUSSION

This research comes with a general conclusion that Islamic banks in the sample achieve only 35% of the goals of the Islamic moral economy, which corresponds to the results of Ngalim & Ismail [41] and Asutay and Harningtyas [14], who concluded on a smaller sample of 13 Islamic banks that there are shortcomings in achieving their social goals. In principle, there is almost a consensus of researchers that Islamic banks do not achieve the goals of the Islamic moral economy, while this research considers the largest number of Islamic banks and represents research at the global level. Aggarwal & Yousef [33], Hasan [61], and Nagaoka [35] previously noted that Islamic banks rarely provide long-term financing to start-ups that need capital, and it is precisely the financing of start-ups and SMEs, which was one of the indicators in the methodology the authors used in this research. Although most of the analyzed banks provided financing for start-ups, the share of such financing (by number and by amount) was negligible. According to Abedifar, Molyneux & Tarazi [62], banks try to justify this

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shortcoming with the high level of moral hazard presented on the market, but Islamic banks generally have less justification than conventional banks for this indicator because they should also have mechanisms for investing in venture capital. However, profit-sharing financing representation in the assets of Islamic banks, according to the Islamic Financial Services Board [63], is around 5%. Kozarevic, Nuhanovic and Nurikic [64] noted that Islamic banks face particular types of risks that conventional banks do not have to take into account. Therefore, the risk itself might be the reason for avoiding risk-sharing modes of financing in islamic banking practice. Mohammed & Shahwan [26] highlighted that risk and profit-sharing are critical characteristics of Islamic banks, which distance them from conventional financial institutions and bring about positive qualitative changes in the economic system. If the trend of preference of debt models and instruments by Islamic banks continues, they will find themselves in a situation where the difference between Islamic and conventional banks is negligible, as Al-Amine [65] already warned.

The results of this research revealed that Islamic banks mainly focus on "Self", "Faith", and "Human rights" as dimensions of the goals of the Islamic moral economy (or *maqasid*). These findings are consistent with Asutay and Harningtyas [14]. However, the findings are contrary to Mergaliyev, Asutay, Avdukic & Karbhari [17], who found that the most significant focus of Islamic banks is on the preservation of assets, i.e., making a profit. Moreover, Alhammadi, Alotaibi & Hakam [50] found financial cost of achieving the goals of the Islamic moral economy because Islamic banks that achieved high scores for the social performance index sacrificed financial performance. Therefore, there is trade-off between financial and social performance (although further research is needed), and Islamic banks have not previously had social performance in their goals and have not paid enough attention to them. This needs to be changed in the future. The country whose Islamic banks are most successful when it comes to social performance is Indonesia, as Antonio, Sanrego & Taufiq [16], and Ngalim & Ismail [41] found. The above mentioned trade off is not very straightforward, as customers often recognize social role of organizatons, as noted by Biancone, Secinaro, Brescia & Iannaci [66] noted that customers/clients often recognize social role of organizations, while Iannaci and Jonathan [67] concluded that this social role of islamic financial institutions can contribute to restarting the process of social innovation.

VII. CONCLUDING REMARKS

This research is motivated precisely by the suspicion of differences between the theory of the Islamic moral economy and the practice of Islamic banks, i.e., by the empirical confirmation of these differences and determining the determinants of these social performance, with a particular focus on external determinants. Many researchers have previously criticized the practices of Islamic banks without explicit empirical confirmation of these differences. Also, most research has been done on a sample from one or several countries, and identifying determinants of social performance from the environment was not possible under these conditions.

The level of social performance was measured by an index based on the theory of the Islamic moral economy, the value of which is derived from the annual reports of Islamic banks, based on qualitative and quantitative data. This index follows the goals of the Islamic moral economy following the works of classical authors in Islamic law, which contemporary authors took over in the field of Islamic moral economy. It must be acknowledged that these universal values are also "living matter", which can be adapted according to the circumstances. The methodology used in the research is the most detailed and demanding method applied so far to measure the social performance of Islamic banks, with 139 individual indicators (qualitative and quantitative), which needed to be assessed based on the analysis of the content of annual reports.

The backbone of the theoretical framework of the research is the theory of the Islamic moral economy. This study, therefore, represents a coherent study in the field of the Islamic moral economy on a global sample of Islamic banks, according to suggestion by Biancone & Secinaro [68] who suggested that such phenomenon should be investigated at the global level.

The services provided by Islamic banks may look similar to those of conventional banks, but the models they use to mobilize and place funds are different. Generally speaking, the purpose of Islamic banks is to serve society and ensure fairness to all parties. However, if an Islamic bank uses models of Islamic banking without considering the *maqasid*, , it in principle has no particular impact on society (compared to conventional banks) and does not serve its purpose. The crux of the issue is that Islamic banks have adopted mainly those models that are structurally similar to conventional financing models, while initially, Islamic models, based on risk and profit-sharing, have been neglected.

Without intention to repeat the details that were elaborated earlier in the result and discussion sections concerning the results of other research, it is necessary to highlight that Islamic banks, according to this research, achieve only 35% of the goals of the Islamic moral economy. The specificity of this research on the social performance of Islamic banks is that it was done on a larger sample and using a more robust methodology than others, while most other authors viewed the operations of banks from only one aspect (e.g., used financing models). Moreover, the social performance analysis results suggest that Islamic banks mainly focus on people, religion, and rights as dimensions of the goals of the Islamic moral economy. Such performance of Islamic banks globally can be described as "marginally compliant" with the expectations of the Islamic moral economy.

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Appendix: List of Indicators of Maqasid Performance of IBFIs based on Najjar's Maqasid Framework

No	Key Objectives	Consequences	No	Dimension	Elements	Source:	Indicator/Disclosure Aspect
A	Safeguarding the value of human life	1. Faith	1	PLS products	Functional Distribution	Mohammed, Dzuljastri & Fauziah [37]	Mudharabah and Musharakah Modes/Total Investment Modes
			2	Elimination of negative elements that breed injustices	Interest free Product	Mohammed, Dzuljastri & Fauziah [37]	Interest free income/total revenue
			3	1.Underlying Philosophy and Values	Vision and Mission	Haniffa & Hudaib [5]	i. Commitments in operating within Shari'ah principles/ideals

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					Statement Disclosure	Haniffa & Hudaib [5]	ii. Commitments in providing returns within Shari'ah principles
						Haniffa & Hudaib [5]	iii. Focus on maximising stakeholders returns or values
						Haniffa & Hudaib [5]	iv. Directions in serving the needs of Muslim community
						Haniffa & Hudaib [5]	v. Commitments to engage only in permissible investment activities
						Haniffa & Hudaib [5]	vi. Commitments to engage only in permissible financing activities
						Haniffa & Hudaib [5]	vii. Commitments to fulfil contracts via 'contract (uqud) statement'
						Haniffa & Hudaib [5]	viii. Appreciation to shareholders and customers
			4	2 & 3. Interest-free and Islamically Acceptable Deals - Shari'ah Section in AR	Shari'ah Report on financial transactions	Haniffa & Hudaib [5]	Disclosure of any unlawful transactions
						Haniffa & Hudaib [5]	Description of unlawful transactions
						Haniffa & Hudaib [5]	Disclosure of how gains from such activities have been handled
						Belal et at. (2014)	Disclosure of reasons for undertaking unlawful transactions
						Belal et at. (2014)	Opinion of SSB regarding necessity of undertaking unlawful transactions
		2. Rights & Stakeholding	5	2 & 3. Interest-free and Islamically Acceptable Deals - Product Aspects	Employees	Haniffa & Hudaib [5]	i. Employees appreciation
						Haniffa & Hudaib [5]	ii. Number of employees
						Haniffa & Hudaib [5]	iii. Equal opportunities policy
						Haniffa & Hudaib [5]	iv. Employees welfare
						Haniffa & Hudaib [5]	vi. Training: Other
						Haniffa & Hudaib [5]	vii. Training: Student/recruitment scheme
						Haniffa & Hudaib [5]	ix. Reward for employees
			6	Corporate Governance Indicator (Fairness and Transparency) - general aspects	1 IFSB Guiding Principles for Corporate Governance	Belal, Abdelslam & Nizamee [11]	Strategic role and function of the Board of Directors
						Belal, Abdelslam & Nizamee [11]	Strategic role and function of Executive Management
						Belal, Abdelslam & Nizamee [11]	Strategic role and function of Internal auditors
						Belal, Abdelslam & Nizamee [11]	Strategic role and function of external auditors
						Belal, Abdelslam & Nizamee [11]	Strategic role and function of SSB
						Belal, Abdelslam & Nizamee [11]	Mechanisms for balancing the accountability of the above organs
						Belal, Abdelslam & Nizamee [11]	Does the organisation comply with internationally recognised corporate governance standards
						Belal, Abdelslam & Nizamee [11]	Has the Board of Directors (BOD) set up a governance policy framework
						Belal, Abdelslam & Nizamee [11]	Has the Board of Directors set up a Governance Committee
						Belal, Abdelslam & Nizamee [11]	Does the Governance Committee include a member of the Audit Committee

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			Belal, Abdelslam & Nizamee [11]	Does the Governance Committee include a member of the SSB
			Belal, Abdelslam & Nizamee [11]	Does the Governance Committee provide the BOD with reports and recommendations based on findings
			Belal, Abdelslam & Nizamee [11]	Does the role of the Governance Committee overlap with the role of the Audit Committee
7	Corporate Governance Indicator (Fairness and Transparency) - BOD aspects	BOD (Composition, Appointment and Re-appointment, Board meetings, and Director's fees and remuneration)	Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Names of board members
			Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Positions of board members
			Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Pictures of board members
			Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Profile of board members
			UK CGC (FRC, 2014)	Does Board composition is diverse?
			UK CGC (FRC, 2014)	Number of meetings by BoD (if more than 4=1, if no = 0)
			UK CGC (FRC, 2014), Principles for enhancing corporate governance (Basel Committee, 2010)	Does the board stated in the annual report how performance evaluation of the board, its committees and its individual directors has been conducted?
			OECD (2004)	In case of Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.
	Corporate Governance Indicator (Fairness and Transparency) - Executive Management aspects	Executive Management	Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Names of management team
			Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Positions of management team
			Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Picture of management team
			Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Profile of management team
			Principles for enhancing corporate governance (Basel Committee, 2010)	Are key management decisionse made by more than one person (“four eyes principle”) - Is any Management Board?
	Corporate Governance Indicator (Fairness and Transparency) - Committees aspects	Audit, Remuneration and Nomination Committee	OECD (2004), UK CGC (FRC, 2014), FSF Principles for Sound Compensation Practices (FSF, 2009)	Is remuneration policy for members of the board and key executives disclosed?
			UK CGC (FRC, 2014)	Is there a Remuneration committee?

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				UK CGC (FRC, 2014)	Does a Remuneration committee consist of at least 3 independent non-executive directors?
				UK CGC (FRC, 2014)	Is the remuneration committee meeting at least 4 times per year?
				FSF Principles for Sound Compensation Practices (FSF, 2009)	Does the remuneration committee or BoD periodically supervise and review compensation schemes in the firm?
				Clarkson et al. (2006)	Are other types of remuneration of executives disclosed?
				OECD (2004)	Are selection and nomination processes disclosed?
				UK CGC (FRC, 2014)	Is there a Nomination committee?
				UK CGC (FRC, 2014)	Is the majority of members of a Nomination committee independent non-executives?
				Hameed et al. (2004)	f. There is an audit committee
				Hameed et al. (2004)	g. The Audit Committee consists of at least three non-executive directors, whom a majority are independent
				Hameed et al. (2004)	h. Audit committee includes someone with expertise in accounting
				Hameed et al. (2004)	i. Audit committee recommends the external auditor at the annual shareholder's meeting
				Hameed et al. (2004)	j. At least, once a year the committee met with the external auditors without executive board members present, to review financial statements
				Hameed et al. (2004)	k. Details of the activities of audit committees, the number of audit meetings held in a year and details of the attendance of each individual director in respect of meetings are disclosed
				Hameed et al. (2004)	l. Audit committee members attend at least 75% of meetings on average
	8	Corporate Governance Indicator (Fairness and Transparency) – Shari'ah Governance	Shari'ah Governance	GSIFI-1 (AAOIFI, 2010)	Are the fatwas, and rulings of the Shari'ah supervisory board binding on the Islamic financial institution?
				GSIFI-1 (AAOIFI, 2010), IFSB-10 (IFSB, 2009)	Is Shari'ah supervisory board appointed by the shareholders in their annual general meeting or by BoD, but not by Management?
				GSIFI-1 (AAOIFI, 2010)	The Shari'ah supervisory board should not include directors or significant shareholders of the Islamic financial institution.

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			GSIFI-1 (AAOIFI, 2010), Haniffa & Hudaib [5]	Does IFIs publish the fatwas, rulings and guidelines issued by its SSB during the year (including newly issued, revised or amended decisions)?
			IFSB-10 (IFSB, 2009)	Are SSB members and ISCU/ISRU staff providing training to other staff: management, back and front-office?
			IFSB-10 (IFSB, 2009)	Is there a process of assessment of effectiveness of SSB (collectively and individually per each member)?
			IFSB-10 (IFSB, 2009)	Is the assessment report on effectiveness of SSB provided to BoD/AGM for making decisions on SSB (resignation/nomination new members and etc.)?
			IFSB-10 (IFSB, 2009)	In case of conflict between BoD and SSB, is SSB provided with direct access to AGM?
			IFSB-10 (IFSB, 2009)	Is there a mechanism for ensuring absence of conflict of interest for SSB members? (i.e. disclosure to other governance bodies)?
			IFSB-10 (IFSB, 2009)	Do SSB follow Shari'ah pronouncements of national Shari'ah bodies (if existed) or internationally recognised bodies?
			IFSB-10 (IFSB, 2009)	In case of not following national/international Shari'ah pronouncements in SSB's decision, are such decisions disclosed so that they can be openly assessed by the industry's stakeholders (subject to confidentiality)?
			IFSB-10 (IFSB, 2009)	Do SSB periodically on systematic manners interact with BoD?
			IFSB-10 (IFSB, 2009)	Does SSB oversee the computation and distribution of zakat to be distributed to charity?
			Haniffa & Hudaib [5]	Are names, positions and pictures of the SSB members provided?
9	Corporate Governance Indicator (Fairness and Transparency) - Other aspects	Other	Hameed et al. (2004)	c. There is a Risk Management Committee
			Hameed et al. (2004)	f. The maintenance of an effective system of internal controls is disclosed
			Belal, Abdelslam & Nizamee [11]	Does the bank have a formal disclosure policy that has been approved by BOD?
10	Ethical aspects	Ethical behaviour and consumers' rights	Belal, Abdelslam & Nizamee [11]	Does the organisation comply with an ethical code of conduct ?
			Belal, Abdelslam & Nizamee [11]	Has this ethical code of conduct been described?
			Belal, Abdelslam & Nizamee [11]	Is there an ethical committee?

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						Belal, Abdelslam & Nizamee [11]	Are employees trained in ethical policies?
						Belal, Abdelslam & Nizamee [11]	Does the organisation comply with customer protection legislation?
B	Safeguarding the Human self	3. Self	11	Investment in vital real sector and SME	Investment ratios in vital real sector	Mohammed, Dzuljastri & Fauziah [37]	Investment in Real Economic Sector/Total Financing
					Financing microfinance	Ngalim and Ismail (2014)	Investments to Microfinance and SME
		4. Intellect	12	Advancement of Knowledge	Education grant and research	Mohammed, Dzuljastri & Fauziah [37]	Education grant or scholarship/total expenses
						Mohammed, Dzuljastri & Fauziah [37]	Research expenses/total expenses
						Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Does the company sponsor work experience programmes for students?
						Belal, Abdelslam & Nizamee [11]	Has the organisation been involved in establishing educational institutions?
						Belal, Abdelslam & Nizamee [11]	Is the organisation involved in any arts related activities?
						Ngalim and Ismail (2014)	Does IB provide educational financing?
			13	Installing new skills and improvement	Training	Mohammed, Dzuljastri & Fauziah [37]	Training expense/total expenses
			14	Creating Awareness of Islamic Banking	Publicity / Awareness on Islamic Banking	Mohammed, Dzuljastri & Fauziah [37]	Publicity expense/total expenses
						Haniffa & Hudaib [5]	vi. Conferences on Islamic economics
C	Safeguarding the society	5. Posterity	15	Redistribution of wealth	Wages (RO1)	Ngalim and Ismail (2014)	Wages / Net income
					Tax (RO2)	Ngalim and Ismail (2014)	Tax / Net income
					Shareholders (RO3)	Ngalim and Ismail (2014)	Shareholders dividends / Net income
					Depositors (RO4)	Ngalim and Ismail (2014)	Depositors returns / Net income
					Zakat (RO5)	Ngalim and Ismail (2014), Mohammed, Dzuljastri & Fauziah [37]	Zakat / Net income
					Waqf (RV1)	Ngalim and Ismail (2014)	Waqf / Net income
					Sadaqah & Infaq (RV2)	Ngalim and Ismail (2014)	Sadaqah & Infaq / Net income
		6. Social entity	17	Developmental and Social Goals	Zakah, charity and benevolent loans	Haniffa & Hudaib [5]	i. Bank liable for zakah
						Haniffa & Hudaib [5]	ii. Amount paid for zakah
						Haniffa & Hudaib [5]	iii. Sources of zakah
						Haniffa & Hudaib [5]	iv. Use/beneficiaries of zakah
						Haniffa & Hudaib [5]	v. Balance of zakah not distributed-amount
						Haniffa & Hudaib [5]	vi. Reasons for balance of zakah
						Haniffa & Hudaib [5]	ix. Zakah to be paid by individuals-amount
						Haniffa & Hudaib [5]	x. Sources of charity (saddaqa)
						Haniffa & Hudaib [5]	xi. Uses of charity (saddaqa)
						Haniffa & Hudaib [5]	xii. Sources of qard al-hassan
						Haniffa & Hudaib [5]	xiii. Uses of qard al-hassan
						Haniffa & Hudaib [5]	xiv. Policy for providing qard al-hassan
						Haniffa & Hudaib [5]	xv. Policy on non-payment of qard al-hassan
					G. Community	Haniffa & Hudaib [5]	i. Creating job opportunities
						Haniffa & Hudaib [5]	ii. Support for org. that provide benefits to society

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						Haniffa & Hudaib [5]	iii. Participation in govt. social activities
						Haniffa & Hudaib [5]	iv. Sponsor community activities
						Haniffa & Hudaib [5]	v. Commitment to social role
						Belal, Abdelslam & Nizamee [11], OECD (2004)	Does the organisation work closely with the local community?
						Belal, Abdelslam & Nizamee [11], OECD (2004)	Does the organisation develop and apply self-regulatory practices and management systems that foster a relationship of confidence and trust between enterprises and the community?
						Belal, Abdelslam & Nizamee [11], Haniffa & Hudaib [5]	Is the organisation committed to supporting community organisations?
						Belal, Abdelslam & Nizamee [11]	Any mention of commitment to local economic development made?
						Belal, Abdelslam & Nizamee [11]	Is there a description of charitable activities achieved?
						Belal, Abdelslam & Nizamee [11]	Does the bank support employee involvement in charities?
						Belal, Abdelslam & Nizamee [11]	Does the organisation sponsor any community programmes?
						Belal, Abdelslam & Nizamee [11]	Amount spent on School, art or sport sponsorship
D	Safeguarding physical environment	7. Wealth	18	Fair Returns	Fair Returns	Mohammed, Dzuljastri & Fauziah [37]	Profit Equalization Reserves (PER)/Net Income
			19	Earning Ability	Return on Asset	Jaffar and Marnavi (2011)	Net income/total assets
					Return on Equity	Jaffar and Marnavi (2011)	Net income/total equities
			20	Distress predictability	Altman's Z-score for Emerging Markets	Othman and Shahadan (2015)	Altman's Z-score for Emerging Markets
		8. Ecology	21	Environment Indicators	Policy Objectives and Environmental Issues	GSIFI-7 (AAOIFI, 2010)	Mandatory policy - screening investments on environmental impact
						GSIFI-7 (AAOIFI, 2010)	Recommended policy on reduction of adverse impact on environment
						GSIFI-7 (AAOIFI, 2010)	Investments and funds for contribution to environment improvements
						Hameed et al. (2004)	f. Energy, Paper or Water Savings
						GRI (2013)	Is the environmental section of AR following GRI or other best practices?

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