

# The Characteristics of the Sharia Supervisory Board Towards Financial Soundness in Indonesia Islamic Bank

Vanica Serly<sup>1\*</sup>, Suci Oktamirza<sup>2</sup>

<sup>1,2</sup> Universitas Negeri Padang

\*Corresponding author. Email: vanica.serly@fe.unp.ac.id

## ABSTRACT

This study purposes to examine the effect of Shari'ah Supervisory Board (SSB) characteristics on the Financial Soundness (FS) of Islamic banks in Indonesia. The sample was 13 Islamic banks from 2015-to 2019. This research used the RGEC method to measure financial soundness in Islamic banks. RGEC method (Risk Profile, Good Corporate Governance, Earning and Capital) in this study represented by six aspects they are: Non-Performing Financing (NPF), Financing to Debt Ratio (FDR), Good Corporate Governance (GCG), Return on Assets (ROA), Operational Expense toward Operational Income (BOPO), and Cash Adequacy Ratio (CAR). According to the result, the RGEC method showed the diverse financial soundness of the Indonesian Islamic bank in every aspect. There are several results found from the RGEC method: (1) the board size affects the FS of Islamic banks from GCG and CAR aspects; (2) multi positions of SBB will affect the FS of Islamic banks from NPF, ROA, and BOPO aspects; (3) the meeting frequency only affects the FS of Indonesian Islamic banks from BOPO aspects.

**Keywords:** financial soundness, Islamic banks, shariah supervisory board characteristics

## 1. INTRODUCTION

The development of Islamic banks is increasingly diverse and widespread in Indonesia<sup>(1)</sup>, but in competition, Islamic banks are still under the conventional banking industry<sup>(2)</sup>. Therefore, it requires Islamic banking to compete, especially in maintaining and improving its Financial Soundness<sup>(2)</sup>. Financial soundness is a benchmark for stakeholders in making decisions, including applying prudence to banks. Furthermore, financial soundness is one of the primary considerations for investors, customers, and other stakeholders to make the bank their financial partner. As for the government and other authorities, the level of financial soundness is the primary consideration in making decisions on the condition of the bank<sup>(3)</sup>.

Financial soundness is related to the bank's ability to survive and continue to operate despite policy changes or liberalization in the financial sector or natural disasters<sup>(4)</sup>. Financial soundness can also be interpreted as a bank's financial stability. According to<sup>(5)</sup> Islamic banks in Southeast Asia tend to be more stable than

conventional banks. The financial soundness of a bank is reflected through the ability of the bank to pay its obligations and remain in the same position even though the economic conditions are deteriorating because Islamic banks have 'reserve capital'<sup>(6)</sup>.

Therefore, banks need to maintain and improve their financial soundness. When a bank can retain its financial soundness, it indirectly maintains the trust of its customers by ensuring that payments or the fulfillment of obligations run smoothly<sup>(7)</sup>. The management has made many efforts to maintain and improve the financial soundness. One of them is by improving the quality of its Sharia GCG. Sharia GCG is the most basic practice of Islamic Financial Institutions (Sharia Bank)<sup>(8)</sup>.

The increase in GCG implementation is reflected by maximizing the role of the Shariah Supervisory Board or Sharia Supervisory Board (SSB) as the most important mechanism of GCG. An effective GCG cannot be separated from the role of SSB in it<sup>(8)</sup>. The implementation of GCG in Islamic banks aims to ensure

conformity between bank products and activities with Islamic principles and law (sharia compliance). The determination of conformity or shariah compliance can, of course, only be done by an expert (SSB) who has a good understanding of religion, especially about *muamalah fiqih* <sup>(9) (10) (11) (12)</sup>.

SSB is one factor that affects the level of the FS of Islamic bank <sup>(2)</sup>. The existence of SSB is considered to have a positive effect on the performance and FS of the bank. Through its duties and responsibilities as bank supervisors and advisors, SSB limits and prevents management from making aggressive, risky decisions to maintain financial soundness <sup>(8)</sup>. SSB is also considered to assist banks in creating better Governance so that they positively impact banks' performance and financial health <sup>(2)</sup>. The characteristics of the SSB in this study are proxied through four indicators, namely the Number of SSB Members, Concurrent Positions of SSB Members, SSB Education Level (S2/more) and Frequency of SSB Meetings.

The characteristics of the SSB in this study are proxies through four indicators, namely the Number of SSB Members, Concurrent Positions of SSB Members, SSB Education Level (S2/more), and Frequency of SSB Meetings. Furthermore, this study aims to know the effect of these SSB characteristics on the financial soundness of Islamic banking in Indonesia in the period 2015-2019.

## 2. LITERATURE REVIEW

### ***1.1. Relationship of Number of Members/Size of SSB with Financial Soundness Level of Sharia Bank***

With many SSB members, it can create better quality control and overcome agency problems, so the possibility of information asymmetry can be minimized. Thus, it will make the financial soundness of the bank stable and maintained <sup>(13) (14)</sup>. In their research, also prove that the number of members/size and reputation of SSB has a positive effect on the performance of Islamic banking in Indonesia. <sup>(15)</sup> added that the number of SSB members could increase financial soundness and reduce transaction costs in Islamic banks.

Meanwhile, according to <sup>(16) (17)(18)</sup> the high number of SSB members only increases the conflict of interest and also the agency costs within the bank. On the other hand, a smaller number of SSB members is considered more effective because it makes it easier for the board of directors to control it to improve coordination between board members. And the results of research by <sup>(8)</sup> also show that the number of members or the size of the SSB has a significant negative effect on the financial soundness of Islamic banking. The number of

SSB members on financial soundness here is seen from several aspects of the RGEC method (NPF, FDR, GCG, ROA, BOPO, and CAR). Based on the explanation above, the following hypothesis can be formulated:

H1a = Number of Members / Size of SSB has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the NPF Aspect.

H1b = Number of Members / Size of SSB has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the FDR Aspect.

H1c = Number of Members / Size of SSB Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the GCG Composite Rating.

H1d = Number of Members / Size of SSB Has a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the ROA Aspect.

H1e = Number of Members / Size of SSB Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the BOPO Aspect.

H1f = Number of Members / Size of SSB Has a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the CAR Aspect.

### ***1.2. The Relationship of Dual Positions of SSB Members with the Financial Soundness Level of Sharia Banks***

The concurrent Position of SSB is the number of SSB members who have positions in other institutions. Dual Positions of SSB are measured by using the proportion of SSB who has positions in other institutions compared to the number of SSB members as a whole (Nugraheni, 2018). Several previous studies have proven that multiple SSB positions positively affect bank finances. In the sense that more SSB holding various positions will increase their credibility as counselors, supervisors, and bank advisors to improve the financial performance of Islamic banking (Agustina & Maria, 2017). Meanwhile, according to (Khalil & Taktak, 2020), the expertise and experience of SSB do not affect the financial soundness of Islamic banks. However, research linking the dual position of SSB with the level of the financial soundness of Islamic banks is still very limited.

Meanwhile, multiple positions are characteristics that have been attached to the SSB itself. Therefore, the authors are motivated to examine the effect of multiple positions on the bank's financial soundness. The influence of the dual position of SSB on financial soundness here is seen from several aspects of the

RGEC method (NPF, FDR, GCG, ROA, BOPO and CAR). From the description above, the following hypothesis can be formulated:

H2a = Multiple Positions of SSB Have a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the NPF aspect.

H2b = Multiple Positions of SSB Have a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the FDR aspect.

H2c = Multiple Positions of SSB Have a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the GCG Composite Rating.

H2d = Multiple Positions of SSB Have a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the ROA aspect.

H2e = Multiple Positions of SSB have a negative impact on the FS of Islamic banks in Indonesia in 2015-2019 from the BOPO aspect.

H2f = Multiple Positions of SSB Have a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the CAR aspect.

### ***1.3. Relationship between SSB Education Level and Sharia Bank Financial Soundness Level***

The Financial Services Authority and Bank Indonesia revealed that a SSB must have a good understanding, especially in the field of *fiqh muamalah* as well as finance and banking in general. <sup>(17)</sup> <sup>(18)</sup> <sup>(11)</sup> say that although SSB members have an excellent understanding of Islamic law, however, not having sufficient experience in other disciplines (banking, accounting, finance, etc.) causes them to fail in their mission as SSB. Therefore, OJK requires banks to choose SSB who have minimal knowledge of banking and finance in general.

<sup>(19)</sup> in his research proves that SSB with expertise in sharia and finance has a positive influence on the Financial Soundness of Islamic Banks. The higher the education of SSB can improve the bank's financial soundness because SSB has good skills and knowledge to oversee the performance of Islamic banking<sup>(20)</sup>. The opposite was found by<sup>(11)</sup> that SSB competence negatively influences the liquidity risk of Islamic banking in Malaysia. Meanwhile, according to<sup>(8)</sup>, the expertise and experience of SSB do not affect the financial soundness of Islamic banks. The influence of SSB education level on financial soundness here is seen from several aspects of the RGEC method (NPF, FDR, GCG, ROA, BOPO and CAR). From the explanation above, the writer formulates the hypothesis as follows:

H3a = SSB Education Level Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the NPF aspect.

H3b = SSB Education Level Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the FDR aspect.

H3c = SSB Education Level Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the GCG Composite Rating.

H3d = SSB Education Level Has a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the ROA aspect.

H3e = SSB Education Level Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the BOPO aspect.

H3f = SSB Education Level Has a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the CAR aspect.

### ***1.4. Relationship between SSB Member Meeting Frequency and Financial Soundness***

Research related to the effect of the frequency of SSB member meetings on the financial soundness of Islamic banking is still very limited. <sup>(21)</sup> found that the frequency of SSB meetings has a positive effect on the performance of Islamic banking, while it means that the more often the SSB implements meetings can increase company profitability and can reduce bank financing risk (NPF) in the sense that the frequency of SSB meetings can have a positive influence on the level of bank financial soundness.

Meanwhile, <sup>(8)</sup> say that the frequency of SSB member meetings has no effect on the level of financial soundness of Islamic banks. The impact of SSB meeting frequency on financial soundness here is seen from several aspects of the RGEC method (NPF, FDR, GCG, ROA, BOPO and CAR). From this explanation, the following hypothesis can be formulated:

H4a = Frequency of SSB Member Meetings Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the NPF aspect.

H4b = Frequency of SSB Member Meetings Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the FDR aspect.

H4c = Frequency of SSB Member Meetings Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the GCG Composite Rating.

H4d = Frequency of SSB Member Meetings Has a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the ROA aspect.

H4e = Frequency of SSB Member Meetings Has a Negative Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the BOPO aspect.

H4f = Frequency of SSB Member Meetings Has a Positive Effect on the FS Level of Islamic Banks in Indonesia in 2015-2019 from the CAR aspect.

### 3. METHODOLOGY

This type of research is quantitative correlation research, which is a study that aims to see the relationship between two or more facts and also the nature of the object being studied. The object of this research is a Sharia Bank registered with the Indonesian Financial Services Authority (OJK) for the 2015-2019 period, which presents complete financial and GCG reports. The sampling technique used is purposive sampling. There were 13 Islamic Banks in Indonesia as a sample in this research.

The Financial soundness is the dependent variable in this study. The level of Financial Soundness here is measured by the RGEC (Risk Profile, Good Corporate Governance, Earning and Capital) method as regulated by BI through regulation Number 13/1/PBI/2011 and also the Indonesian Financial Services Authority (OJK) through Regulation Number 8/POJK. 03/2014 which issued a new method which is comprehensive, materiality, proportionality, significance, structured and risk-oriented. The method is RGEC which is an acronym for aspects of Risk Profile, Good Corporate Governance, Earning and Capital. In which these aspects are proxies into NPF, FDR, GCG, ROA, BOPO and CAR. The RGEC method is considered more relevant for interpreting the conditions and Financial Soundness of Islamic banking today.

The independent variable in this study is the Characteristics of the Sharia Supervisory Board which is proxies through several indicators of Number of SSB Members, Multiple Positions of SSB Members, SSB Education Level (S2/more) and Frequency of Member Meetings. These variables are used to see how and to what extent SSB through its characteristics affect the level of Financial Soundness of Islamic Banks.

### 4. RESULTS AND DISCUSSION

#### ***3.1. The Influence of the Characteristics of the Sharia Supervisory Board on the Financial Soundness of Islamic Banks from the NPF Aspect (Financing Risk)***

The author formulates the hypothesis that each independent variable has a significant negative effect on

NPF/Islamic banking financing risk. In the sense that the increasing number of SSB members, the more SSB holding concurrent positions, the higher the education level of the SSB, and the more frequent SSB holding meetings can reduce the level of non-performing financing in banks. However, the study results show that only multiple positions have an effect on financing risk (NPF) for Islamic banks. Meanwhile, the variables of the number of SSB members, the education level of the SSB and the frequency of SSB meetings have no significant effect on the financing risk of Indonesian Sharia banking in 2015-2019.

<sup>(22)</sup> found that concurrent SSB positions could increase the financial soundness of Islamic banks while the number of members and frequency of SSB meetings did not have a significant influence on the financing risk of Islamic banks.

#### ***3.2. The Influence of the Characteristics of the Sharia Supervisory Board on the Financial Soundness of Islamic Banks from the FDR Aspect (Liquidity Risk)***

The results showed that the characteristics of the SSB include: the number of members of the SSB, concurrent positions, the education level of the SSB, and the frequency of meetings have no significant effect on the level of liquidity risk or the ability of the bank to fulfill its obligations. This is in line with the results of research conducted by <sup>(23)</sup>, which found that even an effective SSB did not significantly affect Malaysian Islamic banking. This study proves that the size of the SSB, experience/concurrent positions, competence, and SSB meetings will not significantly affect the financial soundness of Islamic banks when viewed from the level of bank liquidity.

#### ***3.3. The Influence of the Characteristics of the Sharia Supervisory Board on the Financial Soundness of Islamic Banks from the GCG Composite Rating***

The results showed that only the number of SSB members had a significant negative effect on the GCG composite rating, meaning that the greater the number of SSB members, the lower the bank's GCG composite rating. The lower the GCG composite rating of a bank indicates the soundness of the bank's mechanism. Meanwhile, other characteristics of SSB which include concurrent positions, education level of SSB and frequency of meetings do not have a significant effect on the financial soundness of Islamic Banks from the aspect of GCG ratings.

<sup>(21)</sup> <sup>(13)</sup> found the same thing in their research that the more number of SSB members will improve the quality of control and reduce agency costs and information asymmetry as well as improve the quality of communication between elements within the bank. In

other words, the number of SSB members has a positive effect on the bank's financial soundness, including the implementation of GCG. Because, SSB is the most important part of GCG and an effective GCG cannot be separated from the role of SSB in it<sup>(8)</sup>.

### ***3.4. The Influence of the Characteristics of the Sharia Supervisory Board on the Financial Soundness of Islamic Banks from the ROA (Earning/Profitability) Aspect***

Here the author formulates the hypothesis that each SSB characteristic includes: number of members, multiple positions, education level and frequency of meetings have a positive effect on ROA or the bank's ability to generate profits as a whole. The results showed that only multiple positions had a significant positive effect on the level of ROA while other SSB characteristics did not have a significant effect. The results of this study are the same as the findings<sup>(22)</sup> that multiple positions or experience from SSB can improve the performance of Islamic banking.

### ***3.5. The Influence of the Characteristics of the Sharia Supervisory Board on the Financial Soundness of Islamic Banks from the BOPO Aspect (Earning/Profitability)***

The results showed that the variable of multiple positions and the frequency of SSB meetings had a significant negative effect on the financial soundness of Islamic banks when viewed from the BOPO aspect. This means that the more SSB members hold concurrent positions and the more often SSB holds meetings, the more the SSB can improve their ability to work management in managing bank resources efficiently. This is in line with the results of research conducted by <sup>(21)</sup> that multiple positions and the frequency of SSB meetings can improve Islamic banking performance.

Meanwhile, two other characteristics or independent variables do not have a significant effect on the level of financial soundness of Islamic banks from the BOPO aspect.

### ***3.6. The Influence of the Characteristics of the Sharia Supervisory Board on the Financial Soundness of Islamic Banks from the CAR (Capital) Aspect***

The results showed that only the number of SSB members had a significant positive effect on the level of financial soundness of Islamic banks from the CAR aspect. This means that more SSB members can improve the quality of bank capital adequacy. Because, the existence of SSB can limit management to take aggressive decisions that can disrupt the smooth operation of the bank<sup>(8)</sup>.

### ***3.7. Robustness Check Result***

#### **Camel Method**

The results of the CAMEL method test show that all SSB characteristics including: number of SSB members, concurrent positions, SSB education level and frequency of meetings do not have a significant effect on the level of financial soundness of Islamic Banks in Indonesia in 2015-2019.

#### **Z-Score Method**

The results of testing the Z-Score method show that only the dual position variable affects the financial soundness of Islamic Banks in Indonesia in 2015-2019 while the other variables do not have a significant influence.

## **5. CONCLUSION, LIMITATIONS AND SUGGESTIONS**

The characteristics of the number of SSB members based on the RGEC method only affect the level of financial soundness of Indonesian Islamic banking from the GCG and CAR aspects. This means that the more members of the SSB or the larger the size of the SSB, the implementation of GCG and the provision of capital in a Sharia Bank will improve. Because, SSB can help management to implement the GCG mechanism properly and prevent management from making decisions that have aggressive risks. Meanwhile, the number of SSB members has no significant effect on the financial soundness of Islamic banks from the aspect of risk profile (NPF & FDR), Earning (ROA & BOPO). Meanwhile, the Dual Position Characteristics based on the RGEC method only affects the level of financial soundness of Indonesian Islamic banking from the aspect of NPF, ROA and BOPO. That is, the more SSB members who hold concurrent positions in a bank, the more it will help reduce the level of non-performing financing and increase the profitability of the bank concerned. Meanwhile, the variable of multiple positions has no significant effect on the financial soundness of Islamic Banks from the aspect of risk profile (FDR), GCG, Capital and (CAR). And the characteristics of the SSB Education Level based on the RGEC method have no significant effect on every aspect of the RGEC method used in this study which includes the risk profile (NPF&FDR), GCG, Earning (ROA&BOPO and Capital (CAR). a bank will not have a significant influence on the level of financial soundness of Islamic banking in Indonesia. Meanwhile, the Meeting Frequency Characteristic based on the RGEC method only affects the level of financial soundness of Indonesian Islamic banking from the BOPO aspect. Meanwhile, based on the results of this study, the frequency of meetings does not significantly

affect the level of financial soundness of Islamic banks from the aspect of risk profile (NPF&FDR), GCG, Earning (ROA) and Capital (CAR).

Based on Robustness Check, the CAMEL method shows all the characteristics of SSB including: the number of SSB members, concurrent positions, education level of SSB and the frequency of meetings do not have a significant effect on the level of financial soundness of Islamic Banks in Indonesia in 2015-2019. Based on the Robustness Check method, the Z-Score method shows that only multiple position variables affect the financial soundness of Islamic banks in Indonesia in 2015-2019, while other variables do not have a significant influence.

## REFERENCES

- [1] Anshori, A. G. (2008). Sejarah Perkembangan Hukum Perbankan Syariah di Indonesia dan Implikasinya bagi Praktik Perbankan Nasional. *La\_Riba Jurnal Ekonomi Islam*.
- [2] Nugroho, A. 2020. Studi efektivitas dewan pengawas syariah terhadap profitabilitas dan resiko pembiayaan perbankan syariah. *PROCEEDING OF NATIONAL CONFERENCE ON ACCOUNTING & FINANCE*, (pp. 60-68).
- [3] Husein, A. r., & Hasib, F. F. (2016). Tingkat Kesehatan Keuangan Bank: Analisa Perbandingan Metode Camel dan RGEC.
- [4] Lindgren, J. G. (1966). Bank soundness and macroeconomic policy. *International Monetary Fund*.
- [5] Rajhi, W. (2013). Islamic banks and financial stability: A comparative empirical analysis between MENA and Southeast Asian countries. *Region et Development*, 150-177.
- [6] Bourkhis, K., & Nabi, M. S. (2012). Islamic and conventional banks soundness during the 2007-2008 financial crisis. *Review of Financial Economics*, 10.
- [7] Permana, B. A. (2012). Analisis Tingkat Kesehatan Bank Berdasarkan Metode CAMELS dan Metode RGEC. *Jurnal Akuntansi UNESA*.
- [8] Khalil, A., & Taktak, N. (. (2020). The impact of the Shariah Board characteristics on the financial soundness of Islamic Banks. *Journal of Islamic Accounting and Business Research*.
- [9] AAOIFI. (2010). "Shariah standars for Islamic Financial institutions", Manama, Bahrain. *Accounting and Auditing Organizations for Islamic Financial Institutions*.
- [10] Faozan, A. (2013). Implementasi Good Corporate Governance dan Peran Dewan Pengawas Syariah di Bank Syariah. *La\_Riba: Jurnal Ekonomi Islam*.
- [11] Ramly, Z., Datuk, N., & M.H, N. (2018). Shariah supervision board, board independence, risk committee and risk taking pf Islamic banks in Malaysia. *International Journal of Economics and Financial Issues*, 290-300.
- [12] Ulussever.T. (2018). "A comparative analysis of corporate governance and bank performance: Islamic banks with conventional banks". *Pressacademia*, 34-50.
- [13] Almutairi, A., & Quttainah. (2017). Corporate Governance: evidence from Islamic banks. *Social Responsibility Journal*, 601-624.
- [14] N, R. Z., dan, & Nordin M, H. (2018). "Shariah supervision board, board independence, risk committee dan risk-taking of Islamic banks in Malaysia". *International Journal of Economics and Financial Issues*, Vol.8 No.4 pp. 290-300.
- [15] 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*.
- [16] Jensen, M., & Meckling, W. (1976). "Theory of the firm: managerial behaviour, agency cost dan ownership structure". *Journal of Financial Economics*, Vol.3 No.4, pp. 305-306.
- [17] Lassoued, M. (2018). Corporate Governance and financial stability in Islamic banking. *Managerial Finance*.
- [18] Nomran, R.Haron, & R.Hasan. (2018). Shari'ah supervisory board characteristics effects on Islamic banks' perfomance. *International Journal of Bank Marketing*.
- [19] Quttainah, M. (2012). "Four essays on the impact of Shari'ah (Islamic law) as an institutional governance mechanism on organizational performance and managerial behaviour." *PhD Thesis in Management Sciences, Institute Rensselaer Polytechnic/USA*.
- [20] Ulinnuha, S. (2017). Pengaruh Tingkat Pendidikan Dewan Pengawas Syariah, Dewan Komisaris dan Dewan Direksi Terhadap Kesehatan Bank Syariah di Indonesia. *Skripsi (Tidak Dipublikasikan)*. Program Studi S1 Akuntansi Universitas Islam Yogyakarta.
- [21] S, M., Hassan, M., Farooque, O., & Mobarek. (2016). The Governance, risk-taking, and performance of Islamic banks. *Journal of Financial Services Research*, 1-25.
- [22] Fikri, S. Y., & Hassan, T. (2017). "A review on agency cost of Sshariah governance in mutual fund". *International Journal of Economics and Financial Issues*, Vol.5 No.2 pp.88-105.

[23] Agustina, R. (2017). Penilaian Tingkat Kesehatan Perbankan Syariah di Indonesia dengan Metode RGEC. *AL-URBAN: Jurnal Ekonomi Syariah dan Filantropi Islam*.

[24] Waesmutafa, W., & dan Abdullah, A. (2015). Mode of Islamic Bank Financing: Does Effectiveness of Shari'ah Supervisory Board Matter? *Australian Journal of Basic and Applied Sciences*, 458-463.