

Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

Research Horizon

Volume: 05
Issue: 06
Year: 2025
Page: 2391-2402

Citation:

Abdurrahman, Z., & Putri, B. K. M. (2025). Sharia qualification and financial expertise as determinants of Islamic bank performance. *Research Horizon*, 5(6), 2391-2402.

Article History:

Received: October 5, 2025
Revised: November 27, 2025
Accepted: December 19, 2025
Online since: December 31, 2025

Sharia Qualification and Financial Expertise as Determinants of Islamic Bank Performance

Zahron Abdurrahman^{1*}, Baiq Krisnina Maharani Putri²

¹ Universitas Islam Indonesia, Yogyakarta, Indonesia

² Universitas Mataram, Mataram, Indonesia

* Corresponding author: Zahron Abdurrahman (zahron.abdurrahman@uii.ac.id)

Abstract

Islamic banks rely on Sharia Supervisory Boards, whose religious and financial expertise is essential for ensuring compliance, effective governance, and enhanced financial performance. This study aims to examine the effect of Sharia qualification and financial expertise of Sharia Supervisory Board members on the financial performance of Islamic banks worldwide. Using panel data of Islamic banks from 2019–2023, this research investigates how the dual competencies of Sharia Supervisory Board members religious and financial shape the effectiveness of Sharia governance and influence bank performance measured by Return on Assets and Return on Equity. The study employs panel data regression analysis with a binary scoring system based on AAOIFI and IFSB standards. The results indicate that both Sharia qualification and financial expertise have a positive and significant effect on financial performance, suggesting that competent Sharia Supervisory Board contribute not only to compliance assurance but also to managerial efficiency. These findings enrich the growing body of literature on Sharia governance effectiveness, offering empirical insights from emerging Islamic banking markets. Furthermore, this study provides policy implications for regulators and Islamic financial institutions to strengthen the selection, training, and certification of Sharia Supervisory Board members, thereby improving the quality and structure of Islamic governance.

Keywords

Financial Expertise, Islamic Bank Performance, Sharia Governance, SSB, Sharia Qualification.

1. Introduction

The governance structure of Islamic banks is unique due to the integration of religious and financial oversight. Unlike conventional banks, Islamic banks must ensure their operations comply not only with regulatory standards but also with Sharia principles (Azmi et al., 2017). This function is primarily supervised by the Sharia Supervisory Board (SSB), a body of scholars and experts responsible for ensuring that all financial products and transactions adhere to Islamic jurisprudence (*fiqh al-muamalat*) (Graiss & Pellegrini, 2006). The Sharia Supervisory Board serves as a crucial component of corporate governance in Islamic banks, acting as a regulatory authority to ensure adherence to Sharia principles. Its responsibilities include performing independent audits and overseeing bank operations retrospectively (*ex-post*), as well as verifying in advance (*ex-ante*) that all activities are free from practices prohibited under Sharia (Bayu, 2023).

In Islamic banking, the Sharia Supervisory Board plays a pivotal role in ensuring Sharia compliance across all banking activities (Wijayanti & Setiawan, 2023). One of the key indicators of the sharia supervisory board effectiveness lies in the educational and professional qualifications of its members. Setiawan (2020) emphasizes that to enhance an Islamic bank's performance, financially, socially, and in terms of Sharia compliance, it is essential for the sharia supervisory board to possess in-depth knowledge of *fiqh muamalah*, economics, and sound business practices. By combining religious expertise with practical economic understanding, the SSB can conduct more effective supervision, guiding banks toward operations that are both compliant and financially robust.

The effectiveness of the sharia supervisory board is believed to be highly dependent on the competence and independence of its members. Prior studies found that Sharia qualification improves compliance and reputational performance (Rahman & Bukair, 2013; Bukair & Rahman, 2015; Nomran & Haron, 2016). Meanwhile financial expertise enhances decision-making efficiency and profitability (Farook et al., 2011). However, the relationship between SSB characteristics and bank performance remains inconsistent across contexts. Some studies report no significant link between SSB attributes and performance (Mollah & Zaman, 2015).

Financial expertise on the board enhances firm performance by strengthening oversight and strategic decision-making (Alshareef & Sulimany, 2024). Directors with financial knowledge improve monitoring, reduce misstatements and managerial entrenchment, and facilitate access to external resources. Empirical evidence also shows that their presence signals competence to investors, supporting sustainable financial outcomes. Nomran and Haron (2016) state that financial expertise enhances SBB's capacity to improve profitability and reduce governance failure.

The inclusion of Sharia qualification and financial expertise as key variables is urgent because these competencies directly influence the effectiveness of the Sharia Supervisory Board in guiding banks toward compliant and profitable operations. Sharia-qualified members ensure adherence to Islamic principles, mitigating legal and reputational risks, while financial experts strengthen oversight, strategic decision-making, and access to resources, collectively enhancing financial performance (Azmi et al., 2017). Without examining both dimensions, the role of sharia supervisory board in balancing religious legitimacy and economic efficiency cannot be fully understood.

Given these contrasting theoretical perspectives and mixed empirical evidence, this study examines whether Sharia qualification and financial expertise of SSB members affect the financial performance of Islamic banks. The study focuses on Islamic banks operating between 2019 and 2023 using multi-year panel data derived from annual reports and Bank Focus. This research contributes to the literature in three key ways. First, it integrates two fundamental competencies of Sharia

Supervisory Boards, Sharia qualification and financial expertise, into a unified empirical model that explains their joint impact on the financial performance of Islamic banks.

This approach bridges the gap between religious legitimacy and managerial efficiency, providing a comprehensive view of Sharia governance effectiveness. Second, the study employs a binary scoring method based on the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Islamic Financial Services Board (IFSB) standards, allowing for a more objective and replicable measurement of SSB competence across institutions and jurisdictions. This enhances the empirical rigor of Sharia governance research. Third, the findings offer policy-relevant insights for regulators and Islamic financial institutions, demonstrating that SSBs with dual competencies not only ensure compliance with Sharia but also contribute meaningfully to profitability and institutional sustainability. Collectively, these contributions strengthen the theoretical linkage between Sharia Enterprise Theory and corporate governance outcomes, reaffirming the economic value of competent Sharia supervision in Islamic banking.

2. Literature Review and Hypothesis Development

2.1. Sharia Enterprise Theory: An Agency Theory in Islamic Perspective

The governance of Islamic banks differs from conventional governance primarily because it must reconcile profit-seeking behavior with compliance to Sharia norms. The Sharia Enterprise Theory frames Islamic banks as entities that are accountable not only to shareholders but also to a broader set of stakeholders that ultimately recognizing Allah (*Rabb*) as the supreme stakeholder, then depositors, beneficiaries, and the Sharia community and therefore mandates governance mechanisms that incorporate religious legitimacy alongside economic efficiency (Triyuwono, 2001; Murphy & Smolarski, 2020). This perspective positions Sharia governance and the Sharia Supervisory Board (SSB) as a distinctive governance layer whose competencies constitute organizational resources that influence performance and legitimacy. Empirical and conceptual work on Sharia enterprise emphasizes that accounting and governance for Islamic banks serve dual accountability functions, to owners and to Sharia stakeholders, which changes the weight and role of monitoring and oversight inside the organization (Islam et al., 2019; Alam et al., 2022).

From a theoretical viewpoint, the Sharia Enterprise Theory can be linked to agency theory but with an Islamic nuance. Traditional agency theory highlights conflicts between managers (*agents*) and shareholders (*principals*) and prescribes monitoring mechanisms to reduce agency costs (Bulutoding, 2024). In the Islamic context, agency problems extend to Sharia compliance risks, deviations from *fiqh*-based contracts and prohibited activities, which can generate reputational and financial losses unique to Islamic Financial Institution (IFI). Therefore, the SSB acts as a specialized monitoring body that mitigates both conventional agency problems (e.g., risk-taking, moral hazard) and Sharia-specific agency problems (e.g., non-compliant products). Regulators and standard-setters have increasingly emphasized this dual supervisory role: recent guiding principles on Sharia governance stress the need for competent, independent Sharia boards that contribute to both prudential safety and Sharia compliance (Maulaa & Hamzani, 2025).

Within the Sharia Enterprise framework, the competence of SSB members should be conceptualised as an institutional resource (both religious and technical) that reduces Sharia-related agency costs and enhances the bank's legitimacy and operational performance (Saadah et al., 2023). This blended theoretical foundation justifies empirical tests that examine how SSB qualifications and financial expertise map onto financial outcomes.

2.2. The Effect of Sharia Qualification of SSB on Financial Performance

In the context of Islamic corporate governance, members of the Sharia Supervisory Board (SSB) serve as the ultimate guardians of Sharia compliance. Those with a strong educational background in Sharia studies possess a deep understanding of *fiqh muamalah* (Islamic commercial jurisprudence), ethics, and the objectives of Sharia (*maqasid al-shariah*). Their role goes beyond compliance to include the preservation of the spiritual and social integrity of financial transactions (Wahab & Rahman, 2011).

Under the Sharia Enterprise Theory (SET), the accountability of Islamic banks extends beyond shareholders to encompass a wider spectrum of stakeholders, including depositors, beneficiaries, society, and Allah (Rabb), the ultimate stakeholder and source of all accountability (Kusmiati & Ungkari, 2021). This divine-centered accountability establishes a higher moral standard for governance, where every financial activity is viewed as a form of *ibadah* (worship). Hence, when SSB members possess strong Sharia qualifications, they ensure that the bank's operations remain aligned with Islamic values of justice, transparency, and trust (*amanah*), fostering both religious legitimacy and economic sustainability (Afiska et al., 2021).

In line with regulatory frameworks, Governance Standard for Islamic Financial Institutions (GS Number 1) and IFSB, guiding principles on sharia governance systems emphasize that SSB members must have formal qualifications in Sharia or Islamic jurisprudence, as well as adequate understanding of financial operations (AAOIFI, 2024; IFSB 2025). These standards require that at least a majority of SSB members possess advanced knowledge in Sharia, enabling them to review contracts, fatwas, and investment mechanisms effectively. Such requirements formalize the expectation that SSB members are competent to assess both compliance and ethical impact, which strengthens governance quality and reduces reputational risk.

Empirical evidence supports this theoretical view. Nomran and Haron (2016) found that SSB members with formal Sharia education positively influence the performance of Islamic banks by enhancing compliance confidence and stakeholder trust. Similarly, Mollah and Zaman (2015) argue that qualified Sharia governance improves legitimacy and market credibility, leading to greater customer loyalty and improved profitability. Therefore, Sharia qualification is not merely a symbolic attribute but a determinant of governance effectiveness and financial resilience.

H1: Sharia qualification of sharia supervisory board members has a positive and significant on financial performance.

2.3. The Effect of Financial Expertise on Financial Performance

While Sharia competence ensures compliance, financial expertise equips SSB members with the analytical and technical ability to engage with management on issues such as risk management, liquidity, and investment strategy. Members with financial literacy can interpret complex financial statements, assess product structures, and identify potential sources of financial or operational risk (Kulathunga et al., 2020). This competence allows the SSB to bridge the gap between religious oversight and managerial decision-making, ensuring that compliance does not come at the expense of performance. From the perspective of Sharia Enterprise Theory, financial expertise complements spiritual accountability by strengthening instrumental accountability, the practical implementation of divine principles in the management of resources. An SSB that combines both religious and financial knowledge exemplifies the holistic Islamic governance model envisioned in SET: one that harmonizes ethics (*akhlaq*) and efficiency (*itqan*).

Regulatory bodies have emphasized the importance of a well-rounded skill set among Sharia Supervisory Board members. According to AAOIFI Governance Standard Number 1 and IFSB-3: Guiding Principles on Corporate Governance for

Institutions Offering Islamic Financial Services, SSB members should collectively possess expertise in Sharia, finance, accounting, and law to enable balanced and informed decision-making. These standards particularly stress the need for members to understand the financial implications of their rulings, which is critical when evaluating complex products such as sukuk, derivatives, and structured Islamic finance instruments (Velayutham, 2014).

Empirical studies affirm this relationship. Bukair and Rahman (2015) and Nomran and Haron (2016) found that financial expertise enhances the SSB's capacity to contribute to strategic financial decisions, thus improving profitability and reducing governance failure. This dual competence ensures that Islamic banks remain competitive while adhering to ethical constraints (El Ammari, 2023). Consequently, SSBs that integrate financial knowledge into their deliberations are more likely to foster sound governance and superior financial outcomes (Zhang & Zhu, 2024).

H2: Financial expertise of sharia supervisory board members has a positive and significant on financial performance.

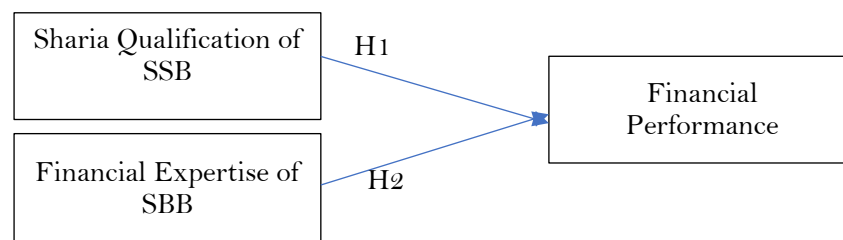


Figure 1. Research Framework

Based on Figure 1, this study's research framework examines how the competencies of Sharia Supervisory Board members influence Islamic banks' financial performance. Specifically, it posits that Sharia qualification ensures adherence to Islamic principles and mitigates compliance and reputational risks, while financial expertise strengthens oversight, strategic decision-making, and resource management. Together, these dimensions form the basis for evaluating whether the dual competencies of SSB members drive improved profitability and institutional sustainability, providing a structured lens to investigate the interplay between religious legitimacy and economic efficiency in Islamic banking.

3. Methods

This study employs a quantitative, causal-explanatory design using panel data from 2019–2023 (Creswell, 2014). The sample includes Islamic banks worldwide that disclose complete data in their annual reports and are listed in Bank Focus. After the data collection and cleaning process, the final sample consists of 33 Islamic banks that disclose complete Sharia governance and financial information in their annual reports and are listed in the Bank Focus database. The panel data were analyzed using STATA software, which provides robust statistical tools for estimating fixed and random effects models commonly employed in financial and governance research.

This study uses two independent variables, namely sharia qualification and financial expertise, one bound variable, namely financial performance, and one control variable, firm size. Sharia Qualification is measured as a binary variable, taking the value of 1 if at least 50% of the Sharia Supervisory Board members hold a formal degree in Sharia, and 0 otherwise. This data is extracted from the banks' annual reports, ensuring an accurate reflection of the board's religious and scholarly

competence. Financial Expertise is also coded as a binary variable, assigned a value of 1 if at least one SSB member possesses a qualification in finance or banking, and 0 if no such expertise is present, with information again sourced from annual disclosures. The Bank Performance variable is quantified using conventional financial metrics, specifically Return on Assets (ROA) and Return on Equity (ROE), as reported in the Bank Focus database. Finally, Control Variables include firm size, measured by total assets of the bank, to account for the influence of institutional scale on performance outcomes. This measurement approach allows the research to systematically capture both the qualitative characteristics of the SSB and the quantitative indicators of bank performance, facilitating robust analysis of the relationships under investigation

The study uses panel data from 2019–2023 covering Islamic banks in multiple jurisdictions. The dependent variable, financial performance, is a composite index combining standardized ROA and ROE. Independent variables include Sharia qualification and financial expertise, while total assets serve as the control variable. The model is estimated using the fixed-effect regression technique with robust standard errors:

$$\text{Financial Performance} = \beta_0 + \beta_1 \text{SSB_SQ_it} + \beta_2 \text{SSB_FE_it} + \beta_3 \text{SIZE_it} + u_i + e_i$$

4. Results

The dataset includes 165 observations of Islamic banks operating between 2019 and 2023. The key independent variables are Sharia Qualification, representing whether the majority of Sharia Supervisory Board members hold formal Sharia education, and financial expertise, indicating the presence of at least one member with a finance or banking background. Total Assets is included as a control variable to account for firm size, while Financial Performance, measured through standard profitability indicators, serves as the dependent variable. Table 1 summarizes the mean, standard deviation, minimum, and maximum values for each variable, providing an initial understanding of the sample characteristics and variability across banks.

Table 1. Descriptive Statistic

Variable	Obs	Mean	Std. Dev.	Min	Max
Sharia Qualification	165	0.4848	0.5013	0	1
Financial Expertise	165	0.4242	0.4957	0	1
Total Assets (USD)	165	20,300,000	34,700,000	0	215,000,000
Financial Performance	165	0.0000000168	0.9138	-3.9915	2.9179

Table 1 presents the descriptive statistics of the variables used in this study. On average, about 48.5% of Islamic banks have more than half of their Sharia Supervisory Board members holding formal qualifications in Sharia, while 42.4% have at least one member with financial expertise. This suggests moderate diversity in SSB competencies across the sample. The average total assets amount to approximately USD 20.3 million, indicating variation in bank size among the 33 Islamic banks observed from 2019–2023. The financial performance variable shows a mean close to zero with a wide range, implying differences in profitability across banks and time periods.

Table 2 shows the correlation coefficients and VIF values among the main variables. The results indicate that Sharia qualification, financial expertise, and bank size are all positively correlated with financial performance suggesting that higher competency and larger asset base tend to be associated with better financial

outcomes. The correlation values are below 0.8, indicating the absence of strong bivariate relationships.

Table 2. Correlation and Multicollinearity Test

Variable	Financial Performance	Sharia Qualification	Financial Expertise	Size	VIF	1/VIF
Financial Performance	1					
Sharia Qualification of SBB	0.4469	1			1.3	0.772
Financial Expertise of SBB	0.465	0.4432	1		1.28	0.783
Size	0.4381	0.2909	0.268	1	1.12	0.891
Mean VIF					1.23	

Furthermore, all VIF values are below 5, with a mean VIF of 1.23, confirming that no multicollinearity problem exists among the independent variables. Therefore, the regression estimates in the subsequent analysis can be considered statistically reliable and free from collinearity bias.

Table 3 presents the results of the fixed-effects regression model examining the influence of Sharia qualification and financial expertise of the Sharia Supervisory Board on the financial performance of Islamic banks, controlling for bank size (total assets). The model is statistically robust, as indicated by the significant coefficients of the key independent variables.

Table 3. Regression Result

Variable	Coefficient	Std. Error	z-Value	P> z	95% CI (Lower)	95% CI (Upper)
Sharia Qualification	0.462002	0.1149216	4.02	0.000	0.23676	0.6872443
Financial Expertise	0.556098	0.1164923	4.77	0.000	0.3277777	0.7844192
Size	7.52E-09	2.32E-09	3.24	0.001	2.96E-09	1.21E-08
Constanta	-0.61261	0.1092703	-5.61	0.000	-0.8267815	-0.3984498

The regression results 3 indicate a significant positive relationship between both Sharia Qualification and Financial Expertise of the Sharia Supervisory Board (SSB) and bank performance. Specifically, the Sharia Qualification variable shows a coefficient of 0.462 with a z-value of 4.02 and a p-value of 0.000, indicating that banks with a higher proportion of SSB members holding formal Sharia degrees tend to exhibit stronger financial performance. Similarly, Financial Expertise demonstrates an even stronger positive effect, with a coefficient of 0.556, a z-value of 4.77, and a p-value of 0.000, suggesting that the presence of at least one board member with finance or banking qualifications substantially enhances bank performance. The control variable Size also shows a positive and significant coefficient of 7.52E-09 (z = 3.24, p = 0.001), implying that larger banks tend to achieve higher performance outcomes. The model's constant term is negative (-0.613) and significant (p = 0.000), indicating the baseline performance level when the independent variables are zero.

5. Discussion

The regression results reveal that both the Sharia qualification and financial expertise of sharia supervisory board members exert a significant and positive influence on the financial performance of Islamic banks, even after controlling for bank size. The coefficients demonstrate that these two governance-related competencies play a critical role in shaping the operational and financial outcomes of Islamic financial institutions.

The variable representing Sharia qualification shows a positive and statistically significant coefficient ($\beta = 0.4620$, $p < 0.01$). Quantitatively, a one-unit increase in the Sharia qualification score is associated with a 0.462-point increase in financial performance, *ceteris paribus*. This supports Hypothesis 1 (H1), which posits that Sharia qualification of sharia supervisory board members positively affects the financial performance of Islamic banks. From the perspective of Sharia Enterprise Theory (SET), this implies that SSB members act as agents of divine accountability, ensuring compliance with Islamic values while reducing Sharia-related agency costs (Kusmiati & Ungkari, 2021). This result aligns with previous studies such as Mollah and Zaman (2015) and Nomran et al. (2018), which found that higher sharia supervisory board competence enhances governance credibility and public trust, ultimately improving profitability. This finding suggests that the higher the proportion of sharia supervisory board members with formal education or professional training in Islamic jurisprudence (*fiqh muamalah*), the better the financial performance of the bank.

Similarly, the coefficient for financial expertise ($\beta = 0.5561$, $p < 0.01$) is positive and significant, indicating that sharia supervisory board members with financial or banking qualifications significantly enhance bank profitability. A one-unit increase in financial expertise corresponds to a 0.56-point improvement in financial performance, holding other variables constant. This finding supports Hypothesis 2 (H2), confirming that financial expertise of sharia supervisory board members positively affects the financial performance of Islamic banks. It highlights the importance of technical knowledge in complementing religious oversight. As argued by Bukair & Rahman (2015) and Grassa (2016) sharia supervisory board members with financial literacy contribute more effectively to strategic decision-making, risk evaluation, and resource optimization. Within the SET framework, financial expertise reinforces instrumental accountability, the ability to translate Islamic ethical principles into efficient financial management.

The control variable, size represented by total assets, also shows a positive and significant relationship with financial performance ($\beta = 7.52 \times 10^{-9}$, $p < 0.01$), confirming that larger Islamic banks tend to perform better due to economies of scale and diversification advantages. However, despite this positive size effect, the strong and consistent significance of Sharia qualification and financial expertise underscores that SSB competence remains an independent determinant of performance, beyond structural size advantages. The results of this study are supported by research by Al-Hasimy (2025) and Prasasti et al (2025) which states that firm size affects the company's financial performance.

The findings provide strong empirical support for the SET, which extends traditional agency theory by embedding divine accountability and ethical governance within organizational performance. Both Sharia and financial expertise are shown to be complementary competencies that enhance not only compliance quality but also operational efficiency. In practical terms, these results imply that Islamic banks should strengthen their sharia supervisory board recruitment and development policies to ensure a balanced composition of members who possess both Sharia and financial expertise. Furthermore, regulatory authorities such as AAOIFI and IFSB are encouraged to reinforce professional certification and continuous training programs for sharia supervisory board members. Such initiatives would not

only enhance the overall quality of Sharia governance but also sustain the dual objectives of Islamic banking, profitability and adherence to Sharia principles.

6. Conclusion

This study concludes that the Sharia qualification and financial expertise of Sharia Supervisory Board members significantly enhance the financial performance of Islamic banks. Drawing on the Sharia Enterprise Theory, the findings affirm that sharia supervisory board competence represents both a spiritual and managerial governance mechanism that integrates accountability to Allah and to stakeholders. Sharia supervisory board members with strong Sharia backgrounds ensure compliance and legitimacy, while those with financial expertise strengthen efficiency and strategic oversight. Together, these dual competencies reduce information asymmetry, mitigate Sharia-related agency costs, and promote sustainable profitability. The results highlight that Islamic banks should prioritize the recruitment and continuous professional development of sharia supervisory board members who possess balanced religious and financial capabilities. Regulators such as AAOIFI and IFSB are encouraged to reinforce training and qualification standards to sustain this dual competence, thereby ensuring that Islamic banking achieves its dual mandate of ethical integrity and financial excellence.

However, the study is limited by its reliance on disclosed annual reports and Bank Focus data, which may not capture informal expertise, qualitative decision-making processes, or context-specific regulatory nuances. Additionally, the sample size is constrained to 33 banks over a five-year period, which may limit the generalizability of the findings across different regions or banking environments. Future research could address these limitations by incorporating larger, more diverse samples, longitudinal analyses extending beyond five years, and mixed-method approaches that combine quantitative performance metrics with qualitative assessments of sharia supervisory board deliberations and decision-making dynamics. Such extensions would deepen understanding of how Sharia governance mechanisms interact with financial outcomes and provide more nuanced guidance for policy and institutional design in Islamic banking.

References

- AAOIFI. (2024). *Governance Standard for Islamic Financial Institutions*. Retrieved on September 1, 2025, from <https://aaoifi.com/feature/accounting-auditing-and-governance-standards/?lang=en>
- Afiska, L., Handayani, D. F., & Serly, V. (2021). Pengaruh karakteristik dewan pengawas syariah (dps) terhadap kinerja keuangan bank umum syariah yang terdaftar pada Otoritas Jasa Keuangan (OJK) Indonesia. *Jurnal Eksplorasi Akuntansi*, 3(4), 784-798.
- Alam, M. K., Rahman, M. M., Runy, M. K., Adedeji, B. S., & Hassan, M. F. (2022). The influences of Shariah governance mechanisms on Islamic banks performance and Shariah compliance quality. *Asian Journal of Accounting Research*, 7(1), 2-16.
- Al-Hashimy, H. N. H. (2025). The relationship between financial management strategies and firm financial performance: the moderating role of firm size. *Journal of Financial Management of Property and Construction*, 1(1), 1-13.
- Alshareef, M. N., & Sulimany, H. G. H. (2024). Board financial expertise and financial sustainability: Evidence from Saudi-listed firms. *Sustainability*, 16(16), 7100-7112.
- Azmi, A., Non, N., & Ab Aziz, N. (2017). Challenges to Shariah equity screening, from Shariah scholars' perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 10(2), 229-242.
- Bayu, M. (2023). The role of the sharia supervisory board and the size of islamic bank on the performance of sharia banks in Indonesia. *Journal of Management and Islamic Finance*, 3(1), 108-120.

- Bukair, A. A., & Rahman, A. A. (2015). Bank performance and board of directors attributes by Islamic banks. *International Journal of Islamic and Middle Eastern Finance and Management*, 8(3), 291-309.
- Bulutoding, L. (2024). Integrasi konsep amanah dalam syariah enterprise theory: tinjauan literatur komprehensif. *Jurnal Ekonomi Syariah Pelita Bangsa*, 9(1), 140-148.
- Creswell, J. W. (2014). *Research design: pendekatan metode kualitatif, kuantitatif, dan campuran*. Bandung: Pustaka Belajar.
- EL Ammari, A. (2023). Does political connection affect corporate financial performance? The moderating role of directors' financial expertise. *Journal of Financial Reporting and Accounting*, 21(5), 1073-1099.
- Farook, S., Kabir Hassan, M., & Lanis, R. (2011). Determinants of corporate social responsibility disclosure: the case of Islamic banks. *Journal of Islamic Accounting and Business Research*, 2(2), 114-141.
- Grais, W., & Pellegrini, M. (2006). Corporate governance in institutions offering islamic financial services: issues and options. *World Bank Policy Research Working Paper*, 4052(1), 1-46.
- Islam, K. A., & Bhuiyan, A. B. (2019). The theoretical linkages between the Shariah Supervisory Board (SSB) and stakeholder theory in the Islamic financial institutes: An empirical review. *International Journal of Accounting & Finance Review*, 4(2), 43-49.
- Islamic Financial Services Board (IFSB). (2025). *Guiding Principles for Effective Supervision of Shariah Governance*. Retrieved in 1 September 2025 from <https://www.ifsb.org/wp-content/uploads/2025/07/IFSB-31-Guiding-Principles-for-Effective-Supervision-of-Shariah-Governance.pdf>
- Kulathunga, K. M. M. C. B., Ye, J., Sharma, S., & Weerathunga, P. R. (2020). How does technological and financial literacy influence SME performance: Mediating role of ERM practices. *Information*, 11(6), 297-310.
- Kusmiati, E., & Ungkari, M. D. (2021). Application of syariah enterprise theory on disclosure of corporate social responsibility in sharia banking. *El-Qish: Journal of Islamic Economics*, 1(2), 119-131.
- Maulana, N., & Hamzani, U. (2025). Performance of syariah regional development banks in indonesia: maqashid syariah approach. *Research Horizon*, 5(5), 2073-2084.
- Mollah, S., & Zaman, M. (2015). Shari'ah supervision, corporate governance and performance: Conventional vs. Islamic banks. *Journal of Banking and Finance*, 58(1), 418-435.
- Murphy, M. J., & Smolarski, J. M. (2020). Religion and CSR: An Islamic "political" model of corporate governance. *Business and Society*, 59(5), 823-854.
- Nomran, N. M., Haron, R., & Hassan, R. (2018). Shari'ah supervisory board characteristics effects on Islamic banks' performance: Evidence from Malaysia. *International Journal of Bank Marketing*, 36(2), 290-304.
- Prasasti, E., Fadah, I., & Paramu, H. (2025). Impact of intellectual capital, firm performance, firm size, and intangible assets on firm value: evidence from LQ45 Companies. *Research Horizon*, 5(2), 247-260.
- Rahman, A. A., & Bukair, A. A. (2013). The influence of the Shariah supervision board on corporate social responsibility disclosure by Islamic banks of Gulf Co-operation Council countries. *Asian Journal of Business and Accounting*, 6(2), 65-105.
- Saadah, N., Zakiy, F. S., & Agriyanto, R. (2023). The embodiment of corporate social responsibility in Sharia enterprise theory. *Journal of Islamic Economic Laws*, 30-44.
- Setiawan, F. (2020). Pengaruh karakteristik dewan pengawas syari'ah dan ukuran dewan komisaris terhadap pengungkapan islamic social reporting. *Al Maal: Journal of Islamic Economics and Banking*, 2(1), 25-37.
- Triyuwono, I. S. (2001). Metafora zakat dan shari'ah enterprise theory sebagai konsep dasar dalam membentuk akuntansi syari'ah. *Jurnal Akuntansi dan Auditing Indonesia*, 131-145.
- Velayutham, S. (2014). "Conventional" accounting vs "Islamic" accounting: the debate revisited. *Journal of Islamic Accounting and Business Research*, 5(2), 126-141.
- Wahab, N. A., & Rahman, R. A. A. (2011). A framework to analyse the efficiency and governance of zakat institutions. *Journal of Islamic Accounting and Business Research*, 2(1), 43-62.

- Wijayanti, R., & Setiawan, D. (2023). The role of the board of directors and the sharia supervisory board on sustainability reports. *Journal of Open Innovation: Technology, Market, and Complexity*, 9(3), 183-195.
- Zhang, H., & Zhu, Y. (2024). Financial knowledge, executive decision making and enterprise innovation. *Finance Research Letters*, 61(1), 104-115.

Acknowledgment

We gratefully acknowledge the contributions of individuals who supported the completion of this article.

Funding Information

This research did not receive any funding.

Conflict of Interest Statement

The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.



Copyright: © 2025 by the authors.

This work is licensed under the terms and conditions of the Creative Commons Attribution-ShareAlike 4.0 International License

(<https://creativecommons.org/licenses/by-sa/4.0/>).