

The Consumer's Exploitation of Islamic and Conventional Banks in Indonesia: An Applied-*Maqashid Shariah* Overview

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Abstract: This study examines the concept of exploitation within the banking sector by applying the *Maqashid Shariah* framework as an evaluative tool. The primary objective is to measure and compare the exploitation levels of Islamic and conventional banks in Indonesia. Using a combination of conceptual analysis grounded in Islamic epistemology and an empirical survey, the research develops an exploitation index to assess banking practices. The findings reveal a significant difference between the two systems: Islamic banks record a substantially lower exploitation index (3.65) compared to conventional banks (17.30). This indicates that stronger adherence to the avoidance of *mafsadat*—particularly *riba*—correlates with reduced exploitation in financial practices. By integrating exploitation theory with *Maqashid Shariah*, this paper presents a novel approach to evaluating ethical performance in banking, offering both theoretical insights and practical implications for financial institutions and regulators.

Keywords: The exploitation index, Individual experiences, *Maqashid shariah*.

1. INTRODUCTION

Exploitation has long been a fundamental concern in the study of economics, particularly in the Marxist tradition. According to Marx (1867) Exploitation arises when laborers generate surplus value that is appropriated by capital owners, resulting in wages that do not correspond to the workers' actual contribution. N. Yoshihara (2009) Argues that this theoretical foundation remains relevant in understanding how economic systems are structured around the concept of inequality. Nevertheless, the concept of exploitation has been contested across different schools of thought. For example, the Leontief tradition criticizes the Marxist view as ambiguous, suggesting that exploitation is difficult to measure because labor value cannot be precisely quantified (N. Yoshihara, 2009). Despite such critiques, subsequent scholars have sought to operationalize exploitation through measurable indices, enabling comparative analysis across different economic systems (Roemer, 1982; Veneziani & Yoshihara, 2015).

The debate about whether exploitation can or should be measured remains ongoing. Leontief argued that attempts to quantify exploitation were essentially unproductive because the value of labor could not be reduced to a simple formula (N. Yoshihara, 2009). However, other economists view the effort to measure exploitation as crucial for understanding economic evolution, inequality, and social justice. The development of indices such as the Fundamental Marxian Theorem (FMT), which equates exploitation with positive profits, illustrates that measuring explo-

itation is both possible and theoretically meaningful (Roemer, 1982; Veneziani & Yoshihara, 2015). These contributions demonstrate that exploitation is not merely an abstract philosophical concern but a measurable phenomenon with practical implications. Several notable scholars have advanced the debate. Veneziani and Yoshihara (2015), for instance, applied an axiomatic approach to extend the theory of exploitation to heterogeneous economies, demonstrating that even in complex modern systems, exploitation remains an observable feature. Similarly, Matsuo, as discussed in Yoshihara (2009), emphasized that workers are exploited when they produce significant output but receive disproportionately low wages, especially under conditions of labor reduction or elimination. Weeks (1981a) further developed this line of thought, arguing that exploitation is inherently tied to the structure of capital. He asserted that when capital is defined primarily as a tool for profit accumulation, exploitation becomes inevitable, disrupting the broader social order. From a historical perspective, Thompson (1984) highlighted the political-economic dimension of exploitation, examining how crises during the early nineteenth century exacerbated the exploitation of the working class. These works collectively reinforce the view that exploitation is a persistent feature of capitalist economies, albeit manifested in evolving forms.

Although much of the discussion on exploitation has centered on industrial and labor contexts, the concept is increasingly relevant for analyzing modern financial systems. Banks, as central actors in the economy, mediate capital flows and shape the allocation of resources. Their operations, while vital for economic growth, can also facilitate exploitative practices. For instance, conventional banks rely heavily on

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interest-based lending, which often burdens borrowers with long-term repayment obligations, creating structural imbalances (Lapavistas, 2013). Moreover, the prioritization of shareholder returns and profit maximization can marginalize the social objectives of banking, leading to outcomes that favor capital over human welfare (Z. Iqbal & Mirakhor, 2011). In this context, Islamic banking presents itself as a moral and ethical alternative. Guided by the principles of Maqashid Shariah, Islamic banks are expected to uphold justice, fairness, and prevent harm (*mafsadat*). These principles translate into prohibitions against *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling), while promoting risk-sharing and asset-backed financing (Chapra, 2008; Dusuki & Abdullah, 2007). Theoretically, these features position Islamic banking as less exploitative compared to conventional models. For instance, profit-and-loss sharing contracts, such as *mudharabah* and *musharakah*, encourage equitable risk distribution between banks and clients, thereby reducing the asymmetries often associated with debt-based contracts in conventional finance (Hasan & Lewis, 2007).

Indonesia provides a particularly compelling case for examining this issue. As one of the largest Muslim-majority countries in the world, it operates a dual banking system where Islamic and conventional banks coexist within the same regulatory environment. This unique setting allows for direct comparison of exploitation levels across two systems that serve similar markets but operate on different ethical foundations. While profit motives primarily drive conventional banks, Islamic banks are mandated to align their practices with the broader objectives of Shariah, including the protection of wealth, faith, intellect, progeny, and life (*maqashid al-shariah*) (Mohammed *et al.*, 2015). Despite the importance of this issue, empirical research that directly compares exploitation in Islamic and conventional banks remains scarce. Previous studies on Islamic banking have focused on financial performance, efficiency, or compliance with Shariah principles (Abedifar *et al.*, 2013a; Hasan & Lewis, 2007), but have rarely examined exploitation as a measurable dimension of ethical performance. Likewise, while the Maqashid Shariah framework has been applied to assess the social objectives of Islamic banks (Dusuki & Abdullah, 2007; Mohammed *et al.*, 2015), it has not been systematically integrated with exploitation theory. This gap highlights the need for an empirical framework that bridges exploitation theory with Islamic finance to assess the ethical implications of banking practices.

Against this backdrop, the present study applies exploitation theory to the Indonesian banking industry,

with a particular focus on Islamic and conventional banks. By constructing and applying an exploitation index informed by Maqashid Shariah, the research aims to determine whether Islamic banks demonstrate lower levels of exploitation compared to conventional banks. The study contributes to three main areas of scholarship: (1) extending exploitation theory from labor markets into financial institutions, (2) offering a novel methodological integration of Maqashid Shariah with exploitation indices, and (3) providing empirical evidence on the ethical performance of Islamic versus conventional banks in Indonesia. Through this analysis, the paper aims to advance both theoretical debates and practical policy discussions on how banking systems can better align with social justice and human well-being.

2. RIBAWI SYSTEM AND HUMAN GREED: A REVIEW

The prohibition of *riba* (usury/interest) has long been identified as a central foundation of Islamic banking and finance. Abdul-Rahman (2010), in *The Art of Islamic Banking and Finance: Tools & Techniques for Community-Based Banking*, conceptualizes Islamic banking as a free banking system designed to serve all members of society without discrimination. Its establishment aimed to address systemic issues in conventional finance by gradually eliminating usury. He further explains that the vision of *riba*-free (RF) finance is deeply rooted in the Qur'an, where the term *riba* is explicitly mentioned, and is also echoed in other Abrahamic traditions such as the Old Testament's reference to *ribbit*. In essence, *riba* refers to profiting from those in financial need, a practice institutionalized as "interest" in conventional systems. For Abdul-Rahman, Islamic banking's *riba*-free orientation is not only an economic alternative but also a moral response to global financial practices that normalize greed and exploitation. Expanding on this, Perry & Rehman (2011) in *Globalization of Islamic Finance: Myth or Reality* interrogate whether Islamic finance represents a genuinely global alternative or merely a rhetorical construct. They argue that the Qur'anic foundation of justice provides the normative basis for Islamic banking, operationalized through the elimination of *riba*. Historically, early experiments in *riba*-free finance appeared in Pakistan during the 1940s, with Malaysia later establishing the Hajj Saving Bank in 1963 to support pilgrimage savings. Perry and Rehman (2011) emphasize that Islamic banking should not be understood as an entirely insulated model, but rather as a system evolving in contrast to *ribawi* practices.

Concerns about the risks embedded in the *ribawi* system are echoed by al-Suwailem (2002), who, in

Decision-Making Under Uncertainty: An Islamic Perspective, highlights that interest-based finance systematically amplifies uncertainty, rendering it analogous to gambling (*maysir*). Similarly, M. Iqbal & Llewellyn (2002) Underline that speculation under uncertainty is antithetical to Islamic economic ethics. Consequently, Muslim economists have long sought to design institutional frameworks—supported by state policies in various contexts, including Indonesia—that immunize financial systems from the vulnerabilities of ribawi practices. The normative foundation of riba prohibition is further elaborated by DeLorenzo (2006) in Introduction to Understanding Riba, who stresses its role in safeguarding the ummah from harmful outcomes (*mafasid*). Despite these prohibitions, he notes the persistence and expansion of ribawi practices, driven by human greed, which erodes the resilience of conventional banking. In contrast, Islamic banks, grounded in the prohibition of riba, are theoretically positioned to maintain stronger ethical immunity (Thomas, 2006a).

Beyond Riba, Islamic finance principles also proscribe gharar (excessive uncertainty) and maisir/qimar (gambling), forming the doctrinal basis for Islamic banking (Ayub, 2007; Shanmugam & Zahari, 2009). Historically, the Prophet Muhammad explicitly prohibited riba at the conquest of Mecca (Fath al-Makki), identifying it as socially harmful (*mudharat*), especially in credit transactions—*qard* (Ayub, 2007). The injunction against gharar aims to prevent speculative contracts that may lead to systemic crises, exemplified by the 2008 U.S. subprime mortgage collapse. Similarly, the prohibition of maisir eliminates speculative gains associated with gambling, reinforcing Islamic banking's distinctiveness from conventional systems (Ayub, 2007). In practice, Islamic banks have relied heavily on murabahah (cost-plus financing) as a dominant contractual model (Abdul-Rahman, 2010). This involves the bank purchasing goods on behalf of the client and reselling them at a markup agreed upon in advance. While murabahah avoids riba, Abdul-Rahman (2010) notes that its pricing often references conventional benchmarks such as LIBOR, raising scholarly debates about whether this undermines the riba-free principle. Nevertheless, the profit margin in murabahah differs in nature from interest, as it is contractually agreed upon and not accrued unilaterally.

Consumer perception remains a crucial dimension. Research by Haron, Azmi, and Kasim—cited in Abduh & Sukmana (2011)—reveals that deposit fluctuations in Malaysian Islamic banks are influenced both by Islamic bank margins and conventional interest rate movements, indicating a persistent psychological

comparison between the two systems. This raises questions about whether Islamic banks may inadvertently reproduce exploitative tendencies. The broader concern of exploitation resonates with Thompson's (1984) historical analysis in *The People's Science: The Popular Political Economy of Exploitation and Crisis 1816–34*, which illustrates how economic systems often undervalue labor relative to wages, generating crises and inequality. By analogy, interest in conventional finance functions as a standardized mechanism for extracting consumer surplus. This insight underscores the importance of critically evaluating whether Islamic banks, through mechanisms such as murabahah margins or profit-loss sharing ratios, replicate or genuinely diverge from exploitative patterns. Thus, the literature suggests that while Islamic banking provides a faith-based, ethical alternative to interest-based finance, its practices—particularly the reliance on murabahah margins indexed to conventional rates—require further scrutiny. Future research should therefore focus on constructing models, such as an exploitation ratio framework, to empirically assess whether Islamic banks succeed in upholding their riba-free ethos or inadvertently mirror the exploitative mechanisms of conventional finance.

3. METHODS

3.1. Design and Approach

This study is designed as library research, also referred to as textual inquiry. George (2008) In *The Elements of Library Research*, the author emphasizes that textual research is not merely about collecting references but about critically engaging with texts to reinterpret and generate new theoretical insights. This design is particularly suitable because the research questions focus on philosophical and ethical issues rather than empirical or statistical data (Thomas, 2006b). The methodological foundation is hermeneutics, understood as the art of interpretation. Schleiermacher (1998) described hermeneutics as “the art of understanding the discourse of another person correctly.” In this sense, hermeneutics provides the interpretive framework for analyzing and reconstructing the meanings embedded in discourses on riba, exploitation, and Islamic banking (Al-Suwailem, 2002). By positioning hermeneutics as a paradigm, this study seeks to explore how the concept of exploitation can be understood and rationalized within the ethical framework of maqashid shariah (Chapra, 2008).

3.2. Data and Its Analysis

The data in this research consist of primary sources, such as the Qur'an, hadith, and classical fiqh literature,

as well as secondary sources, including academic books, peer-reviewed articles, and policy reports related to Islamic banking, exploitation, and maqashid shari'ah (Ayub, 2007; M. Iqbal & Llewellyn, 2002). As the material is primarily textual, the analysis follows a hermeneutic procedure, which allows the researcher to critically interpret, compare, and reconstruct meanings from the selected texts (George, 2008). The process unfolds in three stages. First, relevant sources are collected, ranging from classical Islamic writings to contemporary scholarship, to build a comprehensive foundation of perspectives on exploitation, riba, and maqashid shariah (Abdul-Rahman, 2010; Shanmugam & Zahari, 2009). Second, the texts are subjected to critical interpretation, where hermeneutic reading is employed to uncover the key concepts, assumptions, and philosophical orientations that shape the discourse (Perry & Rehman, 2011). Finally, the insights obtained through interpretation are synthesized and reconstructed into a conceptual framework that clarifies the relationship between exploitation and maqashid shariah (Dusuki & Bouheraoua, 2011). Through this threefold process, the study not only describes what has been written but also critically reconstructs meaning, thereby producing a new theoretical understanding of exploitation in the context of Islamic banking (Abedifar *et al.*, 2013b).

4. MAQASHID SHARIAH AND EXPLOITATION DISAPPROVAL

Noel W. Thompson, in his *The People's Science: The Popular Political Economy of Exploitation and Crisis, 1816-34*, has explained the relationship between exploitation and work. In this context, Noel introduces a thesis: First, the production activities in which labour is an important element in the production process essentially determine the economic values. *Next*, it is important to settle what and when will be produced. *Third*, the reason producers believe input values are irrelevant to the acceptable values is that. *Fourth*, the deviation of individual input values and group of acceptances is not a phenomenon that is *once and for all*, but it is even more timely to name it as a systematic process from the abstract values of producers (Noel W. Thompson, 1984). The thesis introduced by Noel suggests that the root of labor exploitation lies in value theory and capital theory. How was it rationalized?

Karl Marx, in *Wage-Labour and Capital*, has described how the value theory is the root of exploitation in capitalism. In its correlation with value theory, Karl Marx presents a thesis that the velocity of capital is directly proportional to profit (Karl Marx, 1933). The profit not only increases briskly when labor wages are reduced, but also (Karl Marx, 1933). Marx's thesis

provides a solid foundation for understanding the political economy within the capitalist system. It is capitalist behaviour that causes the exploitation. It reduces labor wages, a favored policy that producers often implement to increase their profits. By profit, labour tends to be defined as capital and can sometimes be reduced or added. Capitalist owns labour. So, labour is not human. However, it is a profit machine. It is, then, a root of exploitation. Indeed, it becomes a tradition in capitalism. Thus, how did Islam understand that exploitation?

Comprehending the exploitation from an Islamic perspective, it theoretically posits that the maqashid shariah serve as a means of social and economic protection. Maqashid shariah is understood as a concept that protects an individual and society—in social or economic aspects—which is interpreted in light of the maqashid shariah conception introduced by clergy or Muslim scholars, whether from classical or contemporary traditions. Muhammad Mustafa al-Dzuhaily uses some key words to illustrate the maqashid shariah, like *al-ahdāp*, *al-natāij*, and *al-ma'āni* (Muhammad Mustafa al-Dzuhaily, n.d.). These words have the meaning of “purpose”. Thus, correlating it with shariah words can be understood as a purpose contained in Islamic law. Al-Khadimī introduces three key concepts in understanding the maqashid shariah: *murād al-shāri'*; *maqshūd al-wahy*; dan *mashālih al-khalq* (Nur ad-Din bin Mukhtar al-Khadimi, 1998). From these words, Muslim scholars commonly define *maqashid* as “*al-hikmatu al-maqshudu bi shariah*.” Finally, to radically elaborate the maqashid shariah is possible. Primarily, when contemporary Muslim scholars, such as Al-Khadimī, introduce the important concept of maqashid shariah, including *mashālih al-khalq*, or human benefit. It serves as a foundation to expand the concept of exploitation in economics, as well as in Islamic banking.

The concept of *mashālih al-khalq* can be substantially understood as principles, a universal doctrine contained within the Islamic system, in which human benefit is the purpose of Shariah and the implementation of the Islamic economic system. The process, then, has been illustrated by Al-Khadimī as a process that Muslims apply to realize utility and reject corruption, or *jalban lil-manfaat wa dar'an lil-mafsadhat* (Nur ad-Din bin Mukhtar al-Khadimi, 1998). Regarding Al-Khadimī's concept of maqashid shariah as a framework for rejecting exploitation, it can indeed be formulated as a legal maxim: “Protecting against exploitation is a more substantial act than erasing the exploitation.” That legal maxim is the same as with the fiqh legal maxim: “*daf'u mafashid aqdamu min tahsili al-masālih*,” or that rejecting the corruptedness is more

Table 1: The Dimension of Maqashid and Exploitation (Nur ad-Din bin Mukhtar al-Khadimi, 1998)

Dimension	Maqashid	Exploitation
<i>Cognitive/Intellectuality</i>	Protection toward Intellectuality	Restricting Knowledge and the Right to get Information
<i>Property/al-Māl</i>	Protection of Property	Property as an exploitation target
<i>Religiosity</i>	Protection of religion and belief	Religion as a commodity
<i>Descendant</i>	Protection for descendants	Family and society as an object of exploitation
<i>Soul</i>	Protection of the soul and the human body	Body as commodity

important than applying the beneficence. The argument is that Maqashid Shariah is the primary doctrine for rejecting exploitation. It is a psychological and normative argumentation.

It can be understood (Table 1) that there is a negative relationship between maqashid shariah and exploitation, because maqashid shariah is intended to protect the five aspects of human life, including intellect, property, religion, descent, and soul. The exploitation tends to be an aspect of these as the foundation or exploitation target. How could that naïve process occurs? According to the Marxist definition, exploitation is the root cause of human alienation brought about by industrial and capitalist forces. Bartell Ollman illustrated it as: “...effect of capitalist production on human beings, on their physical and mental states, and on the social processes of which they are a part (Bartell Ollman, 1996)” It can be understood that alienation is an effect of exploitation, essentially as a production and social process in which its implication can be shown physically and psychologically. The exploitation happens in industrial society on a physical and psychological level. It is also found in the financial industry—exploitation is possible in this industry. In this context, the maqashid shari'ah can be defined as a foundation for formulating indicators of exploitation. The question is: “What are the exploitation indicators, then, estimated as paradoxes and contradictive with

the main values of *maqashid shariah*?”, “What is the good method that can be used to measure the exploitation ratio, which can be found in Islamic and conventional banks?”.

5. VARIABLES AND MODEL BUILDING: FROM SHARIAH COMPLIANCE TO EXPLOITATION RATIO

From the table above (Table 2), it can be seen that various variables are used in the study. Each variables have some indicators or attributes. What are the reasons why these variables are used in the research? How can these be rationalized? Robert Veneziani, quoted by Matsuo, views that exploitation is essentially based on individual preferences (R. V. & N. Yoshihara, 2009). It means that a person can perceive exploitation as a subjective feeling, and it tends to have varying effects on different individuals. Based on Matsuo's thesis, the study uses the psychological variable. It is to measure subjective and individual preferences. Christopher K. Hsee, George F. Loewenstein, Sally Blount, and Max H. Bazerman, in their article "Preference Reversals between Joint and Separate Evaluations of Options: A Review and Theoretical Analysis," introduced a method to analyze how the preference mechanism works in humans. Theoretically, all human decisions can be defined as a choice among various alternative acts (George Loewenstein, 2007). Still, the choice of something has some options, and it

Table 2: Variables and Exploitation Attributes

Variabel	Atribut
Ethical and Shariah compliance/ <i>If no, it is Harmful</i>	<ul style="list-style-type: none"> ▪ Clear information/<i>aqd</i> explanation ▪ Information on product criteria ▪ morality/based on humanity in confiscation ▪ <i>Shariah Legal Standing</i>
Margin priced/ <i>Profit-Loss Sharing</i>	<ul style="list-style-type: none"> ▪ Unilateral-margin prices; ▪ Unjust <i>Sharing of Profit</i> ▪ Avoiding <i>Loss Sharing</i>; ▪ Untransparency of the financial report.
<i>Deceptive Advertising</i>	<ul style="list-style-type: none"> ▪ unclear information on quality, security, and product utility. ▪ Verbal tricky ▪ Negotiation tricky ▪ The system is tricky.

is not entirely based on awareness or consciousness. In this context, the exploitation occurs. About the banking industry, exploitation is often caused by a misperception of the system, products, and contracts offered by the bank. The choice, in that context, is a rational act based on subsistence—the choice is suggested by obstacles, need, and economic problems. Conventional or Islamic banks often find themselves in this situation.

Habibah, an practitioner of Bank Rakyat Indonesia states:

“Akad-akad syariah pada bank syariah seperti pembiayaan murabahah seringkali hanya bersipat simbolik dan mengabaikan substansinya. Kasus yang seringkali ditemukan adalah pemalsuan kwitansi yang didorong oleh bank, dan kemudian dilakukan oleh nasabah”.

The above notion suggests that Islamic or conventional banks in Indonesia can exploit their consumers. It must be quantified in terms of the psychological variable. It can be understood from Table 2. The question is: “How did the method quantify the possibility of exploitation?” To answer the question, it is necessary to explore and study the proper model for measuring the exploitation ratio between Islamic and conventional banks in Indonesia. Kendon J. Conrad, Madelyn Iris, and John W. Ridings, through their research report, *“Conceptualizing and Measuring Financial Exploitation and Psychological Abuse of Elderly Individuals,”* formulate a concept map and theoretical hierarchy, and construct a measuring instrument used to detect financial exploitation and its deviance (Kendon J. Conrad, 2009). That research utilizes the Rasch variables, which are used to measure exploitation and also help intervene in it. (Kendon J. Conrad, 2009). According to Rabiner, O’Keeffe, and Brown (2004), as quoted by Kendon J. Conrad, this essentially lays the foundation for understanding the harmful effects of financial activities. It is also named as *microprocess of financial exploitation*, which consists of: 1) the character of established-individual to suggest the deviance; 2) the character of actors; 3) the inequality status; 4) the relationship type; 5) the power and exchange dynamics; 6) social-victim networks; 7) social-actors’ networks; 8) malpractice of finance (Kendon J. Conrad, 2009). Thus, what is the proper model that can be used to measure the exploitation ratio in Islamic and conventional banks?

The formulation of economic models is not truly a simple problem. Indeed, it is essentially a simplification of reality. However, it must be accurate and testable to accurately describe and explain the real and complex reality. Clive W.J. Granger (1999) highlights that to

solve a complex problem, economists will always try to make it simple through an empirical model (Clive W.J. Granger, 1999). In this context, constructing an accurate model that simplifies the complexity of exploitation is necessary in the banking industry. Finally, the proper model that can be introduced to measure exploitation ratios in each variable is:

$$E_1 = \frac{\sum \text{Min. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (1)$$

$$E_2 = \frac{\sum \text{Min. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (2)$$

$$E_3 = \frac{\sum \text{Min. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (3)$$

Based on this model, the ratio can be used as:

$$I\text{-EIB} = \frac{1}{3} E_1 + \frac{1}{3} E_2 + \frac{1}{3} E_3 \quad (4)$$

The information on the function is: $\sum \text{Min Answ } 1 - 2$ The total respondents are those who answered on a scale of 1-2. The $\sum \text{Max Answ } 5$ Is the total number of respondents who answered with a scale of 5? The $\sum n$ Is the total of the population sample. In the ratio function, E_1 , E_2 , and E_3 can be found, which represent the exploitation probabilities in the variables n-1, n-2, and n-3, respectively. In this function, E_1 is *harmful* which is possible to be find in ethic and syariah compliance of n ; E_2 is *unjust* which is possible to be find for the positive of variable which is false and deviance in pricing of margin and profit-loss sharing; E_3 is *deceive* which is possible when the bank industry is positively to make deceive toward consumers. To gather data, the survey approach is selected in this study. It is not a survey in the meaning of conventional tradition. But the survey is an approach introduced by Vivek Bhaskaran and Jennifer LeClaire in their *Online Survey for Dummies* (2010), in which online surveys are one of the instruments to collect data through electronic tools, and internet-based data (Vivek Bhaskaran & Jennifer LeClaire, 2010). The choice of online survey is indeed based on the purpose of gathering data for simulation and experimental testing of the constructed model. This study can be interpreted as introductory research, with the model test as its primary focus. The model is named “the ratio of bank exploitation”; in the end, it can be constructed as an alternative model to measure the possibility of exploitation in Islamic and conventional banks.

6. THE EXPLOITATION RATIO OF ISLAMIC AND CONVENTIONAL BANKS: A DESCRIPTIVE ANALYSIS

6.1. From Demography to Bank Embodied

The consumers of Islamic and conventional banks

in Indonesia are highly heterogeneous. Hayat M. Awam and Khuram Shahzad Bukhari's study on *the character of Islamic bank consumers in Pakistan reveals that users or consumers of Islamic banks in Pakistan are also diverse*, not only in their reasons and motives, but also in their varied backgrounds (Hayat M. Awam & Khuram Shahzad Bukhari, 2011). It is also in Indonesia. The reason for choosing a bank can be categorized into two forms: rational and irrational. Viewed as rational for the reason that consumers are always in favor of utilities, pragmatic considerations such as the service, profit, facilities, and products offered by the bank. On the other hand, irrationality is often rooted in moral, ethical, religious, and belief-based foundations.

Table 3: Respondent Demography

Variabel	% (Percentage)
Gender	
Female	75%
Male	25%
Bank-Embodied	
Conventional Bank Consumers	25%
Islamic Bank Consumers	50%
Consumers of both Islamic and conventional banks	25%
Years as Consumers	
>1 Years	25%
<1-2 Years	33.3%
<2-5 Years	16.7%
Product	
Consumptive Financing	16.7%
Productive Financing	50%

From the table above (Table 3), it can be seen that an Islamic bank was established, which dominated for 1-2 years. It can be understood that consumers of

Islamic banks are new to the concept and are also not particularly loyal to the banks. Indeed, it is not an important fact. Why is the reason? Being a consumer for 1-2 years is insufficient to develop a psychological connection to all the products used or the banking system. On the other hand, the productive financing—saving is a dominant product. Despite that, it is possible to find that the bank is still dominated by competitive financing such as *murabahah*. It can be understood below:

There is a positive trend in *murabahah* for the years 2011-2013. Despite its decrease in October 2013, *murabahah* continued to decrease gradually. The red line indicates that productive financing is relatively dynamic. However, its increase is not as high as that of *murabahah* financing. How could it be interpreted? Was that positive trend linear with the quality of products and systems offered by the Islamic bank?

6.2. Exploitation Ratio of Islamic and Conventional Banks: An Introduction Experiment

The exploitation, which is possible to locate in Islamic and conventional banks, is indeed not a “taken for granted”, but it sometimes emerges as a systematic problem. According to John Week, toward exploitation is interpreted systematically in capitalist society. It is an implication of the values theory (Weeks, 1981b). It means that none of the exploitation occurring is taken for granted, and is naturalistic. The exploitation is always systematically designed. Thus, what is the difference between Islamic and conventional banks? The exploitation in Islamic or conventional comes from the system, and it is not *taken for granted*. Some complex factors caused the exploitation. Seethaetchunny Thambiah, Hishamuddin, and C.A.

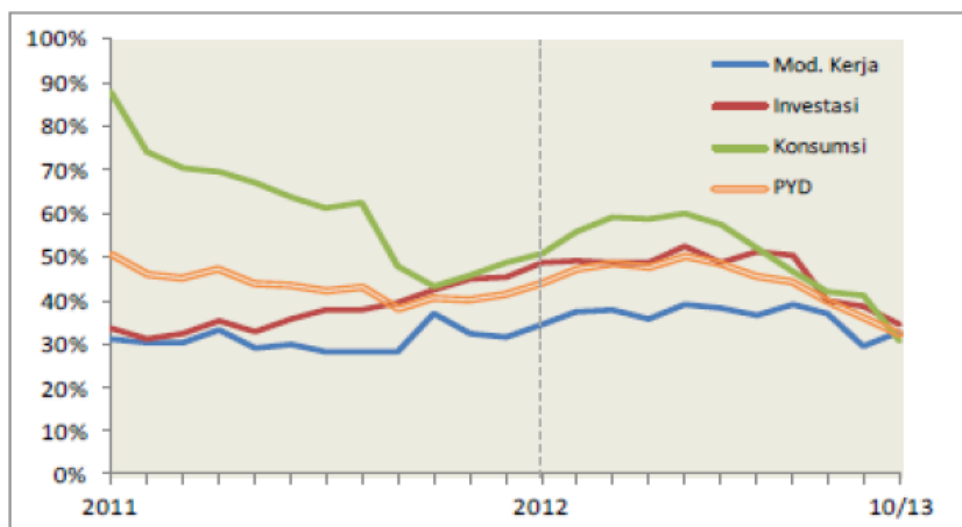


Figure 1: Trend of Transactions in Islamic Banks 2011-2013 (Mulya E. Siregar, n.d.)

Malarvishi, in their Islamic Retail Banking Adoption: A Conceptual Framework, inform that each product of an Islamic bank has been a high turbulence—paradox (Seethalechunny Thambiah; Hishamuddin Ismail; C.A. Malarvishi, 2011). In perfect competition, the Islamic or conventional market must offer varied and innovative products with differentiated products. It is to anticipate the stagnation and bankruptcy of the bank. The products and systems developed by an Islamic or conventional bank can be exploited—consciously or unconsciously — by an Islamic or conventional bank. The argument is based on the trend showing that the exploitation of Islamic banks has increased by 33.3% with the margin profit utilized by Islamic banks. A murabahah margin of 16.7% (consumptive financing) is often considered high and irrational. On the other hand, 8.3% of exploitation is caused by administrative admission for financing, which can be particularly difficult for consumers. It is only 16.7% of consumers who are not aware that exploitation can be found in Islamic banks.

As linear as an Islamic bank, consumers of a conventional bank feel that 33.3% was exploited because the interest rate is not in balance with their income. 25% of consumers feel that conventional banks are excessively charging for cost administration and fees for facilities like ATMs. 8.3% of consumers view that the interest investment rate of conventional banks is imbalanced with the capital invested in banks, such as deposit products. Based on that fact, what are the different exploitation ratios between both Islamic and conventional banks? For the rational exploitation of Islamic banks in the aspect of *ethics and Shariah compliance*, the following can be formulated:

The Ratio Exploitation of Islamic Bank in the Aspect of Ethical and Shariah Compliance (E_1)

$$E_1 = \frac{\sum \text{Min. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (1)$$

$$= \frac{7+2}{18} \times 7$$

$$E_1 = 3.5$$

Interpretation:

In Islamic banks, exploitation can be found at 3.5 points, which 7 (seven) consumers experience because the Islamic bank deviates from ethical and Shariah principles.

The Ratio Exploitation of Islamic Banks in the Aspect of Malpractice of Margin and Nisbah Pricing (E_2)

$$E_2 = \frac{\sum \text{Min. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (2)$$

$$= \frac{9+3}{16} \times 7$$

$$E_2 = 5.2$$

Interpretation:

In Islamic banks, exploitation can be found at 5.2 points, which 7 (seven) consumers experience due to the malpractice of wayward Islamic banks in pricing the *margin* and *nisbah* rate.

The Ratio Exploitation of Islamic Banks in the Aspect of Deceptive Advertising (E_3)

$$E_3 = \frac{\sum \text{Min. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (3)$$

$$= \frac{5+2}{21} \times 7$$

$$E_3 = 2.3$$

Interpretation:

In Islamic banks, exploitation can be found at 2.3 points, where 7 (seven) consumers experience it due to advertising that employs a tricky and deceptive strategy.

Based on the above quantification, the ratio of Islamic bank exploitation can be expressed as:

$$\text{I-EIB} = \frac{1}{3} E_1 + \frac{1}{3} E_2 + \frac{1}{3} E_3 \quad (4)$$

$$= \frac{1}{3} 3.5 + \frac{1}{3} 5.2 + \frac{1}{3} 2.3$$

$$\text{I-EIB} = 3.65$$

Interpretation:

Based on a simple mathematical function, it can be quantified that the ratio of Islamic bank exploitation is 3.65. It means that the exploitation emerging in Islamic banks, accumulated from three aspects of exploitation factors, is just 3.65 points.

The question is: What about the exploitation in conventional banks? Through the same variables, but with different aspects and matters, the ratio of a conventional bank can be measured in the same way as that of an Islamic bank. Thus, the ratio of conventional bank exploitation can essentially be quantified below:

a. The Exploitation Ratio of Conventional Banks in the Aspect of Shariah or Ethical Compliance (E_1)

$$E_1 = \frac{\sum \text{MiN. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (1)$$

$$= \frac{9+3}{15} \times 7$$

$$= 5.6$$

Interpretation:

In a conventional bank, based on the above, the quantification can be shown as 5.6 points of exploitation in terms of a bank's disobedience of ethical and justice principles. It means that 7 (seven) out of 10 consumers who have transacted with conventional banks feel exploited by them due to their disregard for ethics and justice, with a score of 5.6 points.

b. The Exploitation Ratio of Conventional Bank in the Aspect of mal-pricing on interest (E_2)

$$E_2 = \frac{\sum \text{MiN. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (2)$$

$$= \frac{6+5}{17} \times 7$$

$$E_2 = 44.05$$

Interpretation:

In a conventional bank, based on the above, the quantification can be shown as 44.5 points of exploitation in the aspect of mal-pricing of interest. It means that 7 (seven) out of 10 consumers who have transacted in a conventional bank feel exploited by the conventional bank due to the mal-pricing of interest, with a 44.05-point difference.

The Exploitation Ratio of Conventional Banks in the Aspect of Tricky or Deceptive Advertising (E_3)

$$E_3 = \frac{\sum \text{MiN. Answ } 1 - 2 + \sum \text{Max Answ } 5 \times \sum n}{\sum \text{Min Answ } 3 - 4.} \quad (3)$$

$$= \frac{5+2}{21} \times 7$$

$$E_3 = 2.3$$

Interpretation:

In a conventional bank, based on the above, the quantification can be shown as 2.3 points of exploitation in tricky or deceptive advertising. It means that 7 (seven) out of 10 consumers who have transacted with a conventional bank feel exploited by the bank due to tricky or deceptive advertising, with a score of 44.05 points.

Based on the above simple quantification, the sum exploitation ratio of a conventional bank can be quantified below:

$$\text{I-EC} = \frac{1}{3} E_1 + \frac{1}{3} E_2 + \frac{1}{3} E_3 \quad (4)$$

$$= \frac{1}{3} 5.6 + \frac{1}{3} 44.05 + \frac{1}{3} 2.3$$

$$\text{I-EC} = 17.30 \quad (5)$$

Interpretation:

Based on a simple mathematical function, it can be quantified that the ratio of conventional bank exploitation (I-EC) is 17.30. It means that the exploitation emerging in conventional banks, accumulated from three aspects of exploitation factors, is 17.30 points. It is higher than the exploitation ratio of Islamic banks.

What is the general conclusion that can be formulated based on the above simple mathematics? It is essentially a complex problem to conclude the exploitation in both Islamic and conventional banks,

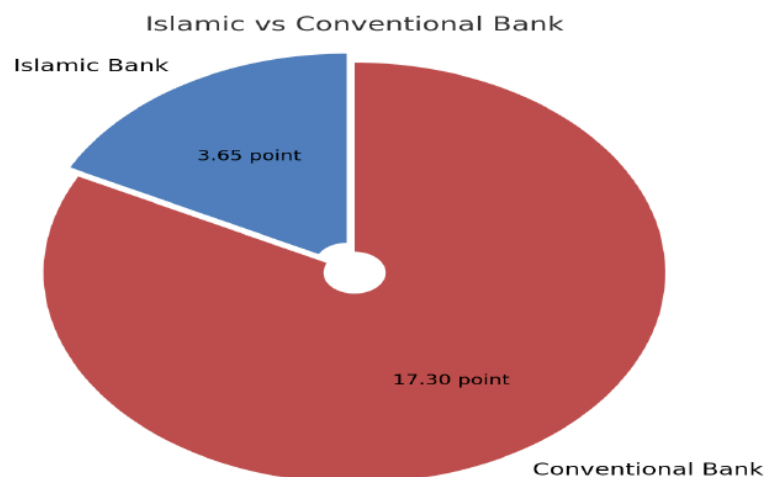


Figure 2: Comparative level of Exploitation among Islamic and Conventional Bank.

regardless of whether it is high or low, and the exploitation that can be demonstrated. Indeed, with a simple approach—a mathematical function—it is possible to remark that exploitation is possible to find in Islamic or conventional banks.

7. THE MAQASHID SHARIAH AS A PILLAR FOR REDUCING THE EXPLOITATION: A CONCLUSION REMARK

Based on these graphics, there can be some conclusions:

Based on the above graph (Figure 2), it can be understood that the exploitation index of Islamic banks is lower than that of conventional banks, with a score of 3.65. On the other hand, the conventional bank is 17.30 points. It means that the more commitment a bank has to avoid the mafsadat—riba, the lower the exploitation index is, and vice versa. It can introduce a thesis in which Islamic banks, though not fully applying the Shariah principles, have an exploitation index lower than that of conventional banks. Indeed, the implementation of Shariah principles by Islamic banks is a primary effort to protect consumers' psychological well-being from feelings of exploitation. Finally, it can be theorized that the internalization of “maqashid shariah” by Islamic banks is a primary effort to support the anti-exploitation movement within the Islamic banking industry.

CONFLICTS OF INTEREST

The authors declare that there are no conflicts of interest regarding the publication of this article.

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