INCEIF IMPACT INDEX MODEL (IIIM) FOR ASSESSING MATERIAL AND SPIRITUAL WELFARE IN ISLAMIC SOCIAL FINANCE

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ABSTRACT

Purpose — This study proposes the INCEIF Impact Index Model (IIIM), a holistic measurement methodology framework, to measure the socioeconomic and spiritual impact of Islamic social finance (ISF) initiatives in Islamic banks. The model, grounded in *maqāṣid al-Sharīʿah* (the higher objectives of Islamic law), aims to overcome the drawbacks of current evaluation instruments, which focus mainly on material or financial performance and fail to consider the spiritual, ethical, and moral aspects of *falāḥ* (human well-being).

Design/Methodology/Approach — This study is designed according to a qualitative conceptual research approach which focuses on creating the IIIM as a comprehensive framework for impact measurement of ISF initiatives. The systematic review of relevant literature, content analysis of Islamic sources, conceptual synthesis, and expert validation methods are used to develop the framework. The study aims to combine the material and spiritual aspects of human welfare into an integrated assessment system grounded in the concepts of *tawḥīd* (unity of knowledge) and *maqāṣid al-Sharīʿah*.

Findings — This paper proposes a six-dimensional impact framework comprising faith and ethics, human well-being, knowledge and education, family and society, economic justice, and environmental stewardship. The IIIM illustrates that ISF interventions have multidimensional effects that go beyond income and consumption to include ethical behaviour, spiritual resilience, social cohesion and sustainability. The model operationalises welfare within the *maqāṣid* hierarchy of necessities (*ḍarūriyāt*), needs (*ḥājiyāt*) and refinements (*taḥsīniyāt*), and allows differentiating the progression of beneficiaries towards holistic well-being.

Originality/Value — The paper adds to the current body of knowledge by proposing a new integrative index that synthesises the *maqāṣid al-Sharīʿah* principles, embeds the Ekonomi MADANI values, and integrates the Sustainable Development Goals (SDGs) within a single framework for assessing ISF initiatives.

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Research Limitations/Implications — The present study focuses on the conceptual development of the IIIM and does not provide empirical findings or statistical validation of the proposed model. Future studies are needed to operationalise and test the model using large-scale empirical data, applying statistical techniques such as Principal Component Analysis (PCA) to ensure the proposed model is reliable and validate the constructs. Future research should also be undertaken to determine the model's applicability across different institutional contexts including zakat, waqf and *takāful*, and to use cross-country and time-series data.

Practical Implications — The IIIM offers policymakers, regulators and Islamic financial institutions a methodological framework for quantifying, observing and enhancing the actual effects of ISF initiatives. It enables evidence-based decision-making, prioritises programmes, and aligns Islamic finance with national development plans and international standards of sustainability.

Keywords — Financial inclusion, Impact measurement, Islamic social finance (ISF), Ekonomi MADANI, *Maqāṣid al-Sharīʿah*, Spiritual well-being, Sustainable Development Goals (SDGs)

Article Classification — Technical paper

INTRODUCTION

Islamic social finance (ISF) institutions promote initiatives such as zakat, waqf-based microfinance, and community development programmes that seek to balance economic and spiritual objectives in pursuit of holistic human development and related goals. This aspiration aligns with Malaysia's Ekonomi MADANI framework, which promotes inclusive and sustainable development (Kementerian Kewangan Malaysia, 2023). These values also resonate with the higher objectives of Islamic law (*maqāṣid al-Sharīʾah*), which aim to preserve faith (*dīn*), life (*nafṣ*), intellect (*ʿaql*), lineage (*naṣl*), and wealth (*māl*) in order to achieve overall human well-being. Despite this philosophical alignment, existing impact measurement tools used in ISF predominantly assess material impact, such as poverty alleviation, income enhancement, and economic empowerment (Syed Azman & Engku Ali, 2019). As a result, there is a lack of research on critical components of well-being, including spirituality development, moral conduct, and social inclusion. This disconnect highlights a mismatch between the normative foundations of ISF and the current approaches to measuring its impact, underscoring the need for a more comprehensive evaluation framework that captures both material and non-material dimensions of human well-being.

In view of the above, this paper aims to develop a model to measure the socioeconomic and spiritual impact of Islamic banks' ISF initiatives that will mitigate the shortcomings of existing measurement instruments that focus primarily on material or monetary results instead of measuring the spiritual, ethical, and moral welfare of human beings (*falāḥ*). The proposed INCEIF Impact Index Model (IIIM) is an all-inclusive framework that quantifies perceptions of both material (*māddiyyah*) and spiritual (*rūḥiyyah*) aspects of well-being.

Accordingly, this research addresses the following questions:

1. What are the key impact dimensions and indicators of ISF projects identified from the Qurʾān, Sunnah, and the relevant academic literature?
2. How can a comprehensive impact measurement framework, grounded in *maqāṣid al-Sharīʿah* and the holistic principles and instruments of Islamic banking, be developed to measure the multidimensional and societal outcomes of Islamic banks' social finance activities?
3. How does the IIIM compare with existing Islamic impact measurement models, such as CIBEST and the Maqāṣid al-Sharīʿah Multidimensional Poverty Index (MSMPI), in advancing a shift from a compliance-based to a purpose-driven and outcome-driven approach to impact measurement?
4. How can human well-being be operationalised according to the hierarchy of *maqāṣid al-Sharīʿah*—notably, necessities (*ḍarūriyyāt*), needs (*ḥājiyyāt*), and refinements (*taḥsīniyyāt*)—to enable differentiated impact assessment?

This study contributes to the ISF literature by proposing an integrative, value-based measurement model that addresses the gap between the theoretical objectives and practical assessment of ISF initiatives. The IIIM incorporates spiritual, ethical, social, economic, and environmental dimensions within a unified framework, thereby enabling a more comprehensive evaluation of human well-being and programme outcomes beyond conventional financial and poverty-based indicators. Furthermore, the model aligns the principles of *maqāṣid al-Sharīʿah* with the Ekonomi MADANI agenda and the Sustainable Development Goals (SDGs), enhancing its relevance to both national development priorities and global sustainability frameworks. In practice, the IIIM provides policymakers, regulators, and Islamic financial institutions with a structured tool for measuring the multidimensional

impact of ISF initiatives, thereby strengthening accountability, supporting evidence-based decision-making, and facilitating the design of more effective and sustainable programmes.

The rest of this paper is structured as follows: the next section reviews the literature on welfare conceptualisation and ISF impact measurement, and discusses the limitations of existing assessment frameworks. This is followed by the methodology section, which outlines the research design, data sources, and the framework development process used to construct the IIIM. The subsequent section presents the findings, including the conceptual development of the IIIM, its underlying dimensions, and the proposed assessment structure. The findings are then discussed in relation to existing Islamic impact measurement models and contemporary development frameworks. Finally, the paper concludes by summarising the key contributions of the study, discussing its implications for policy and practice, and providing recommendations for future research.

LITERATURE REVIEW

Conceptualising Welfare: From Material to Spiritual Dimensions

The traditional economic approach to welfare is primarily grounded in the utilitarian concept of happiness, whereby individual welfare is assessed in terms of the satisfaction of preferences and the material benefits derived from economic activities. Conventional measures of welfare, such as the Gross Domestic Product (GDP), Human Development Index (HDI), and Multidimensional Poverty Index (MPI), evaluate dimensions including income, health, education, and living standards (Sen, 1999; UNDP, 2024). Although these indicators have significantly advanced the measurement of poverty and human development, they remain largely focused on material and socioeconomic outcomes, giving limited attention to the moral, ethical, and spiritual dimensions of human well-being. Consequently, restricting welfare to the material domain overlooks the inner peace, faith, moral character, and sense of purpose that Islam regards as essential components of *falāḥ*, which encompasses holistic human well-being and success in both this world and the Hereafter.

From the perspective of Islamic economics, welfare extends beyond the accumulation of material wealth to encompass spiritual fulfilment, ethical conduct, social justice, and *barakah* (divine blessings) resulting from righteous actions. Chapra (2008) argues that genuine development in Islam seeks to maximise both material and spiritual well-being in accordance with *maqāṣid al-Sharīʿah*. *Maqāṣid al-Sharīʿah* aim to preserve and promote the five essential values of human existence: religion (*dīn*), life (*nafṣ*), intellect (*ʿaql*), lineage (*naṣl*), and wealth (*māl*). These objectives are realised through a hierarchical framework comprising necessities (*ḍarūriyāt*), needs (*ḥājiyyāt*), and refinements (*taḥsīniyāt*). *Ḍarūriyyāt* represent the essential requirements for human survival and societal stability, including the protection of faith, life, intellect, lineage, and wealth. *Ḥājiyyāt* comprise complementary needs that alleviate hardship and facilitate a dignified and productive life without threatening human existence if absent. *Taḥsīniyyāt* refer to refinements that promote moral excellence, ethical conduct, and social and cultural excellence, thereby enhancing the quality of individual and communal life. This hierarchical framework provides the normative foundation for Islamic economic policies and institutions, guiding them towards the realisation of *falāḥ*.

Existing Impact Models

Earlier studies have adopted multidimensional approaches to assess human welfare and evaluate the socioeconomic impact of Islamic economics. Among the most prominent frameworks is the Center for Islamic Business and Economic Studies (CIBEST) model developed by Beik and Arsyianti (2015), which incorporates both material and spiritual dimensions of poverty. This model not only focused on material deprivation based on

established poverty thresholds; it also integrated an assessment of spiritual deprivation as a proxy for households' spiritual well-being. By capturing both material and spiritual aspects of welfare, the model offers a more holistic framework for evaluating human well-being in accordance with the objectives of Islamic economics.

Moreover, the process has been enriched by the Maqāṣid al-Sharīʿah Multidimensional Poverty Index (MSMPI) proposed by Kasri and Ahmed (2015), which takes into account the *maqāṣid al-Sharīʿah* dimensions, including health, education, economic stability, faith, and social relations. The MSMPI combined quantitative and qualitative tools holistically. Besides these, there are other institutional-level structures that have been established for performance and impact assessments of Islamic finance. The Value-Based Intermediation (VBI) scorecard is a tool for evaluating Islamic financial institutions based on the value they create and their impact on society. Measures of zakat institutions' performance are applied to other areas such as governance, efficiency, and socioeconomic outcomes, as is the case with the World Zakat Performance Index (WZPI). The National Waqf Index (Indeks Wakaf Nasional, IWN) focuses on the performance and management of waqf institutions with particular emphasis on mobilisation and utilisation of resources (Lestari *et al.*, 2023).

Limitations of Existing Models

These models, though they make significant contributions, have several weaknesses too. To begin with, most frameworks focus on institutional performance (e.g., VBI, WZPI, IWN), or certain features of welfare (e.g., CIBEST and MSMPI), but there are few opportunities to consider both dimensions within a single assessment framework. Second, models such as the CIBEST and MSMPI overlook the almost hierarchical structure of *maqāṣid al-Sharīʿah*, namely necessities (*ḍarūriyāt*), complementary needs (*ḥājiyāt*), and refinements (*taḥsīniyāt*), especially with regard to operationalising a reflective distinction. Third, the existing frameworks lack incorporation of Islamic principles into the current policy frameworks such as the national development agenda and global sustainability policies. Therefore, it is difficult to confirm their applicability within policy integration and in inter-context situations.

Research Gap and Contribution

With these constraints, a more comprehensive and integrative measurement framework is still needed that:

(i) is a well-balanced way of capturing material and spiritual aspects of well-being;
(ii) operationalises the hierarchical structure of *maqāṣid al-Sharīʿah*; and
(iii) aligns ISF impact assessment with current policies such as the Ekonomi MADANI and the SDGs.

This paper closes this gap by developing the INCEIF Impact Index Model (IIIM), intended to offer a policy-based, holistic, and multidimensional framework for measuring the impact of ISF projects.

METHODOLOGY

Research Design

The study is a qualitative conceptual research study with the objective of developing a comprehensive framework for measuring the impact of ISF called the INCEIF Impact Index Model (IIIM). The study uses systematic literature review, content analysis, and conceptual synthesis to identify key dimensions of holistic well-being from an Islamic perspective and then to establish a multidimensional impact measurement framework. Conceptual research is especially appropriate for theory building and the development of a framework because it

allows the integration of various sources of knowledge and the establishment of new conceptual relationships (Jabareen, 2009). This study does not aim to test an existing theory empirically, but rather to develop a theoretical framework by combining the principles of *maqāṣid al-Sharīʿah* and contemporary development paradigms, namely the Ekonomi MADANI framework and the SDGs (Chapra, 2008; Creswell & Plano Clark, 2018; United Nations, 2015).

Data Sources

Documentary sources and expert validation data were used in this study to develop and refine the IIIM. Documentary sources included relevant Qurʾānic verses, hadith literature, *maqāṣid al-Sharīʿah* scholarship, academic journal articles, books, policy documents, institutional reports, and existing Islamic impact measurement frameworks such as the CIBEST model, MSMPI, VBI scorecard, IWN and WZPI (PUSKAS BAZNAS, 2021). Attention was paid to policy documents related to the Ekonomi MADANI framework and the SDGs for their alignment with current development priorities.

The expert panel comprises four experts: one Islamic economist, two Sharīʿah scholars specialising in *maqāṣid al-Sharīʿah* and waqf, and one industry practitioner. Purposive sampling was used to select experts based on their proven expertise and experience in fields directly related to the development of the IIIM framework. The two Sharīʿah scholars were chosen for their deep knowledge of *maqāṣid al-Sharīʿah*, Islamic jurisprudence, and waqf governance to ensure consistency of the proposed dimensions and indicators with Islamic principles and normative goals. The Islamic economist was added to provide a broader perspective on Islamic economic development and the position of ISF within Malaysia's socioeconomic set-up. In parallel, the industry practitioner was chosen for their first-hand experience in ISF deployment and governance, thereby ensuring the relevance and applicability of the proposed framework. Having experts from diverse yet complementary fields aligns with the qualitative research literature, which suggests that the conceptual framework development is enhanced by the involvement of experts with varied but complementary expertise (Okoli & Pawlowski, 2004).

Data Analysis

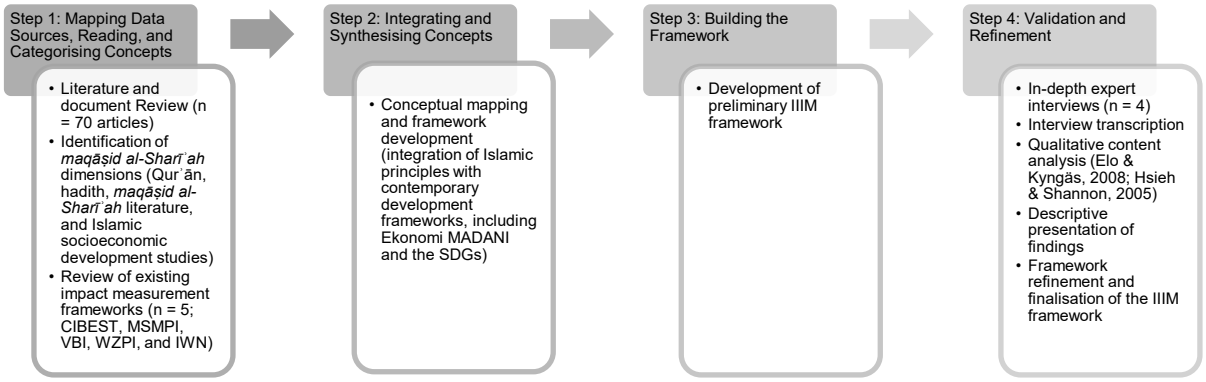
This study used qualitative content analysis to analyse documentary data and expert interview data. The analysis began by reviewing the Qurʾānic verses, hadith literature, *maqāṣid al-Sharīʿah* literature, and previous Islamic impact measurement frameworks to identify common concepts regarding human well-being, social impact, and sustainable development. Special attention was paid to the dimensions related to preservation of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafṣ*), intellect (*ḥifẓ al-ʿaql*), lineage (*ḥifẓ al-naṣl*), wealth (*ḥifẓ al-māl*), and the environment (*ḥifẓ al-bīʾah*). The existing frameworks such as the CIBEST model, MSMPI, VBI scorecard, WZPI, and IWN have also been reviewed to see their strengths, weaknesses, and possible contribution in the development of the proposed framework.

The identified concepts and dimensions were next analysed and synthesised through an iterative conceptual mapping process guided by Jabareen's framework development approach (2009). Through this process, Islamic values or norms, new development constructs (e.g., Ekonomi MADANI and SDGs), and current impact measurement approaches were brought together under a single conceptual umbrella. This led to the identification of six dimensions which were included in the IIIM: faith and ethics, human well-being, knowledge and education, family and society, economic justice, and environmental stewardship. These were further classified according to the hierarchy of the *maqāṣid al-Sharīʿah*: necessities (*ḍarūriyāt*), needs (*ḥājiyāt*) and *taḥsīniyāt* (refinements).

To strengthen the content validity of the framework and its practical relevance, in-depth semi-structured interviews were conducted with the four experts. The interviews were audio-recorded, transcribed verbatim, and analysed using qualitative content analysis according to procedures suggested by Elo and Kyngäs (2008) and Hsieh and Shannon (2005). The expert feedback was coded, categorised, and synthesised to identify themes, as well as points of agreement and disagreement, opportunities for improvement, and potential implementation issues.

The conceptual framework development process is presented in **Figure 1**, which starts with concept identification, conceptual categorisation, framework synthesis, and expert validation, followed by refinement of the final IIIM framework as presented by Jabareen (2009). The results were then described and used to edit the dimensions, indicators, and entire framework of the IIIM. The expert validation supported the relevance and comprehensiveness of the framework and offered suggestions to clarify the distinction between outcome and impact indicators, minimise overlap between constructs, and improve the dimensions of self-awareness, social responsibility, and community participation.

Figure 1: Framework Development Process



Source: Jabareen (2009)

Scope and Limitation

This study aims to develop the conceptual framework and conduct initial validation of the IIIM. The study does not aim for large-scale empirical validation; however, expert validation provides initial evidence regarding the relevance, clarity, and applicability of the proposed framework. Hence, the results may be viewed as a theoretical and methodological contribution to the literature on the impact of ISF. The dimensions and indicators proposed in this study should be further substantiated with a larger sample and statistical analyses such as Principal Component Analysis (PCA), Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM) to ensure the reliability and construct validity of the framework.

FINDINGS

A literature search revealed a significant lack of Islamic impact measurement frameworks for measuring the holistic goals of ISF. Although efforts have been undertaken to include spiritual dimensions in welfare assessments, as in the case of the MSMPI and the CIBEST models, they are largely poverty- and welfare-outcome focused. They also fall short of completely operationalising the hierarchy of *maqāṣid al-Sharīʿah* and fail to fully integrate contemporary sustainability dimensions. This discovery underscores the need for a more holistic framework

that integrates the spiritual, ethical, social, economic, and environmental dimensions of human well-being into a single assessment model.

The results of the content analysis of the expert validation interviews revealed the theoretical relevance and practical applicability of the proposed IIIM. The experts repeatedly underlined that the framework reflects the holistic nature of *maqāṣid al-Sharīʾah* in addressing both the material (*māddiyyah*) and spiritual (*rūḥiyyah*) aspects of well-being, as described in **Table 1**. Several experts emphasised the need to distinguish between outcome and impact indicators, particularly in spirituality, social responsibility, and community development. The experts also suggested reducing overlap among indicators and a greater focus on indicators related to self-awareness, gratitude, community involvement, and ethical action. These findings (**Table 1)** guided the development of the framework and informed the decision to retain six dimensions: faith and ethics, human well-being, knowledge and education, family and society, economic justice, and environmental stewardship. After an expert review and three cycles of questionnaire development, the questionnaire framework presented in this paper provides a structural basis for measuring the multidimensional influence of ISF activities and serves as a basis for future empirical validation.

Table 1: Summary of Key Findings and Validation Outcomes

Development Stage	Key Findings	Outcome	Implications for IIIM
Literature Review	Existing frameworks provide only partial assessments of welfare and impact but lack a comprehensive multidimensional approach.	Identification of conceptual gap	Need for a more holistic impact measurement framework
Expert Validation	Experts confirmed alignment with the *maqāṣid al-Sharīʾah* and recommended refining the indicators.	Improved conceptual validity and framework robustness	Supports theoretical validity of IIIM
Expert Recommendations	Need to distinguish outcome and impact indicators; reduce overlap among indicators	Delete the repetitive indicators	Refinement of dimensions and measurement indicators
Instrument Refinement	Repetitive and overlapping indicators were identified and revised through three rounds of refinement.	Enhanced content validity and clarity	More clarity on each dimension
Final Framework	Six dimensions were retained in the final model.	Development of the IIIM framework	

Source: Authors' own

Development of the IIIM

The development of the IIIM is grounded in the principles of *maqāṣid al-Sharīʾah*, which emphasise the attainment of holistic human well-being through the balanced integration of spiritual (*rūḥiyyah*) and material (*māddiyyah*) dimensions of development. The literature review and expert validation findings indicate that while existing frameworks such as the CIBEST model and the MSMPI have successfully incorporated spiritual elements into welfare assessment, they do not fully operationalise the hierarchical structure of *maqāṣid al-Sharīʾah* or adequately address contemporary sustainability and development concerns. In response to these gaps, the IIIM was developed as a more comprehensive and policy-relevant framework comprising six dimensions: faith and ethics, human well-being, knowledge and education, family and society, economic justice, and environmental stewardship. These dimensions are derived from *maqāṣid al-Sharīʾah* and are supported by relevant Qurʾānic guidance on human development and well-being. **Table 2** summarises the relationship between the *maqāṣid al-*

Sharīʾah dimensions, their Qurʾānic foundations, and their application within the IIIM framework.

Table 2: *Maqāṣid al-Sharīʾah* Dimensions and Qurʾānic Foundations of the IIIM

***Maqāṣid al-Sharīʾah* Dimensions**	**Qurʾānic Verse**	**Explanation**
Protection of Faith (*Ḥifẓ al-dīn*)	'Successful indeed is the one who purifies their soul, and doomed is the one who corrupts it' (Sūrah al-Shams, 91:9–10).	Spiritual purification, moral integrity, and accountability are central to the faith and ethics dimension, as this verse emphasises.
Protection of Life (*Ḥifẓ al-Nafṣ*)	'Indeed, it is [promised] for you not to be hungry therein or be unclothed. Nor will you face thirst or scorching heat' (Sūrah Ṭā Hā, 20:118–119).	The verse emphasises the fulfilment of basic human needs and the preservation of human dignity, forming the basis of the human well-being dimension.
Protection of Intellect (*Ḥifẓ al-ʿAql*)	'Allah will raise those who have believed among you and those who were given knowledge, by degrees' (Sūrah al-Mujādilah, 58:11).	Overall, this verse emphasises the importance of education, learning, and the pursuit of knowledge in driving human progress and empowerment.
Protection of Lineage and Society (*Ḥifẓ al-Naṣl*)	'And of His signs is that He created for you from yourselves mates that you may find tranquility in them, and He placed between you affection and mercy' (Sūrah al-Rūm, 30:21).	The verse emphasises the need for family stability, social harmony and mutual compassion to ensure healthy communities and social cohesion.
Protection of Wealth (*Ḥifẓ al-Māl*)	'...so that it will not become a perpetual distribution among the rich from among you' (Sūrah al-Ḥashr, 59:7).	The concept of equitable distribution of wealth, financial inclusion, and economic justice, i.e., the very goal of ISF, is reflected in this verse, which is also promoted in various aspects of Islamic banking.
Protection of Environment (*Ḥifẓ al-Bīʾah*)	'And do not cause corruption upon the earth after it has been set in order' (Sūrah al-Aʿrāf, 7:56).	Cleaning up the environment is a moral duty, as encouraged in this verse, including the promotion of sustainability, the preservation of natural resources, etc., for future generations.

Source: Authors' own; English translations of the Qurʾān are from Saheeh International (1997) and other sources.

Proposed Structure of the INCEIF Impact Index Model

The theoretically modelled integrative framework upon which the IIIM is built is organised into a three-layered assessment structure as follows:

1. The first layer focuses on ethical and Sharīʾah compliance outcomes, reflecting the *maqāṣid* dimension.
2. The second layer evaluates socioeconomic outcomes aligned with MADANI values.
3. The third layer assesses sustainability and long-term development outcomes in accordance with the SDGs.

This structure enables impact assessment at multiple levels, allowing institutions to evaluate not only programme outputs and outcomes but also their contribution to broader societal and sustainability objectives, as detailed in **Table 3**.

Table 3: The Conceptualised Integrative Theoretical Model of the IIIM

Maqāṣid Dimension	MADANI	SDGs
1. Faith and Ethics	Trust (*amānah*) Upholding integrity, transparency, and ethical conduct reflects the trust pillar of MADANI.	SDG 16 & SDG 17
2. Human Well-being	Care and compassion (*raḥmah*) Promotes inclusivity, social welfare, and the protection of the needy.	SDG 1, SDG 2, SDG 3 & SDG 10
3. Knowledge and Education	Innovation (*al-ibtikār*) Encourages creativity, continuous learning, and intellectual development.	SDG 4, SDG 8 & SDG 9
4. Family and Society	Respect (*al-iḥtirām*) Fosters social harmony, inclusion, and mutual respect within the community.	SDG 5, SDG 10 & SDG 11
5. Economic Justice	Prosperity (*al-izdihār*) Ensures equitable growth, justice, and shared prosperity across society.	SDG 1, SDG 8, SDG 9 & SDG 10
6. Environmental Stewardship	Sustainability (*al-istidāmah*) Promotes balance, stewardship of natural resources, and intergenerational well-being.	SDG 12, SDG 13 & SDG 15

Source: Authors' own

The indicators are organised into six dimensions of the IIIM and were validated with experts. Preliminary pilot testing was conducted to enhance the clarity of the indicators, remove overlapping indicators and improve their practicality. The consequent framework offers a structured basis for evaluating the multidimensional effects of ISF initiatives and for future empirical validation, which will be based on larger samples and statistical methods such as PCA, EFA, CFA and SEM.

Operationalising the Framework

The practical application of the IIIM follows three measurement levels:

- Ethical Control and Compliance (*Maqāṣid* Dimension): Measures Sharīʿah practices, the ethics of governance, and equity in financial transactions.
- Socioeconomic Impact (MADANI Dimension): This is used to determine how financial activity contributes to societal well-being, inclusiveness, and national prosperity.
- Sustainability and Global Alignment (SDG Dimension): This assesses the long-term environmental, economic and social sustainability performance in accordance with the global goals.

All these areas will have sub-indicators developed from available models such as the VBI Scorecard, WZPI and IWN, but re-modeled in accordance with the tri-dimensional integrated paradigm. By imposing ethical, national, and global standards within the framework within which the instrument can be quantified, the IIIM enables the creation of an original measuring tool that would help fill the gap between the philosophical assumptions of Islamic finance and the empirical evidence that needs to be collected to be able to analyse the present policies.

Theoretical and Hypothetical Contributions

The theoretical contribution of the IIIM framework is that it can:

- Integrate the different frameworks (*Maqāṣid*–MADANI–SDGs) into a single evaluation framework.

- Break the current performance paradigm in Islamic finance with an accent on compliance and quantifiable contribution.
- Localise global sustainability within the ethical system of the Malaysian Islamic economy.

With this theoretical integration, the IIIM will serve as a measurement tool and represent a paradigm shift in how Islamic finance and social finance principles create value. It presents a challenge for policymakers, regulators, and institutions in reviewing performance through ethical, sustainable prosperity, and human well-being perspectives. **Table 4** presents sample outcomes of operational measures of the IIIM, which will form the foundation of the proposed measurement system.

Table 4: Proposed Measurement Model—Examples of Operational Indicators for the IIIM

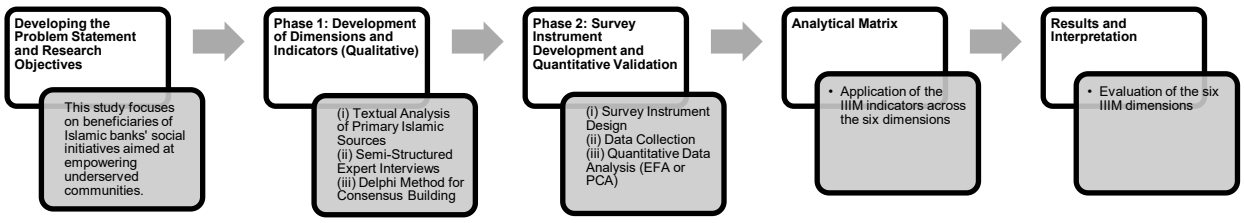
Dimension	Indicator/Variables
Faith and Ethics	1. Frequency of prayers and religious observance 2. Participation in Qurʾānic/Islamic studies 3. Engagement in charitable activities (*ṣadaqah*, zakat) 4. Awareness and practice of ethical principles in daily life
Human Well-Being	1. Access to healthcare services 2. Frequency of illness or health challenges 3. Adequacy of nutrition and basic needs 4. Access to clean water and sanitation
Knowledge and Education	1. Access to schooling or educational programmes 2. School or training attendance 3. Acquisition of relevant skills 4. Achievement of learning outcomes or certifications
Family and Society	1. Family cohesion and stability 2. Participation in community initiatives 3. Protection of children and vulnerable family members 4. Reduction of anti-social or harmful behaviours
Economic Justice	1. Access to employment or income-generating opportunities 2. Household income and purchasing power 3. Savings behaviour and financial literacy 4. Fair distribution of resources and assets
Environmental Stewardship	1. Awareness and practice of sustainable resource use 2. Participation in environmental protection initiatives 3. Reduction of waste and pollution 4. Access to environmentally friendly technologies or infrastructure

Source: Authors' own

The proposed measurement model aligns with a holistic, *tawḥīd*-oriented worldview, encompassing both the spiritual (*rūḥiyyah*) and material (*māddiyyah*) aspects of well-being. All dimensions can be assessed through indicators that unite household or individual statistics, participation in the programme, and qualitative evaluations, forming a strong base for calculating the IIIM. By measuring multidimensional well-being, the IIIM also prioritises interventions based on urgency and importance, with institutional programmes used to meet basic needs before addressing higher-order developmental requirements.

The IIIM adopts a questionnaire-based approach to assess human development across the six dimensions. The overall implementation process of the IIIM, from indicator development and validation to questionnaire administration, scoring, and aggregation of the results, is presented in **Figure 1**.

Figure 1: Implementation of the IIIM



Source: Authors' own

Each dimension is operationalised through specific variables and indicators developed from the conceptual foundations of *maqāṣid al-Sharīʿah* and the Malaysian MADANI framework, with reference to established models such as CIBEST (Beik & Arsyianti, 2015), MSMPI (Kasri & Ahmed, 2015), and the Good Nazir Governance (GNG) model (BWI, 2022). These supporting models informed the identification and refinement of relevant indicators but do not constitute separate components of the IIIM.

The GNG model was consulted particularly for its emphasis on ethical and governance-related principles, including God-consciousness (*taqwā*), piety, trustworthiness (*amānah*), and responsible conduct. These concepts provided supporting guidance in developing indicators related to faith, ethics, social responsibility, and governance-related behaviour. However, the GNG model is not directly incorporated as a separate dimension or scoring component of the IIIM. The primary conceptual foundations of the IIIM remain *maqāṣid al-Sharīʿah* and the Malaysian MADANI framework.

After developing the proposed dimensions, variables, and indicators, the Analytical Hierarchy Process (AHP) is applied to obtain expert-based judgements on their relative importance. AHP is appropriate for this purpose because it enables experts to evaluate multiple criteria systematically through pairwise comparisons (Saaty, 1980). Rather than relying solely on equal weighting or statistical variation, the approach incorporates expert knowledge and domain-specific judgement in assessing the relative importance of the proposed IIIM elements. The AHP process therefore provides a structured basis for validating and prioritising the proposed indicators and for deriving their relative weights within the IIIM framework.

The AHP assessment involves pairwise comparisons among the relevant IIIM elements. Experts compare the relative importance of one element against another using the AHP comparison scale. The resulting comparison matrices are used to derive priority weights and to assess the consistency of the expert judgements. Indicators receiving higher priority weights represent greater relative importance within the corresponding dimension. The resulting weights are then incorporated into the IIIM scoring structure. This process links expert validation of the proposed indicators with the subsequent quantitative measurement of the IIIM.

Following the AHP validation and weighting process, the IIIM is operationalised through a structured questionnaire. Respondents answer the indicators using either a 5-point Likert scale or categorical responses such as Yes/No, depending on the nature of each indicator. The Likert scale captures the intensity, frequency, or level of engagement associated with the indicator, while categorical responses are used where the indicator requires a defined response category.

Each response is subsequently converted into a numerical score according to the coding scheme specified in **Table 5**. For Likert-scale items, responses are assigned numerical values from 1 to 5, with the direction of coding determined by the indicator wording. For positively

oriented indicators, a higher score represents a higher level of achievement in the attribute being measured. Categorical responses are assigned numerical values according to their predefined scoring criteria. This coding process converts the questionnaire responses into standardised numerical values for subsequent aggregation.

The coded indicator scores are then aggregated at the variable and dimension levels using the weights derived through the AHP process. The resulting dimension scores represent the respondent's level of achievement across the respective IIIM dimensions. The weighted dimension scores are subsequently combined to obtain an overall IIIM score. Thus, the measurement process links the conceptual development of the indicators, expert-based AHP validation and weighting, and respondent-level questionnaire assessment within a single scoring framework.

Table 5 presents the technical operationalisation of the IIIM by specifying the dimensions, variables, indicators, response formats, coding schemes, and scoring procedures. It therefore links the proposed indicators to their measurement at the respondent level. The table also enables consistent scoring across respondents and provides a basis for comparison across programmes, communities, and measurement periods.

Table 5: Technical Assessment of IIIM Indicators

Dimensions	Code	Variables	Indicators	Likert Scale (1=perfectly misaligned / 2=misaligned, 3=averagely aligned, 4=aligned, 5=perfectly aligned)				
				1	2	3	4	5
Faith and Ethics	A1	Praying	Number of prayers					
	A2	Fasting	Performance of fasting					
	A3	Zakat and charity	Contribution to zakat and charity? (Yes/No)					
	A4	Household environment atmosphere	How would you describe the atmosphere of your home?					
	A5	Government policy environment	Government programmes in which you have participated?					
Human Well-being	B1	Family member status	Head of household (husband/wife)					
	B2		Children					
	B3	Occupation	Head of household (husband/wife)					
	B4		Children					
	B5	Regular income (RM/Month)	Head of household (husband/wife)					
	B6		Children					
	B7	Non-regular income	Head of household (husband/wife)					
	B8		Children					
	B9	Income from leased assets	Head of household (husband/wife)					
	B10		Children					
	B11	Family income before receiving zakat funds	Month/Year and Amount (Nominal)					
	B12	Home improvement	How much has been spent on home improvements?					

Table 5: Technical Assessment of IIIM Indicators (Cont.)

Dimensions	Code	Variables	Indicators	Likert Scale (1=perfectly misaligned / 2=misaligned, 3=averagely aligned, 4=aligned, 5=perfectly aligned)				
				1	2	3	4	5
Knowledge & Education	C1	Spiritual guidance	Number of spiritual programmes participated in (e.g., mosque, *usrah* (Islamic study circle), online courses and others)					
	C2	Business development capacity building and skills	Number of training sessions participated in through these programmes (e.g., AKPK (Agensi Kaunseling dan Pengurusan Kredit), Malaysia's Credit Counselling and Debt Management Agency; bank programmes; and others)					
	C3	Financial goal achievement and resilience	Amount saved from own earnings during this programme (six months' savings as the benchmark)					
Family & Society	D1	Family stability	Number of children from broken homes (each child counted as one)					
	D2	Education	Expenditure on children's education (including extra activities (e.g., home tuition, books and others)					
	D3	Social inclusion	Number of participation in community groups (e.g, village, school, housing or other groups)					
Economic Justice	E1	Fair distribution	How many financing facilities or grants is the client accessing for the first time?					
	E2	Financial inclusion	Number of bank accounts, investment assets, or finance accounts					
	E3	Income generation	Number of jobs or businesses (e.g., five, three of which are regular jobs)					
	E4		Average income per capita					

Table 5: Technical Assessment of IIIM Indicators (Cont.)

Dimensions	Code	Variables	Indicators	Likert Scale (1=perfectly misaligned / 2=misaligned, 3=averagely aligned, 4=aligned, 5=perfectly aligned)				
				1	2	3	4	5
Environmental Stewardship	F1	Environmental awareness (Level of understanding and concern about environmental protection and sustainability)	Number of sustainability programmes participated in					
	F2		Number of times recycled waste was sent to a facility or sold to a recycling centre?					
	F3	Sustainable practices (Adoption of eco-friendly and resource-efficient methods in daily or business activities)	Average monthly savings on energy or water bills (based on the most recent monthly bill)					
	F4		Number of recycled products used in daily life or for business purposes.					

Source: Authors' own

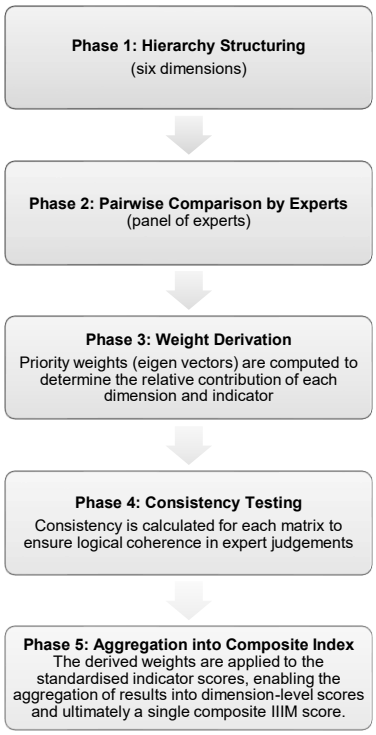
There are three important reasons as to why AHP is preferred:

1. It allows indicators to be systematically evaluated through pairwise comparisons, enabling experts to assess the relative significance of each dimension in a systematic and transparent way.
2. It provides a consistency mechanism (Consistency Ratio), ensuring that experts' judgements are not arbitrary and are logically coherent.
3. It is equally applicable to both qualitative and intangible aspects, including spirituality, morality and social well-being, which are core aspects of *maqāṣid al-Sharīʿah*, but challenging to be measured by using traditional statistical methods. In this regard, AHP is a method that balances theoretical basis, expert opinion, and quantitative rigour.

Moreover, AHP is adopted as a systematic approach for obtaining expert-based priorities and relative weights for the IIIM dimensions and indicators. The selection of AHP is supported by its established application in multidimensional and value-based decision-making, including Islamic social finance and governance contexts. The Good Nazir Governance (GNG) model developed by Badan Wakaf Indonesia (BWI) in collaboration with Bank Indonesia (BI) and members of the World Zakat and Waqf Forum (WZWF) was consulted as a supporting methodological reference in developing the IIIM indicators. However, the IIIM is not based on the GNG model; its primary conceptual foundations are *maqāṣid al-Sharīʿah* and the Malaysian MADANI framework. In this study, AHP is operationalised through a multi-stage process, as shown in **Figure 2**, to determine the relative priorities and weights of the IIIM dimensions and their indicators.

AHP combines expert judgement with a structured mathematical procedure for deriving relative priorities and weights. This approach enables the IIIM to incorporate domain-specific expert assessment into the weighting process while maintaining a transparent and systematic basis for comparison among its dimensions and indicators.

Figure 2: Application of AHP in the INCEIF Impact Index Model



Source: Authors' own

Matrix Construction using AHP for the IIIM

The IIIM is calculated as follows:

$$IIIM = \sum_{p=1}^{6} W_p P_p \quad (1)$$

where P_p represents each pillar's normalised score and W_p denotes the respective pillar weight. For ease of interpretation, the final IIIM score will be rescaled to a 0–100 range. The conceptual structure of the model can be expressed as:

$$IIIM = \sum a\, X_1 + \sum b\, X_2 + \sum c\, X_3 + \sum d\, X_4 + \sum e\, X_5 + \sum f\, X_6 \quad (2)$$

where:
IIIM = INCEIF Index based on ethical indicators
$\sum n\, X_n$ = Total dimension-based institutional values (a = Faith & Ethics indicator score, b = Human Well-Being indicator score, c = Knowledge & Education indicator score, d = Family & Society indicator score, e = Economic Justice indicator score, f = Environmental indicator score).
X_n = Outcome indicators, where:

$$X_n = a_1 X_1 + a_2 X_2 + a_n x_n \quad (3)$$

X_1 = Total outcome indicator
$a_n X_n$ = Total outcome variable indicator

The total actual score is calculated as:

$$S_i = \frac{S_A - S_{min}}{S_{max} - S_{min}}$$

(4)

where:
Si = Indicator's score
Sa = Actual score ticked in the criteria column
Smax = Maximum indicator score
Smin = Minimum indicator score

Categorisation of the IIIM

The scale of the IIIM is set at five ordinal levels (0.00–1.00) with corresponding interpretative labels, based on the more common practice in the construction of composite indices and measurement in the social sciences. The tendency to standardise index values to a limited range of 0 to 1 is common in multidimensional indices in order to provide a measure that is easily comparable, understandable and summable across indicators of a heterogeneous nature (OECD, 2008).

Moreover, the zoning of the index into equal intervals (i.e., quintiles) offers a guided and unique framework for classifying the levels of performance, which may range from very low alignment to very high alignment. The compliance level categories of the IIIM are presented in **Table 6**.

Table 6: IIIM Compliance Level Categories

Range of IIIM index	Interpretation	Explanation
0.00–0.20	Perfectly misaligned	Indicates that the beneficiaries exhibit very minimal achievement across the *maqāṣid al-Sharīʾah* dimensions. Their socioeconomic condition shows limited progress or impact resulting from the banks' initiatives.
0.21–0.40	Misaligned	Reflects some improvements in beneficiaries' welfare and socioeconomic outcomes; however, progress remains marginal and unsustainable.
0.41–0.60	Averagely aligned	Represents moderate achievement, where beneficiaries benefit from the banks' programmes, but outcomes are uneven or only partially realised across the *maqāṣid al-Sharīʾah* dimensions.
0.61–0.80	Aligned	Signifies substantial positive outcomes, in which beneficiaries' welfare, knowledge, and financial stability have improved significantly in line with the *maqāṣid al-Sharīʾah* objectives.
0.81–1.00	Perfectly aligned with the *maqāṣid*	Denotes excellent and comprehensive development. Beneficiaries have attained balanced socioeconomic well-being, fulfilling the objectives of the *maqāṣid al-Sharīʾah* in both material and spiritual aspects.

Source: Authors' own

The IIIM score classification provides a structured approach for interpreting the level of achievement represented by the index. The classification translates the numerical scores into meaningful ranges that can be interpreted consistently across respondents, programmes, and measurement periods. Such ordinal classifications are commonly used in human development and well-being indices to facilitate the interpretation and communication of multidimensional outcomes (UNDP, 2024). This approach enables the IIIM's numerical results to be presented in categories accessible to both academic and practitioner audiences.

Within the IIIM, score ranges are interpreted in relation to achievement levels across the measured dimensions. Scores between 0.00 and 0.40 indicate a low level of achievement, suggesting limited fulfilment of the outcomes represented by the IIIM indicators. Scores

between 0.41 and 0.60 indicate a moderate or transitional level of achievement, where progress has been made but remains incomplete or uneven across dimensions. Scores between 0.61 and 1.00 indicate a high level of achievement, reflecting stronger and more balanced outcomes across the dimensions measured by the index. These classifications provide a practical basis for interpreting differences in IIIM scores and are consistent with approaches that view Islamic welfare and development as multidimensional and gradual rather than purely dichotomous (Beik & Arsyianti, 2016; Chapra, 2008).

The equal-interval classification provides a clear and reproducible basis for interpreting the IIIM scores. However, future studies using larger datasets and observed score distributions may further examine and empirically calibrate the proposed thresholds. In addition to the numerical IIIM scores, the study uses a quadrant-inspired visualisation adapted from the CIBEST approach to illustrate changes across relevant dimensions of beneficiary well-being (Beik & Arsyianti, 2016). The visualisation complements the numerical index by showing changes in beneficiaries' conditions before and after programme intervention and can help identify movement between different levels or states of well-being.

Graphical visualisation can complement numerical indices by improving the accessibility and interpretation of multidimensional results and facilitating comparison across groups or measurement periods (OECD, 2008). In the IIIM, the visual output provides an additional way to interpret patterns of change alongside the numerical scores. This combination of numerical and graphical presentation strengthens the interpretability of the findings for both academic analysis and policy-oriented assessment.

DISCUSSION

The results of this study indicate that previous Islamic impact measurement frameworks have contributed significantly to integrating spiritual issues into welfare measurement; however, there are still limitations in measuring the multidimensional objectives of Islamic Social Finance (ISF). Models like the CIBEST (Beik & Arsyianti, 2015; 2016) and Maqāṣid al-Sharīʿah Multidimensional Poverty Index (MSMPI) (Kasri & Ahmed, 2015) have extended the concept of welfare beyond material dimensions. However, they still consider poverty and welfare outcomes and are limited in their operationalisation of the hierarchy of *maqāṣid al-Sharīʿah*.

The results of the expert validation further support the relevance and theoretical strength of the proposed model: INCEIF Impact Index Model (IIIM). The experts concluded that the framework is comprehensive and closely aligned with *maqāṣid al-Sharīʿah*, especially in balancing material (*māddiyyah*) and spiritual (*rūḥiyyah*) aspects of human welfare. This observation is in line with the Islamic perspective on development in which human prosperity is not just economic but a blend of spiritual fulfillment, good conduct, social responsibility and socioeconomic development. The experts also highlighted the need to differentiate between output and outcome indicators, minimise indicator duplication, and improve indicators of self-awareness, gratitude, community involvement and social responsibility. These suggestions aim to enhance the conceptual and operational clarity of the framework and ensure that the assessment accounts for longer-term transformative effects rather than just the short-term effects of ISF programmes.

The IIIM contributes to the existing literature in several respects. First, it provides a broader operational structure for assessing ISF impact by organising indicators across six dimensions of human development rather than focusing predominantly on poverty, income, or institutional performance. Second, the inclusion of faith and ethics, family and society, economic justice, and environmental stewardship extends the scope of impact assessment to outcomes that are less prominent in conventional welfare and institutional performance

frameworks. Third, the framework provides a basis for connecting Islamic social finance outcomes with contemporary development priorities, including the SDGs and the Ekonomi MADANI framework. This broader structure may enable ISF institutions to demonstrate their contribution to development outcomes using indicators that are relevant to both Islamic normative objectives and contemporary policy priorities.

In practical terms, the IIIM provides a structured approach for assessing the outcomes of ISF initiatives and may be useful to policymakers, regulators, Islamic financial institutions, and social finance practitioners. Compared with institutional performance tools such as the VBI Scorecard and the National Waqf Index (IWN), which place greater emphasis on institutional and governance performance, the IIIM focuses more directly on beneficiary-level outcomes and multidimensional well-being. This outcome-oriented approach can support programme accountability, evidence-based decision-making, and the identification of areas requiring further intervention.

CONCLUSION

This study proposes the INCEIF Impact Index Model (IIIM) as a multidimensional framework for assessing the outcomes of Islamic social finance (ISF) initiatives. The framework comprises six dimensions: faith and ethics, human well-being, knowledge and education, family and society, economic justice, and environmental stewardship. The dimensions were developed from the conceptual foundations of *maqāṣid al-Sharīʿah* and the Malaysian MADANI framework, supported by insights from existing Islamic impact and welfare models. The framework extends existing approaches by bringing a broader range of human development outcomes into a single structured assessment model.

The findings from the literature review, indicator development, and expert validation support the relevance of the proposed dimensions and indicators. The AHP process further provides a systematic mechanism for obtaining expert judgements on the relative importance of the proposed dimensions and indicators and for deriving their respective weights. The resulting framework provides a structured link between conceptual principles, measurable indicators, and quantitative assessment. However, the findings should be interpreted as evidence of the framework's conceptual and expert-based validity at this stage rather than as definitive evidence of its empirical reliability or effectiveness in measuring actual programme impact.

The IIIM has practical potential for Islamic financial institutions, policymakers, regulators, and social finance practitioners seeking to assess the outcomes of initiatives such as zakat, waqf, *qarḍ ḥasan*, and Islamic microfinance. By incorporating economic, social, ethical, environmental, and other relevant dimensions into a structured index, the framework can support more systematic programme assessment, accountability, and evidence-based decision-making. Its application may also help institutions identify areas for improvement and assess changes in beneficiaries' outcomes across measurement periods.

Nevertheless, the IIIM remains at an initial stage of development and requires further empirical testing. Future studies should apply the index to larger and more diverse beneficiary samples to examine the reliability, construct validity, and practical usefulness of the proposed dimensions and indicators. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) may be used to examine the underlying structure of the indicators, while Structural Equation Modelling (SEM) or PLS-SEM may be considered where theoretically specified relationships between constructs are to be tested. Longitudinal and comparative studies across countries and different ISF instruments would further assess the robustness, adaptability, and predictive usefulness of the IIIM. Such empirical applications can contribute

to the further refinement of the framework and its development as a practical instrument for multidimensional ISF impact assessment.

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DECLARATION

Credit Authorship Contribution Statement

- **Mohd Azmi Omar**: Conceptualisation, supervision, strategic direction, review and editing.
- **Magda Ismail Abdel Mohsin**: Conceptualisation, validation, review and editing.
- **Irfan Syauqi Beik**: Methodology, analytical framework development, validation, review and editing.
- **Shamimi Mohd Zulkarnaini**: Conceptualisation, methodology, investigation, writing original draft, data curation, analysis, coordination, review and editing.

Informed consent

All authors have read and agreed to the publication of the manuscript.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have influenced the research work reported in this paper.

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Ethical Statement

The authors hereby declare that they have read, understood, and adhered to all applicable Ethical Guidelines for publication. They confirm that this manuscript is original, has not been previously published in any journal, and is not currently under consideration for publication elsewhere.

Use of Generative AI and AI-Assisted Technologies in the Writing Process

The authors further disclose that any use of artificial intelligence (AI) or AI-assisted technologies in the preparation of this manuscript has been limited strictly to enhancing language clarity and readability. Such tools have not been used to generate substantive content, interpretations, conclusions, or recommendations, all of which remain the sole responsibility of the authors.

Data Availability

The study primarily develops a conceptual and methodological framework, and as such, no primary dataset has been generated or analysed in this paper. Accordingly, there is no data available for sharing at this stage.

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