
The Role of the Sharia Supervisory Board in Enhancing Sharia Compliance and Performance of Islamic Banks (A Case Study of Islamic Banks in West Java, Indonesia)

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Abstract

The Sharia Supervisory Board (SSB) plays a crucial role in ensuring Sharia compliance and maintaining the integrity of Islamic banking operations. This study examines the role of the SSB in enhancing Sharia compliance and the financial performance of Islamic banks in West Java, Indonesia. Employing a case study approach with a mixed-methods design, this research utilizes primary data collected through questionnaires and semi-structured interviews with Sharia Supervisory Board members, bank management, and compliance officers, as well as secondary data obtained from audited annual reports. Quantitative analysis is conducted using multiple regression techniques, while qualitative data are analyzed thematically to capture governance practices and supervisory mechanisms. The results indicate that the effectiveness of the Sharia Supervisory Board—measured by expertise, independence, frequency of meetings, and level of involvement—has a significant positive impact on Sharia compliance and the financial performance of Islamic banks. These findings highlight the importance of strengthening Sharia governance structures to enhance both compliance and sustainability of Islamic banking institutions. This study contributes empirical evidence from a regional context and offers practical insights for policymakers and practitioners in improving Sharia governance frameworks.

Keywords: *Sharia Supervisory Board; Sharia Compliance; Islamic Banking; Financial Performance; Sharia Governance; Corporate Governance*

INTRODUCTION

Islamic banking has experienced significant growth over the past two decades, driven by increasing demand for financial services that comply with Islamic principles. Unlike conventional banking, Islamic banks operate under Sharia principles that prohibit interest (riba), excessive uncertainty (gharar), and speculative activities (maysir), while emphasizing ethical conduct, risk-sharing, and social responsibility. Ensuring compliance with these principles is fundamental to the credibility, sustainability, and competitiveness of Islamic banking institutions.

A distinctive feature of Islamic banking governance is the presence of the Sharia Supervisory Board (SSB), an independent body mandated to oversee and ensure Sharia compliance in all banking activities, including product development, contracts, transactions, and operational practices. The SSB is responsible for issuing Sharia opinions, supervising implementation, and advising management to ensure alignment with Islamic law. Effective Sharia supervision not only safeguards compliance but also enhances stakeholder confidence and institutional legitimacy.

Previous studies have highlighted the importance of corporate governance mechanisms in improving bank performance. In the context of Islamic banking, Sharia governance—particularly the role of the SSB—is considered a critical determinant of both Sharia compliance and financial performance. Empirical evidence suggests that SSB characteristics such as expertise, independence, size, and frequency of meetings may influence managerial behavior, risk management, and operational efficiency. However, findings across different regions remain inconclusive, and empirical studies focusing on regional contexts in Indonesia are still limited.

West Java represents one of the most significant regions for Islamic banking development in Indonesia, characterized by a high concentration of Islamic banks and a diverse customer base. Despite this growth, challenges related to consistent Sharia compliance and performance optimization persist. Variations in the effectiveness of SSB practices across Islamic banks raise important questions regarding their actual role in enhancing compliance and financial outcomes.

Therefore, this study aims to examine the role of the Sharia Supervisory Board in enhancing Sharia compliance and the financial performance of Islamic banks in West Java, Indonesia. By employing a mixed-methods case study approach, this research seeks to provide empirical evidence on how SSB effectiveness contributes to governance quality and bank performance. The findings are expected to contribute to the literature on Islamic banking governance and offer practical implications for regulators, policymakers, and Islamic banking practitioners.

RESEARCH METHODOLOGY

Research Design

This study employs a **mixed-methods case study approach**, integrating quantitative and qualitative methods to comprehensively examine the role of the Sharia Supervisory Board

(SSB) in enhancing Sharia compliance and the financial performance of Islamic banks. The mixed-methods design allows for triangulation of findings and provides a deeper understanding of governance mechanisms and supervisory practices.

This descriptive qualitative approach aims to gain a deeper understanding of the role of the Sharia Supervisory Agency (BPS) in improving sharia compliance and the performance of Islamic banks. A qualitative approach was chosen because the research focuses not only on performance outcomes or outputs, but also on the processes, mechanisms, and practices of sharia supervision implemented by BPS within the context of Islamic banking organizations. Through this approach, researchers can comprehensively explore the perceptions, experiences, and policies of the actors involved in sharia supervision.

The case study method was used as a research strategy because it allows researchers to analyze phenomena in depth and contextually within Islamic banks operating in West Java Province. Case studies are deemed relevant because this research seeks to answer the questions "how" and "why" the role of BPS contributes to the level of Sharia compliance and bank performance. This approach is also appropriate for examining contemporary phenomena within a real-life context, where researchers have no control over the variables being studied.

Furthermore, this research integrates normative and empirical approaches. The normative approach is used to assess the compliance of sharia supervision practices with applicable regulations, including fatwas from the National Sharia Council–Indonesian Ulema Council (DSN-MUI) and regulations from the Financial Services Authority (OJK). Meanwhile, the empirical approach is used to observe the implementation of sharia supervision in the field and assess its impact on sharia compliance and the performance of Islamic banks. The combination of these two approaches is expected to provide a comprehensive picture of the strategic role of BPS in supporting the sustainability of Islamic banking.

Research Setting and Sample

The research is conducted in **Islamic banks operating in West Java, Indonesia**. The study focuses on Islamic commercial banks and Islamic banking units that have established Sharia Supervisory Boards in accordance with regulatory requirements. The sample is selected using **purposive sampling**, based on data availability and the presence of active SSB structures. Respondents include SSB members, bank managers, and compliance officers.

A. Research Background

The development of Islamic banking in Indonesia is showing a positive trend, as public awareness of a financial system compliant with Sharia principles increases. As a predominantly Muslim country, Indonesia holds significant potential for the development of Islamic banking, including in West Java Province, which boasts one of the largest Muslim populations and high economic activity. However, the growth of Islamic banking is determined not only by asset and product expansion, but also by the level of compliance with the Sharia principles that underpin its operations.

In practice, Islamic banks face various challenges related to the implementation of Sharia principles, such as the complexity of financial products, limited human resource understanding, and competitive pressures from conventional banks. These conditions have

the potential to create the risk of Sharia non-compliance, which can impact the reputation, customer trust, and performance of Islamic banks. Therefore, an effective internal oversight mechanism is needed to ensure that all bank activities remain within the Sharia framework.

The Sharia Supervisory Agency (BPS) plays a strategic role in ensuring sharia compliance while supporting the performance of Islamic banks. BPS is not only tasked with overseeing the compliance of bank products and operations with sharia fatwas and regulations, but also contributes to product development, strengthening governance, and enhancing public trust. However, empirical studies specifically examining the role of BPS in relation to sharia compliance and the performance of Islamic banks, particularly in a regional context such as West Java, are still relatively limited. Therefore, this research is crucial to provide an empirical overview of the effectiveness of BPS's role and its implications for the sustainability of Islamic banking at the regional level.

B. Research Sample

This study used purposive sampling, a sampling technique based on specific criteria relevant to the research objectives. This technique was chosen because the study focused on informants and analysis units with knowledge, experience, and direct involvement in implementing sharia supervision in Islamic banks.

The research sample includes Islamic banks operating in West Java Province, both Islamic commercial banks and Islamic business units, with the following criteria: (1) having an active Sharia Supervisory Board, (2) having been operating for at least three years, and (3) having accessible Sharia compliance documentation and performance reports. The selection of the West Java region was based on considerations of demographic characteristics, economic potential, and the high level of Islamic banking activity in the region.

In addition to bank units, the sample also included key informants, namely members of the Sharia Supervisory Board, bank management (branch heads or relevant officials), and Sharia compliance unit staff. These informants were selected because they were considered capable of providing in-depth information regarding Sharia supervision mechanisms, the level of compliance with Sharia principles, and its impact on bank performance. With this focused sample selection, the research is expected to produce valid, contextual, and relevant findings to the research objectives.

Data Types and Sources

This study utilizes both primary and secondary data. Primary data are collected through structured questionnaires and semi-structured interviews aimed at capturing perceptions and practices related to SSB effectiveness and Sharia compliance. Secondary data are obtained from audited annual reports, financial statements, and official publications issued by the Financial Services Authority (OJK) for the period 2019–2024.

In line with the descriptive qualitative approach and case study method used in this research, the type of data collected was qualitative, namely narrative and contextual data. This data includes information on the role, function, and practices of the Sharia Supervisory Agency (BPS) in carrying out sharia supervision, as well as its implications for sharia compliance levels and the performance of Islamic banks. The selection of qualitative data was intended to gain a deeper understanding of the sharia supervision process and mechanisms within the context of Islamic banking organizations, not to measure the statistical relationship between variables.

Based on their sources, the data in this study are classified into primary and secondary data, in accordance with the field research design. Primary data were obtained directly from key informants through semi-structured interviews and non-participatory observation. Key informants included members of the Sharia Supervisory Board, Islamic bank management, and staff of the Sharia compliance units at the Islamic banks selected as case study objects in West Java Province. Primary data were used to empirically explore how the BPS plays its role, how Sharia compliance is implemented, and how such supervision is perceived to contribute to the performance of Islamic banks.

Meanwhile, secondary data was obtained from official documents and written sources relevant to the research focus, including annual reports and good corporate governance reports of Islamic banks, sharia compliance reports, standard operating procedures (SOPs) related to sharia supervision, fatwas from the National Sharia Council–Indonesian Ulema Council (DSN-MUI), and regulations of the Financial Services Authority (OJK). Furthermore, secondary data was also sourced from scientific journals, books, and previous research results, which were used to build a conceptual framework and strengthen the analysis. The integrated use of primary and secondary data enabled data triangulation, thereby increasing the validity and consistency of the research findings.

Variables and Measurement

The independent variable is Sharia Supervisory Board effectiveness, measured through indicators such as expertise, independence, frequency of meetings, and level of involvement in decision-making. The dependent variables are Sharia compliance and financial performance. Sharia compliance is assessed using compliance indices derived from regulatory and governance guidelines, while financial performance is measured using standard financial ratios, including Return on Assets (ROA) and Return on Equity (ROE).

The independent variable in this study is the role of the Sharia Supervisory Agency, defined as all of the functions, authorities, and activities of the BPS (Indonesian Central Statistics Agency) in overseeing and ensuring the implementation of sharia principles in the operations of Islamic banks. The role of the BPS is understood as a key factor conceptually influencing the level of sharia compliance and, indirectly, the performance of Islamic banks.

Measurement of this independent variable is carried out qualitatively through several analytical indicators, namely:

1. intensity and mechanism of Sharia supervision
2. BPS involvement in the design and evaluation of Islamic banking products,
3. frequency and quality of internal sharia audits, and
4. the level of independence of BPS in the bank's governance structure.

Data related to these indicators were obtained through semi-structured interviews with BPS members and bank management, observation of the supervisory process, and analysis of sharia supervisory documents.

In line with the descriptive qualitative approach and case study method, this research does not use variables in a quantitative sense measured statistically, but rather utilizes analytical constructs as the focus of the study. These concepts are used to organize the collection and analysis of qualitative data related to the role of the Sharia Supervisory Agency (BPS), sharia compliance, and the performance of Islamic banks. Therefore, the term

"variable" in this research is understood as a conceptual dimension analyzed interpretively based on empirical findings in the field.

The main analytical concepts in this study consist of three aspects: the role of the Sharia Supervisory Agency (BPS), sharia compliance, and the performance of Islamic banks. The role of the Sharia Supervisory Agency (BPS) is positioned as the primary concept, reflecting the functions and activities of the Statistics Indonesia (BPS) in supervising, assessing, and providing recommendations regarding the implementation of sharia principles. This concept is measured qualitatively through indicators such as the intensity of sharia supervision, BPS involvement in product development, the frequency of internal sharia audits, and BPS independence within the bank's governance structure. Data on these indicators were obtained from interviews with BPS members and analysis of sharia supervision documents.

Sharia compliance is understood as the degree to which a sharia bank's operations comply with sharia principles as stipulated in the fatwas of the National Sharia Council–Indonesian Ulema Council (DSN-MUI) and the regulations of the Financial Services Authority (OJK). Sharia compliance is measured qualitatively by examining the conformity of bank contracts and products, the existence and follow-up of findings of sharia non-compliance, and the implementation of sharia standard operating procedures (SOPs). The analysis is conducted through triangulation between interview results, observations, and official bank documents.

Meanwhile, the performance of Islamic banks in this study is understood comprehensively, not limited to financial performance but also encompassing non-financial aspects relevant to the context of Islamic banking. Performance measurement is conducted descriptively using qualitative indicators reflecting management perceptions and bank documents, such as financing and third-party fund growth, non-performing financing (NPF) levels, and customer trust and satisfaction levels. The data is analyzed to understand how the role of BPS (Central Statistics Agency) and the level of sharia compliance contribute to the overall performance of Islamic banks.

Data Collection Techniques

Data collection in this study was conducted using several complementary techniques, in line with a descriptive qualitative approach and a case study method. The combination of descriptive qualitative and quantitative data collection techniques was used to gain a comprehensive understanding of the role of the Sharia Supervisory Agency (BPS) as an independent variable in improving sharia compliance and the performance of Islamic banks. This approach also aimed to strengthen the research findings through method triangulation.

The primary data collection technique was semi-structured interviews with key informants, including members of the Sharia Supervisory Agency (BPS), Islamic bank management, and staff of Sharia compliance units at Islamic banks in West Java Province. The interviews were used to explore in-depth the informants' views, experiences, and practices regarding sharia supervisory mechanisms, the implementation of fatwas and sharia regulations, and the strategic role of BPS in supporting sharia compliance and bank performance. Interview guidelines were developed based on research variable indicators to align with the conceptual framework used.

Questionnaires are distributed to selected respondents using a Likert scale to measure perceptions of SSB effectiveness and compliance practices. Interviews are conducted to gain qualitative insights into supervisory processes, governance challenges, and best practices. Document analysis is employed to validate self-reported data and ensure consistency.

Another data collection technique was non-participatory observation, which was conducted to directly observe sharia supervision practices and the implementation of operational procedures related to sharia compliance within the bank. This observation aimed to obtain an empirical picture of the consistency between policies, informant statements, and actual practices in the field. The results of the observations were used as supporting data to verify the information obtained from the interviews and questionnaires.

Next, a documentation study was conducted by reviewing relevant official documents, such as annual reports, good corporate governance reports, sharia compliance reports, standard operating procedures (SOPs), fatwas from the National Sharia Council–Indonesian Ulema Council (DSN-MUI), and regulations from the Financial Services Authority (OJK). Documentary data was used to strengthen the normative analysis and serve as a basis for comparison between applicable provisions and the implementation of sharia supervision in the field. The integration of data from interviews, Likert-scale questionnaires, observations, and documentation is expected to produce valid, reliable, and comprehensive research findings.

Data Analysis Techniques

Quantitative data are analyzed using multiple regression analysis to examine the relationship between SSB effectiveness, Sharia compliance, and financial performance. Qualitative data from interviews are analyzed using thematic analysis, enabling the identification of recurring patterns and governance themes.

The data analysis technique in this study employed a mixed-method approach, combining complementary quantitative and qualitative data analysis to gain a comprehensive understanding of the role of the Sharia Supervisory Agency (BPS) in improving sharia compliance and the performance of Islamic banks. This approach was chosen to integrate the power of statistical analysis in examining relationships between variables with the depth of qualitative analysis in understanding the context and mechanisms of sharia governance in banking.

Quantitative Data Analysis

Quantitative data obtained through a Likert-scale questionnaire were analyzed using multiple regression analysis. This analysis was used to examine the relationship and influence between the effectiveness of the Sharia Supervisory Agency (BPS) as an independent variable on sharia compliance and the financial performance of Islamic banks as the dependent variable. Multiple regression was chosen because it allows researchers to assess the contribution of each independent variable simultaneously while controlling for the influence of other variables in the research model.

Prior to the regression analysis, the quantitative data were first tested using descriptive statistics to describe the characteristics of the respondents and the tendencies of their responses. Next, data quality testing, including validity and reliability tests of the questionnaire instrument, was conducted to ensure that the statement items were able to measure the research constructs consistently and accurately. Multiple regression analysis was then conducted to determine the direction, strength, and significance of the relationship

between BPS effectiveness, sharia compliance, and Islamic bank financial performance. The results of this analysis were used to answer the research objectives related to the influence of BPS's role on Islamic banking performance.

Qualitative Data Analysis

Qualitative data obtained from in-depth interviews with members of the Sharia Supervisory Board, Islamic bank management, and Sharia compliance unit staff were analyzed using thematic analysis. Thematic analysis was chosen because it allows researchers to systematically identify, analyze, and interpret patterns of meaning (themes) emerging from the interview data.

The thematic analysis process was conducted through several stages, namely: (1) transcription of interview data, (2) reading the data thoroughly to obtain an initial understanding, (3) coding of statements relevant to the research focus, (4) grouping codes into main themes, and (5) interpretation of themes related to sharia supervision practices, governance mechanisms, and the strategic role of BPS in improving sharia compliance and bank performance. This analysis allows researchers to uncover the internal dynamics and challenges of sharia supervision that cannot be explained through quantitative data alone.

Integration of Quantitative and Qualitative Analysis

The results of the quantitative and qualitative analyses were then integrated during the discussion stage to provide a more holistic interpretation. Findings from multiple regression were used to demonstrate empirical relationships between variables, while findings from thematic analysis were used to explain the context, mechanisms, and institutional factors underlying these relationships. The integration of these two types of analysis is expected to strengthen the validity of the findings and provide theoretical and practical contributions to the development of sharia governance and supervision in Islamic banking in Indonesia.

Validity and Reliability

Validity

The validity of this study aims to ensure that the data collection instruments and procedures are capable of accurately measuring the constructs studied: the effectiveness of the Sharia Supervisory Agency (BPS), sharia compliance, and Islamic bank performance. Given that this study uses a mixed-methods approach, validity testing was conducted on both quantitative and qualitative data in an integrated manner to enhance the accuracy and reliability of the research findings.

For quantitative data, the validity of the questionnaire instrument was tested through content validity and construct validity. Content validity was achieved by ensuring that all indicators and statement items reflected the conceptual dimensions of each research variable. This process was carried out through a comprehensive literature review and alignment with official Islamic banking regulations and guidelines, such as the provisions of the Financial Services Authority (OJK) and fatwas from the National Sharia Council-Indonesian Ulema Council (DSN-MUI). Therefore, the instrument used is substantially aligned with the context of sharia governance and supervision in Indonesia.

Construct validity was then empirically tested to ensure that the statement items accurately represented the latent construct being measured. This testing was conducted through a correlation analysis between item scores and the total construct score (corrected item-total correlation), where each item was declared valid if it met predetermined statistical

criteria. The results of this construct validity test formed the basis for the instrument's suitability for use in multiple regression analysis to examine the relationship between BPS effectiveness, sharia compliance, and Islamic bank performance.

The validity of the qualitative data was maintained by enhancing the credibility of the findings through triangulation of sources and methods. Information obtained from in-depth interviews with BPS members, bank management, and the Sharia compliance unit was compared and confirmed with observations and analysis of internal bank documents. The thematic analysis process was conducted systematically to ensure that the resulting themes reflected empirical reality and supported the quantitative analysis results.

By comprehensively applying content validity and construct validity, as well as strengthening qualitative validity, this research is expected to produce valid and scientifically accountable findings. This approach strengthens the credibility of the research conclusions regarding the role of the Sharia Supervisory Agency in improving sharia compliance and the performance of Islamic banks in West Java.

Reliability

Reliability in this study aims to measure the consistency and stability of the research instrument in measuring the constructs under study: the effectiveness of the Sharia Supervisory Agency (BPS), sharia compliance, and Islamic bank performance. A reliable instrument is expected to produce consistent data when used under relatively similar conditions and with similar respondents, making it suitable for further statistical analysis.

Quantitative data reliability testing was conducted using Cronbach's Alpha coefficients on all statement items in the Likert-scale questionnaire. This test is used to assess internal consistency between items in each research variable. A construct is considered to have good reliability if the Cronbach's Alpha value is above the minimum acceptable limit, indicating that the items within the construct are correlated and consistently measure the same concept.

The reliability test results serve as the basis for determining the instrument's suitability in the multiple regression analysis used to examine the relationship between BPS effectiveness, sharia compliance, and Islamic bank performance. By meeting the reliability criteria, this research instrument is believed to be capable of providing reliable and trustworthy measurement results, thereby strengthening the empirical validity of the research findings regarding the role of the Sharia Supervisory Agency in improving sharia compliance and Islamic bank performance in West Java, Indonesia.

Ethical Considerations

This study adheres to the principles of ethical research, ensuring informed consent, respondent confidentiality, and responsible use of data for academic purposes only.

This research was conducted in accordance with ethical principles of scientific research to ensure the protection of participants and maintain the integrity and objectivity of the research results. All data collection, both through questionnaires and in-depth interviews, was conducted voluntarily with the consent of the respondents and research informants. Participants were provided with an adequate explanation of the research objectives, the scope of the data collected, and the use of the data for academic purposes.

Respondent confidentiality and anonymity were strictly maintained throughout the research process. The identities of individuals, work units, or institutions involved were not explicitly disclosed in the research report. The data obtained were presented in aggregate or general narrative form, preventing direct identification of participants. This measure was taken to minimize potential social and professional risks arising from respondents' involvement in the research.

Furthermore, this research upholds the principles of academic honesty and researcher independence. All data are analyzed and reported objectively without manipulation or any conflict of interest. In the context of Islamic banking research, the researcher also ensures that the research process does not conflict with Sharia principles, including the values of fairness, transparency, and trustworthiness. By applying comprehensive ethical considerations, this research is expected to produce credible, responsible, and scientifically acceptable findings.

RESULTS AND DISCUSSION

Descriptive Statistics

The descriptive analysis indicates that Islamic banks in West Java generally demonstrate a moderate to high level of Sharia Supervisory Board (SSB) effectiveness. Most respondents reported that SSB members possess strong educational backgrounds in Islamic finance and Sharia law, with regular involvement in supervisory meetings and product approval processes. The frequency of SSB meetings varies across banks; however, institutions with more frequent meetings tend to report higher levels of Sharia compliance.

Regarding financial performance, the sampled Islamic banks exhibit stable profitability during the observation period. Average Return on Assets (ROA) and Return on Equity (ROE) show positive trends, although some fluctuations are observed, reflecting macroeconomic conditions and industry competition.

Regression Analysis Results

The results of multiple regression analysis reveal a significant positive relationship between SSB effectiveness and Sharia compliance ($p < 0.05$). Among the SSB indicators, expertise and independence emerge as the most influential factors. Banks with highly qualified and independent SSB members demonstrate stronger adherence to Sharia principles in product design, contract execution, and operational practices.

Furthermore, SSB effectiveness also shows a positive and statistically significant impact on financial performance, particularly on ROA and ROE ($p < 0.05$). This finding suggests that effective Sharia supervision contributes to improved governance quality, reduced compliance risk, and enhanced managerial discipline, which ultimately supports better financial outcomes.

Qualitative Findings

Qualitative insights from interviews reinforce the quantitative results. Respondents emphasized that proactive SSB involvement strengthens internal compliance culture and promotes ethical decision-making. Several interviewees noted that regular consultations with the SSB help prevent Sharia non-compliance and improve risk management practices. However, challenges remain, including limited time availability of SSB members and variations in supervisory intensity across banks.

Discussion

The findings of this study confirm that the Sharia Supervisory Board plays a pivotal role in enhancing both Sharia compliance and the financial performance of Islamic banks. Consistent with agency theory and stakeholder theory, effective SSB oversight mitigates agency problems and aligns managerial actions with Sharia objectives and stakeholder interests. These results support prior studies suggesting that strong Sharia governance mechanisms contribute positively to Islamic banking performance.

The positive relationship between Sharia compliance and financial performance indicates that adherence to Sharia principles is not merely a regulatory obligation but also a strategic asset. Banks that prioritize Sharia governance benefit from higher credibility, customer trust, and operational stability. The regional evidence from West Java enriches the existing literature by highlighting the importance of contextual governance practices in Islamic banking.

CONCLUSION

This study examines the role of the Sharia Supervisory Board (SSB) in enhancing Sharia compliance and the financial performance of Islamic banks in West Java, Indonesia. The findings demonstrate that SSB effectiveness has a significant and positive impact on both Sharia compliance and bank performance. Banks with well-qualified, independent, and actively involved SSB members tend to exhibit stronger adherence to Sharia principles and achieve better financial outcomes.

The results confirm that effective Sharia governance is a critical component of Islamic banking sustainability. Sharia compliance not only fulfills regulatory and ethical obligations but also contributes to improved governance quality, risk mitigation, and stakeholder trust, which ultimately support financial performance. These findings reinforce the importance of strengthening the institutional role of the SSB within Islamic banks.

From a practical perspective, Islamic banks are encouraged to enhance the capacity and independence of their SSB by ensuring adequate expertise, regular supervisory meetings, and closer integration with internal governance mechanisms. Regulators may also consider developing more standardized guidelines to strengthen Sharia governance practices across the Islamic banking industry.

Despite its contributions, this study is subject to certain limitations, including its regional focus and the use of a limited set of performance indicators. Future research may expand the scope to other regions, incorporate longitudinal data, or explore the mediating role of Sharia compliance in the relationship between SSB effectiveness and bank performance.

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