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CORPORATE GOVERNANCE AND SHARIAH NON-COMPLIANCE RISK: THE CASE OF ISLAMIC BANKS IN INDONESIA

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Good Corporate Governance terhadap risiko ketidakpatuhan syariah pada Bank Umum Syariah di Indonesia yang terdaftar di OJK selama periode 2017-2020. Sampel penelitian diambil dengan menggunakan teknik purposive sampling untuk menghasilkan 13 Bank Umum Syariah yang terdaftar di OJK. Metode analisis yang digunakan dalam penelitian ini adalah analisis regresi logistik. Berdasarkan hasil analisis data, secara simultan, semua variabel independen memiliki pengaruh yang signifikan terhadap risiko ketidakpatuhan syariah. Sebagian, ukuran dewan komisaris independen, ukuran dewan komisaris, ukuran dewan pengawas syariah, ukuran komite audit dan frekuensi rapat direksi tidak memiliki pengaruh signifikan terhadap risiko ketidakpatuhan syariah. Sementara itu, ukuran Direksi, Frekuensi Rapat Dewan Komisaris, Frekuensi Rapat Dewan Pengawas Syariah dan Frekuensi Rapat Komite Audit sebagian memiliki pengaruh signifikan terhadap risiko ketidakpatuhan syariah.

Kata kunci: Tatakelola Yang Baik; Kepatuhan Syariah; Risiko Ketidakpatuhan Syariah

ABSTRACT

This study aims to determine the effect of Good Corporate Governance on the sharia non-compliance risk at Islamic Commercial Banks in Indonesia registered with the OJK during the 2017-2020 period. The research sample was taken using a purposive sampling technique to produce 13 Islamic Commercial Banks registered with the OJK. The analytical method used in this study was logistic regression analysis. Based on the results of data analysis, simultaneously, all independent variables have a significant influence on the risk of sharia non-compliance. Partially, the size of the independent board of commissioners, the size of the board of commissioners, the size of the sharia supervisory board, the size of the audit committee and the frequency of meetings of the board of directors do not have a significant influence on the risk of sharia non-compliance. Meanwhile, the size of the Board of Directors, Frequency of Board of Commissioners Meetings, Frequency of Sharia Supervisory Board Meetings and Frequency of Audit Committee Meetings partially have a significant influence on the risk of sharia non-compliance.

Keywords: Good Corporate Governance, Shariah-compliance; Risk of Sharia Non-compliance

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1. INTRODUCTION

Islamic banking basically has very high potential and has enormous opportunities for growth (Marimin et al., 2017). As in research Sagantha, (2020) which describes in general that the financial performance of Islamic banks in Indonesia is in the fairly good category. ROA growth in Islamic banks in Indonesia for 15 consecutive years, namely in the period 2005 – 2019 was ranked 1 (one) with an average of 2.53%. In addition, regarding the resilience of Islamic banking during the Covid-19 pandemic, as evidenced by the growth of Islamic banking assets by 15.6% (year on year), this was conveyed directly by Sri Mulyani as the Minister of Finance of the Republic of Indonesia (Sri, 2021). In another study conducted by Widodo et al., (2022) As a result, Islamic banking in Indonesia will continue to experience positive growth during 2022 with total assets predicted to reach 694-734 trillion rupiah, financing (PYD) which reaches 452-470 trillion rupiah and Third Party Funds (DPK) which is predicted to reach 549- 575 trillion rupiah. This projection is strongly supported by the achievement of Indonesian Islamic banking which was ranked first in the Islamic Finance Country Index (IFCI Global Islamic Finance Report 2021) (BI, 2021). Not only that, based on the Islamic Finance Country Index report, for five consecutive years, Indonesia has been included in the top ten Islamic banks in the world (Muhammad & Oktaviyanti, 2020).

However, as an entity that has a special character, in fact, Islamic banks are also faced with the same magnitude of risk in management, so that the principle of prudence is needed on the perpetrators (Emilia Sula et al., 2014). Islamic banks are required to comply with a distinctive risk sequence (Puneri et al., 2020). Among them is the risk of equity investment, commercial risk that is transferred and which has recently been widely discussed and has attracted the attention of many parties such as regulators, bank managers, investment account holders, shareholders, the wider community and academics is the risk of non-compliance with Islamic banks (Basiruddin & Ahmad, 2014). This risk usually arises due to legal behavior such as deviant activities or institutional behavior or violations committed outside the provisions of sharia legislation (Rosman et al., 2017).

The risk of sharia non-compliance is considered important because from the perspective of the community as users of sharia banking services, sharia compliance is the main integrity and credibility of sharia banking (IFSB, 2006). So, if in a sharia banking there is an issue regarding sharia non-compliance, people will feel they have lost the privileges they have been looking for where the banking used is no longer operating in accordance with sharia provisions. Non-compliance with sharia principles will have a negative impact on the image of sharia banking in the form of loss of trust or customer trust (Ilhami, 2009).

The reality that is currently being faced is that the good and bad implementation of sharia principles in the Islamic banking industry will have a bad impact on the good name of the Islamic religion itself. Another reality is that if there is an Islamic banking that stumbles over a case of sharia non-compliance, the public will not only blame the bank concerned but hit all existing Islamic banks as banks that have doubtful levels of sharia compliance (Mardian, 2015). A study conducted by Ernawati (2019) showed that the largest contributor to sharia non-compliance cases in Sharia Commercial Banks during the 2012-2018 period was PT Bank Mega Syariah with a percentage of 36% followed by PT Bank Syariah Mandiri and PT Bank Muamalat Indonesia with the same percentage of 22%. Meanwhile, the contributors to sharia non-compliance cases are the least by PT Bank Central Asia Syariah 0% and PT Panin Bank Syariah 1%.

The most famous case related to sharia principles has occurred at PT Bank Syariah Mandiri (Persero) Tbk Bogor Main Branch Office in October 2012. Before finally committing the merger, BSM had stumbled upon a sharia non-compliance case, where the three officials in Bank Syariah Mandiri Bogor Branch Office allegedly carried out fictitious loans worth up to 102 billion rupiah, by forging the identity documents of 197 customers in a case of embezzlement of funds. As a result, Bank Syariah Mandiri must face reputational risks, reputational damage even does not only occur in Bank Syariah Mandiri but also in all Islamic banks in Indonesia, this has resulted in a decrease in the level of stakeholder trust due to existing negative perceptions. Another impact caused by the occurrence of this case certainly also affects the liquidity of Islamic banks (Riza, 2013).

The latest case regarding sharia non-compliance which has a very fantastic number is the case of Bank Jabar Banten Syariah where based on the 2018 GCG report issued by the BJBS company recorded 4 cases of irregularities with a total of Rp 548 billion (Arief, 2019). Another example of a case of sharia non-compliance is the case that has happened to Bank NTB Syariah (Awaludin, 2021), Bank Panin Syariah (Kontan.co.id, 2019) BRI Syariah Yogyakarta Branch Office, Bank Bukopin Syariah Bukittinggi, BSM Kancapem Lubuk Linggau. With the large number of irregularities that occur in Islamic banking, it indicates that Islamic banking in Indonesia is still experiencing a large sharia compliance crisis in Islamic banking.

So, with the issue of sharia non-compliance which has recently resurfaced over the last 10 (ten) years, and has become a special concern for stakeholders, it has inspired researchers to re-examine the factors that can affect the level of sharia compliance in Indonesia. Several previous studies discussed non-compliance in Islamic banking, most of which were limited to the use of sharia compliance index sizes, for example in the Segarawasesa research, (2021) used a sharia compliance index consisting of 80 indices, of which 3 were the availability of disclosure of ijarah, qard and istishna contracts. Similar to Listiana's research, (2016) also uses the compliance index as a variable y in examining the level of Islamic compliance in Islamic banking.

Based on previous studies that have been carried out taking into account the weaknesses and consistency of variables, the author will try to compile a follow-up study on the risk of sharia non-compliance in Islamic banks in Indonesia. This research combines previous research conducted by Basiruddin & Ahmad (2014). The Dependent variable or variable Y that will be studied is about the risk of sharia non-compliance in Islamic banking in Indonesia. Where the risk of sharia non-compliance will be proxied in non-halal income. Researchers will also add several other variables that may affect the level of risk of sharia non-compliance. Some additional variables will be described on the independent variable or variable X. In addition, in previous studies variable X tended to be limited to liquidity units, company size and audit committees and board of age. Some previous studies also had a fairly short time span, only ranging from 1 to 3 years where they were considered less effective. Meanwhile, in this study, researchers will increase the research year by 4 years, starting from 2017 to 2020. The reason why researchers chose this period is also based on the many cases of sharia non-compliance that occurred in Indonesia during the 2017-2020 period and also the absence of new research or further research on sharia non-compliance cases in Indonesia in the period 2017 to 2020.

The supervisory function of Sharia compliance with Islamic banking business activities is carried out internally by parties who have the authority to carry out internal supervision of banks in accordance with their functions and authorities. Among them are the Board of Commissioners, Board of Directors and Sharia Supervisory Board (DPS) (Yusmad, 2018). Meanwhile, according to Bank Indonesia Regulation No. 11/33/PBI/2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units (2009) explains that the Board of Commissioners, Directors and Independent Commissioners are important company organs in this case Islamic banking. Meanwhile, the Sharia Supervisory Board is a board tasked with providing advice and advice to the Board of Directors and supervising Islamic banking activities.

Based on the renewal of the phenomenon and the research gap, the researcher will re-examine the effect of the size and frequency of meetings of the Board of Commissioners, Board of Directors, Sharia Supervisory Board and Audit Committee on the risk of sharia non-compliance which is proxied in non-halal income. This research is considered necessary considering that there are not many studies on sharia non-compliance that use non-halal income as a proxy to measure the risk of sharia non-compliance.

2. LITERATURE REVIEW

2.1 AGENCY THEORY

Agency theory is the basic theory used to understand the concept of Good Corporate Governance. According to Bastian, (2006) Agency theory or can be called contracting theory is one of the most important accounting research needs today. According to Jensen & Meckling, (1976)The definition of agency theory is a design that describes a contract in which a person or more orders another person (agent) to perform some services or in the form of service activities on behalf of the company, besides that the agent is also given the authority to make and make the best decisions for a company. This agency theory appears in line with the occurrence of an employment contract between the management (agent) and the owner of the company (principal) in which the proportion of rights and obligations of each party is regulated while taking into account the overall benefits (Arifah, 2012).

As someone who is given a mandate by the principal and knows more about the condition of the company, a manager (agent) has an obligation to convey the mandate truthfully without abusing that trust. The obligation to convey the truth is stated in Chapter (2) Al Baqarah verse 28, Allah says:

> *Meaning: "Then let (people) who are trusted fulfill their mandate (debts) to those who are entitled (those owed)."*

In the concept of agency theory, management that acts as an agent should have the principle on behalf of the best interest of the shareholders or do work in the best interests of the shareholders. However, in its implementation, sometimes the delivery of this information is not in accordance with the circumstances that actually occur in the company and is commonly referred to as an imbalance of information (asymmetric information), with events like this it will cause agency costs (Kholmi, 2010). Agency costs are costs incurred for supervision, these costs are incurred by management in order to produce transparent reports, including independent audit costs and internal control (Triyuwono, 2018).

Referring to Bank Indonesia Regulation No. 11/33/PBI/2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units, (2009) explains that the supervisory function of Islamic banking business activities is carried out internally by parties who have the authority to carry out internal bank supervision in accordance with their functions and authorities. Among them are the Board of Commissioners, Board of Directors and Sharia Supervisory Board (DPS). in addition, the Audit Committee under it also has the authority to carry out supervision.

According to William R Scott, (2015) conflicts of interest between principals and agents will continue to increase if principals rarely or even never supervise or monitor activities that occur within the company. With the lack of supervision allows management (agents) to be able to carry out commendable actions that have no benefit to the company, if this happens in the long term it can cause huge losses to the company. Even management (agents) can use the accounting department to annul reporting for personal gain. In addition, the dependence of external parties on accounting figures, the tendency of managers to meet personal interests and the high asymmetric information become loopholes for managers (agents) to manipulate reported data in order to enrich themselves.

So with this agency theory, it is to overcome two problems that can occur in agency relations (Adverse Selection, Moral Hazard) based on 3 (three) basic assumptions (Hendrawaty, 2017). Based on the explanations that have been presented related to agency theory, it proves that this theory has a relationship with administrative functions. This theory has also explained the position of the company owner with agents who are expected to be aligned in controlling the company and protecting shareholders' rights.

The main purpose of agency theory is as an explanatory where the parties involved in the contract can carry out contractual relations by designing contracts that can minimize costs as a result of asymmetric information and other uncertain conditions. Agency theory is also equipped with mechanisms that can overcome problems that arise as a complement to contract contracts (Ahmad & Septriani, 2008).

2.2 SHARIA COMPLIANCE

The word sharia comes from Arabic from the root word syara'a, which has various meanings, namely ways, ways and rules. Sharia is defined by the fuqaha as laws and rules set by Allah SWT to be followed by his servants as regulators of life in this world. Thus, sharia is a system of rules based on the teachings of Allah SWT, namely the Qur'an and the teachings of the Prophets, which includes all aspects of human life, both human relationships with God and relationships between humans and the environment (Djamil, 2013). If it is concluded that sharia is a rule that must be followed and obeyed by humans, as Allah says in Surah Asy Shura verse 13:

شَرَعَ لَكُم مِّنَ ٱلدِّينِ مَا وَصَّىٰ بِهِۦ نُوحًا وَٱلَّذِىٓ أَوْحَيْنَآ إِلَيْكَ وَمَا وَصَّيْنَا بِهِۦٓ
إِبْرَٰهِيمَ وَمُوسَىٰ وَعِيسَىٰٓ ۖ أَنْ أَقِيمُوا۟ ٱلدِّينَ وَلَا تَتَفَرَّقُوا۟ فِيهِ ۚ كَبُرَ عَلَى ٱلْمُشْرِكِينَ مَا
تَدْعُوهُمْ إِلَيْهِ ۚ ٱللَّهُ يَجْتَبِىٓ إِلَيْهِ مَن يَشَآءُ وَيَهْدِىٓ إِلَيْهِ مَن يُنِيبُ

Meaning: "He has prescribed for you the religion of what He has willed to Noah and what We have revealed to you and what We have passed on to Abraham, Moses and Jesus, namely: Establish religion and do not be divided about it. It is very hard for the polytheists of the religion to which you call them. Allah draws to the religion those whom He wills and guides (to Him) those who return (to Him)" (Surat Ash-Shura: 13)

Sharia compliance is the distinguishing aspect between conventional banking and Islamic banking (Mardian, 2015). The implementation of sharia compliance is part of the management framework by creating a culture of compliance in managing risk. This sharia compliance has international standards that are compiled and determined by the Islamic Financial Service Board (IFSB) which contains that sharia compliance is part of the implementation of Good Corporate Governance for sharia entities in accordance with the contents Bank Indonesia Regulation No. 13/2/PBI/2011 concerning the Implementation of the Compliance Function of Commercial Banks, (2011). Sharia compliance is a principle that must be implemented by sharia banking financial institutions and non-bank institutions, this is a manifestation of the fulfillment of all sharia principles that must be owned by sharia-based institutions (Musyafa et al., 2018). This principle must be applied to every contract used in products and transactions that occur in sharia-based financial institutions (Faozan, 2014).

2.3 NON-HALAL INCOME

One of the many criticisms addressed to Islamic banking is that Islamic banking activities are considered not fully in accordance with Islamic principles. Where the public's most concern is regarding the existence of non-halal income in Islamic banking activities. Non-halal income is the receipt of incoming money in Islamic banking which originally did not use a sharia scheme or was not in accordance with sharia principles, for example, receipt of demand deposits or interest from conventional banks. In addition, non-halal income can come from fines for customer delays.

Basically, non-halal income has been regulated in Islam and also by the competent government in Indonesia, in this case the National Sharia Council. In Islam, all activities that contain interest or usury are unlawful, thus non-halal income from bank interest or other activities is unlawful. This is clearly prohibited in the Qur'an Surah Ar-Ruum verse 3, An-Nisa verse 160-161, Al-Baqarah verse 278-279.

Meanwhile, according to the prevailing laws and regulations in Indonesia, hereby DSN has regulated non-halal income in the DSN MUI Fatwa No. 123/DSN-MUI/XI/2018 Concerning the Use of Funds That Should Not Be Recognized as Income for Sharia Financial Institutions, Sharia Business Institutions and Sharia Economic Institutions. Which contains, non-halal income comes from transactions that are not in accordance with sharia principles that cannot be avoided, including interest income. In addition, there are fines for customers who do not fulfill obligations in accordance with the agreement ('adam al-wafa' bi al-iltizam).

Furthermore, the MUI DSN also regulates the use of non-halal income. Where non-halal income may not be recognized as assets, but must be used and channeled directly for the benefit of Muslims and other common public interests that do not conflict with Islamic principles. The non-halal income is not allowed for the benefit of LKS, LBS or LPS and any distribution of non-halal income must obtain approval from the DPS and be published in the Financial Statements and Good Corporate Governance Reports as a form of sharia banking transparency to stakeholders.

So, broadly speaking, DSN MUI can only tolerate non-halal income which generally occurs in emergency conditions or in unavoidable conditions, such as conventional bank interest that is forced to be carried out and also fines for customer delays. In addition, DSN MUI stipulates that non-halal income is included in income that can increase benevolence funds, not as an addition to LKS assets. However, Islamic banking that does not have non-halal income in it will be much better. It is appropriate for Islamic banking to gradually abandon and avoid non-halal income. This is considered necessary considering that banks that do not have non-halal income in it will increase the trust of stakeholders.

There are 5 (five) structures and 4 (four) supervision in relation to Good Corporate Governance which are discussed in this study, including the following: Independent Board of Commissioners Size; Board of Commissioners Size; Board of Directors Size; Sharia Supervisory Board Size;

Audit Committee Size; Frequency of Board of Commissioners Meeting; Frequency of Board of Directors Meeting; Frequency of Sharia Supervisory Board Meetings and Frequency of Audit Committee Meetings.

3. RESEARCH METHOD

The variables used in this study consisted of 2 (two) types of variables, namely the dependent variable and the independent variable. The dependent variable or also known as the dependent variable in this study is the risk of sharia non-compliance. While the independent variables or independent variables from this study are the size of the Independent Board of Commissioners, the size of the Board of Commissioners, the size of the Board of Directors, the size of the Sharia Supervisory Board, the size of the Audit Committee, the frequency of the meetings of the Board of Commissioners, the frequency of meetings of the Board of Directors, the frequency of meetings of the Sharia Supervisory Board and the frequency of meetings. Audit Committee.

The data used in this study uses the type of secondary data. Secondary data is data obtained indirectly through a published report of a company. The data to be processed is in the form of an annual report on Good Corporate Governance and an Annual Report which is taken through the official website of each Islamic banking as a sample by downloading the report data required in this study.

The population in this study consisted of 14 Islamic Commercial Banks registered with the OJK which operated from 2017 to 2020. While the samples used in this study were taken by purposive sampling which aims to obtain samples that match the research criteria that have been determined. The criteria used are as follows:

1. Sharia Commercial Banks that are consistently registered with OJK during 2017-2020.
2. Sharia Commercial Banks that consistently publish Good Corporate Governance and Annual Reports for 2017-2020.
3. Islamic Commercial Banks that consistently display the variable data needed in this study.

Based on these criteria, the number of samples worth testing in this study is as follows:

Table 1. Sampling

Information	Sum
Total Population	14
Test Criterion 1	
Sharia Commercial Banks that are inconsistently registered with the OJK for the period 2017, 2018, 2019 and 2020	0
Total	14
Test Criterion 2	

Sharia Commercial Banks that inconsistently publish the annual report of Good Corporate Governance for the 2017-2020 period	0
Total	14
Test Criterion 3	
Sharia Commercial Banks that inconsistently display variable data needed in the study	1
Total of cualified samples	13
Total years of research	4
Amount of research data	52

Source: Data Processed, 2022

After going through the selection process of the objects above, 13 Sharia Commercial Banks have been obtained that have successfully passed the selection as research objects. In the 3rd (third) selection test, as many as 1 (one) bank did not pass the selection was PT Bank Jabar Banten Syariah, it was stated that PT BJB Syariah did not have one of the variables needed in this study, where PT BJB Syariah did not post non-halal income and the frequency of meetings of the Board of Directors.

So then there are 13 Sharia Commercial Banks that have passed the selection and are declared eligible to be used as samples for the 2017-2020 period. The following is a list of Sharia Commercial Banks that are the object of this study:

Table 2. Name of Sample

No.	Code	Sharia Commercial Banks
1	BAS	PT. Bank Aceh Syariah
2	BMI	PT. Bank Muamalat Indonesia, Tbk
3	BVS	PT. Bank Victoria Syariah
4	BRIS	PT. Bank BRI Syariah
5	BSM	PT. Bank Syariah Mandiri
6	BMS	PT. Bank Mega Syariah
7	PDS	PT. Bank Panin Dubai Syariah, Tbk
8	BSB	PT. Bank Syariah Bukopin
9	BCAS	PT. BCA Syariah
10	BTPN	PT. Bank Tabungan Pensiunan Nasional Syariah
11	BLS	PT. Bank Aladin Syariah
12	NTB	PT. BPD NTB Syariah
13	BNIS	PT. Bank BNI Syariah

Source: Data Processed, 2022

This study uses a quantitative approach to answer problems that have been formulated previously and requires mathematical calculations using certain statistical formulas. The data analysis technique used is binary logistic regression or commonly called logistic regression. Logistic regression is a form of regression used to model the relationship between the dependent variable and the independent variable. The dependent variable uses a binary measure or dichotomy consisting of two values, namely a score of 1 or 0. Meanwhile, the type of data for the independent variable can be in the form of nominal, ordinal, interval or ratio data. By using logistic regression, it is not necessary to assume normality for the independent variables. This is because logistic regression generally does not meet the assumption of a multivariate normal distribution (Ghozali, 2018). A tool for analyzing data using SPSS 24 software. The omnibus tests of model coefficients are used to test together whether all independent variables are simultaneously able to influence the dependent variable (Simultaneous F Test). Wald's test is used to test whether each independent variable is able to influence the dependent variable (Test Partial T).

4. FINDINGS AND DISCUSSION

4.1 TEST OMNIBUS TEST OF MODEL COEFFICIENTS (TEST SIMULTANEOUS F)

The Omnibus tests of model coefficients test is carried out to test together whether all independent variables in this case are Independent Board of Commissioners Size, Board of Commissioners Size, Board of Directors Size, Sharia Supervisory Board Size, Audit Committee Size, Board of Commissioners Meeting Frequency, Board Meeting Frequency Board of Directors, Frequency of Sharia Supervisory Board Meetings and Frequency of Audit Committee Meetings are able to influence the dependent variable, namely Sharia Non-compliance Risk simultaneously.

In testing this hypothesis using a significant level of 10%. The consideration in increasing the significant level to 10% is based on the results of the wald test (t), where the results of the wald test for the variable frequency of audit committee meetings are 0.087. Apart from the results of the Wald test, the use of the 10% significance level is based on the still permissible level of 10% significance for economic research. The following are the results of the omnibus test or the results of the simultaneous test:

Table 3. Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	24,769	9	0,0003
	Block	24,769	9	0,0003
	Model	24,769	9	0,0003

Source: SPSS 24 (2022) Output Results

Based on the table above, it can be obtained a p-value of 0.003 < 0.1. So it can be concluded that together the independent variables in this case are the Size of the Board of Commissioners, Size of the Board of Directors, Size of the Sharia Supervisory Board, Size of the Audit Committee, Frequency of Board of Commissioners Meetings, Frequency of Board of Directors Meetings, Frequency of Sharia Supervisory Board Meetings and Frequency of Audit Committee Meetings. has an effect on the Risk of Sharia Non-compliance in BUS for the 2017-2020 period.

4.2 WALD TEST (PARTIAL T TEST)

The Wald test was conducted to test whether each of the independent variables, namely Size of the Board of Commissioners, Size of the Board of Directors, Size of the Sharia Supervisory Board, Size of the Audit Committee, Frequency of Board of Commissioners Meetings, Frequency of Board of Directors Meetings, Frequency of Sharia Supervisory Board Meetings and Frequency of Audit Committee Meetings were able to affect the dependent variable, namely the Risk of Sharia Non-compliance. The independent variable can be said to have a significant effect on the dependent variable if the p-value < 0.1 (significance level).

Table 4. Wald Test Result

	B	S.E.	Wald	df	Sig.
Size of the Independent BoC	0,299	2,281	0,017	1	0,896
Size of the BoC	-2,229	1,630	1,869	1	0,172
BoD Size	3,268	1,836	3,167	1	0,075
Size of SSB	38,585	6682,6	0,000	1	0,995
Audit Committee Size	0,529	0,860	0,379	1	0,538
Frequency of the BOC Meeting	0,355	0,174	4,134	1	0,042
Meeting Frequency of the BoD	0,006	0,090	0,004	1	0,951
Meeting Frequency of the SSB	0,555	0,293	3,575	1	0,059
Frequency of Audit Committee Meetings	-0,422	0,247	2,922	1	0,087
Constant	-89,799	13365,2	0,000	1	0,995

Source: SPSS 24 (2022) Output Results

Based on Tabel 4 also obtained an analysis of the influence of the independent variable on the dependent variable which is described in the following points:

1. Based on the test results in Table 4, the odd ratio value presented in the Exp column (B) of the Size of the Independent Board of Commissioners is equal to e0.299 = 1.349, which means that if the value of the variable Size of the Independent Board of Commissioners increases, then the risk of sharia non-compliance will increase by 1.349. time.
2. Based on the test results in Table 4, the odd ratio value presented in the Exp (B) column of the Size of the Board of Commissioners is equal to e-2,229 = 0.108, meaning that if the value of the variable Size of the Board of Commissioners decreases, then the risk of sharia non-compliance will increase by 0.108 times. On the other hand, if the size of the Board of Directors increases, the risk of sharia non-compliance will decrease by 0.108 times.
3. Based on the test results in Table 4, it shows the odd ratio value presented in the Exp (B) column of the Board of Directors Size, which is e3.268 = 26.255, meaning that if the value of the Board of Directors Size variable increases, the opportunity for sharia non-compliance risk will increase by 26.255 times.
4. Based on the test results in Table 4, the odd ratio value presented in the Exp (B) column of the Size of the Sharia Supervisory Board is e38,585 = 5.718, which means that if the value of the variable Size of the Sharia Supervisory Board increases, the chance of occurrence of the risk of sharia non-compliance will increase by 5.718. time.
5. Based on the test results in Table 4, the odd ratio value presented in the Exp (B) column of the Audit Committee Size is e0.529 = 1.697, meaning that if the value of the Audit Committee Size variable increases, the chance of sharia non-compliance risk will increase by 5.718 times.
6. Based on the test results in Table 4, the odd ratio value presented in the Exp (B) column of the Frequency of the Board of Commissioners Meeting is e0.355 = 1.426, meaning that if the value of the Board of Commissioners Meeting Frequency variable increases, the chance of occurrence of sharia non-compliance risk will increase by 1.426. time.
7. Based on the test results in Table 4 shows the odd ratio value presented in the Exp column (B) of the Meeting Frequency of the Board of Directors, which is e0.006 = 1.006, which means that if the value of the Board of Directors Meeting Frequency variable increases, then the risk of sharia non-compliance will increase by 1.006. time.
8. Based on the test results in Table 4, the odd ratio value presented in the Exp column (B) of the Frequency of Sharia Supervisory Board Meetings is e0.555 = 1.741, which means that if the value of the Sharia Supervisory Board Meeting Frequency variable increases, the chances of the occurrence of sharia non-compliance risk will increase. by 1,741 times.
9. Based on the test results in Table 4, the odd ratio value presented in the Exp column (B) of the Frequency of Audit Committee Meetings is e0.422 = 0.656, meaning that if the value of the Audit Committee Meeting Frequency variable decreases, then the chance of sharia non-compliance risk will increase by 0.656 times. On the other hand, if the frequency of

the Audit Committee Meetings increases, the risk of sharia non-compliance will decrease by 0.656 times.

4.3 THE DISCUSSION OF FINDINGS

4.3.1 All independent variables Simultaneously Significantly Affects Sharia Non-compliance Risk

Based on the results of the Omnibus Tests of Model Coefficients or the simultaneous F test in Table 2, it can be seen that the Prob value (F-statistics) is $0.003 < 0.1$, which means H0 is rejected and H1 is accepted. Thus it can be concluded that the independent variables in this case are the size of the independent board of commissioners, the size of the board of commissioners, the size of the board of directors, the size of the sharia supervisory board, the size of the audit committee, the frequency of meetings of the board of commissioners, the frequency of meetings of the board of directors, the frequency of meetings of the sharia supervisory board and the frequency of meetings. The Audit Committee jointly has a significant influence on the Risk of Sharia Non-compliance in Sharia Commercial Banks registered with the OJK during the 2017-2020 period.

The results of this study are in line with Octaviani, (2020) which states that the size and frequency of meetings of the Board of Directors and the Sharia Supervisory Board have an influence on the risk of sharia non-compliance. In addition, research conducted by Millennia & Syafei, (2021), Baidok & Septiarini, (2016), Gestari, (2014), Adiertanto & Chariri, (2012), as well as Basiruddin & Ahmad, (2014) also stated that the size of the Independent Board of Commissioners, the size of the Board of Commissioners, the size of the Board of Directors, the size of the Sharia Supervisory Board, the size of the Audit Committee, the frequency of the meetings of the Board of Commissioners, the frequency of the meetings of the Board of Directors, the frequency of the meetings of the Sharia Supervisory Board and the frequency of the meetings of the Audit Committee have a significant influence on risk of non-compliance with sharia.

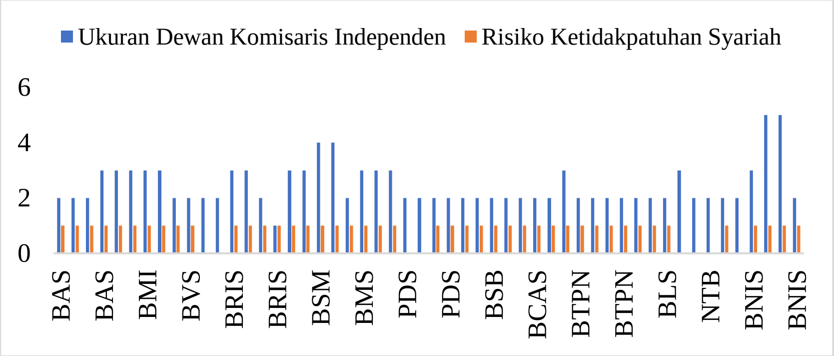
With the similarity of results that complement previous studies, this research further strengthens that the existence and intensity of meetings conducted by the Board of Commissioners, Board of Directors, Sharia Supervisory Board and Audit Committee can simultaneously affect the risk of sharia non-compliance in Sharia Commercial Banks registered with the OJK during the 2017-2020 period. It also shows that it is not only financial factors that can affect the risk of sharia non-compliance such as liquidity, leverage or provability. However, non-financial factors such as the size of the Board and the frequency of its meetings can also influence the risk of Islamic non-compliance in Islamic banking. This result is in line with the theory of Good Corporate Governance where the Board of Commissioners, Board of Directors, Sharia Supervisory Board are the key main pillars of the implementation of good governance in a sharia entity. The addition of research variables in the form of an Audit Committee is based on Bank Indonesia Regulation No.

11/33/PBI/2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units, (2009) which states that the Audit Committee is part of the 4 pillars of the implementation of Islamic banking governance, where this theory is in line with several causes of the risk of sharia non-compliance. Among them, it can be caused by the weak internal control system, weak banking infrastructure and lack of supervision, even though when we look further, everything has been regulated in the theory of Good Corporate Governance and other laws that support the implementation of good governance in a Sharia entity.

4.3.2 Independent Board of Commissioners Size Has No Significant Influence on Sharia Non-compliance Risk

The size of the Independent Board of Commissioners is a proxy for the number of Independent BOC contained in a Sharia bank. The purpose of the Independent Board of Commissioners is to be able to supervise Islamic banking to the duties and responsibilities of the Board of Directors in managing Islamic banking. The independence of the Commissioner means that the Independent Commissioner has no other personal interest in Islamic banking other than protecting the interests of investors, stakeholders or the interests of the company itself. Sharia banking supervision by the Independent Board of Commissioners is important to carry out so that Islamic banking operational activities meet the principles of good corporate governance, in accordance with the company's articles of association and do not conflict with law and sharia principles. Therefore, when the number of Independent BOCs increases, the chances of sharia non-compliance will be lower.

Graph 1. Comparison of Independent Board of Commissioners Size to Risk of Sharia Non-compliance



Source : Data Processed (2022)

However, this is not supported in the results of this study. Based on the results of the wald test in Table 4, it can be seen that the significance value of the Independent Board of Commissioners Size is 0.896 > 0.1. Thus, it can be interpreted that the size of the Independent Board of Commissioners does not have a significant influence on the risk of sharia non-compliance. In addition, column B in Table 4 explains that the resulting relationship is positive so it cannot support the theory of Good Corporate Governance. This is proven from the data of each research sample for a period of 4 (four) years.

From the results of Graph 1, it can be seen that the size of the Independent Board of Commissioners during the 2017-2020 period has an average value of 2.46, but the high size of the Independent Board of Commissioners still provides opportunities for the risk of sharia non-compliance. This can be seen in Bank BNI Syariah which for 2 years has the largest number of Independent Commissioners but is still indicated by the risk of sharia non-compliance. In addition, Bank Syariah Mandiri, which has the second highest number of Independent Commissioners, still has the opportunity to experience the risk of sharia non-compliance.

This can be caused because this study uses a different sharia non-compliance risk proxy, namely by using non-halal income contained in Islamic banking as a research development. Because non-halal income is commonly obtained and caused by interest on transactions with conventional banks or fines for late customer installments, it is not possible to be directly supervised by the Independent Board of Commissioners.

This is also in line with the results of research conducted by Gestari (2014), Putri (2020), Dzulkifli & Dewayanto (2022) which states that the size of the Board of Independent Commissioners does not have a significant effect on the risk of sharia non-compliance.

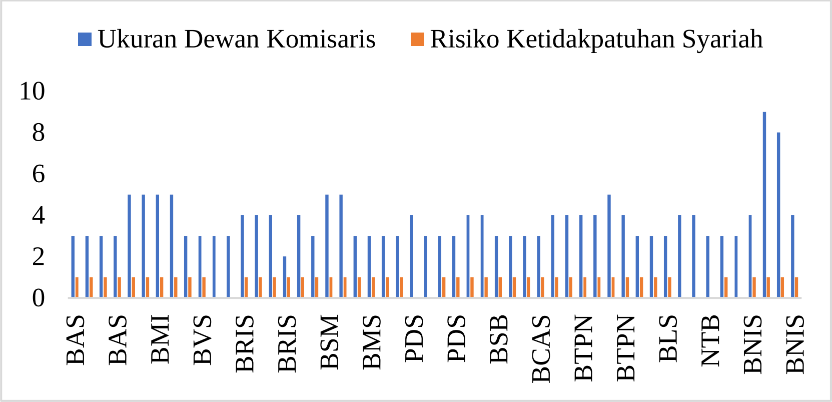
4.3.3 The Size of the Board of Commissioners Has No Significant Influence on the Risk of Sharia Non-compliance

The size of the Board of Commissioners is a proxy for the number of Commissioners contained in a Sharia banking. In terms of the objectives of the Board of Commissioners with the Independent Board of Commissioners, it is actually the same, it's just that usually the Independent Board of Commissioners is elected based on the resolution of the GMS while the Board of Commissioners is elected based on the meeting of the Board of Commissioners. The purpose of the Board of Commissioners is the same as the duties of the Independent Board of Commissioners, namely to supervise Islamic banking on the duties and responsibilities of the Board of Directors and is carried out solely for the realization of Islamic banking with Good Corporate Governance. Sharia banking supervision by the Board of Commissioners is important to carry out so that Islamic banking operational activities meet the principles of good corporate governance, in accordance with the company's articles of association and do not conflict with law and sharia principles. Therefore, when the number of Independent BOCs increases, the chances of sharia non-compliance will be lower.

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Board of Commissioners Size is $0.172 > 0.1$. Thus, it can be interpreted that the size of the Board of Commissioners does not have a significant influence on the risk of sharia non-compliance. However, column

B in Table 4 explains that the resulting relationship is negative, so this result is appropriate and can support the theory of Good Corporate Governance. This is proven from the data of each research sample for a period of 4 (four) years. The following is a comparison chart of the Board of Commissioners' Size data with the Risk of Sharia Non-Compliance:

Graph 2. Comparison of Board of Commissioners Size to Risk of Sharia Non-compliance



Source : Data Processed (2022)

From the results of Graph 2, it can be seen that the size of the Board of Commissioners during the 2017-2020 period has an average value of 3.77 and tends to be static, but the high size of the Board of Commissioners still provides opportunities for the risk of sharia non-compliance. This can be seen in Bank BNI Syariah which for 2 years has the largest number of Commissioners but still indicates the risk of sharia non-compliance. In addition, Bank Syariah Mandiri, Bank Muamalat Indonesia and BTPN Syariah, which have the second highest number of Board of Commissioners, also have the opportunity to experience the risk of sharia non-compliance.

This can be because the Board of Commissioners does not have a direct influence on the risk of sharia non-compliance proxied with non-halal income, which is generally generated due to interest on transactions with conventional banks and also fines for late customer payments. In addition, the responsibility of the Board of Commissioners is limited to supervising and advising advice. Another reason is that the Board of Commissioners does not always stay (tends to be passive), so it cannot monitor directly and thoroughly all aspects of Islamic banking.

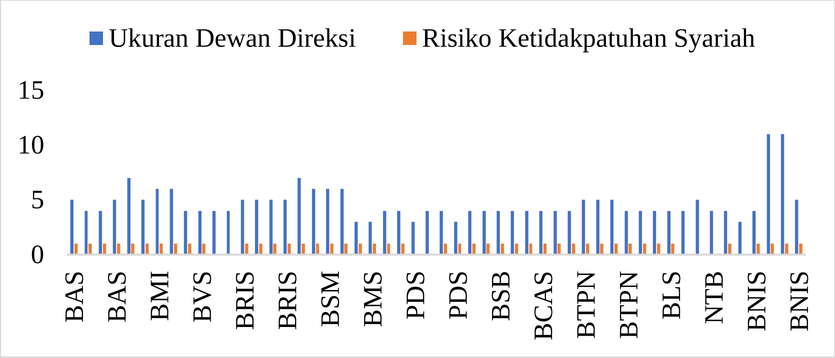
These results are supported by previous research conducted by Millennia & Syafei (2021), Baidok & Septiarini (2016), Putri (2020), Azizah & NR (2020) as well as Basiruddin & Ahmad (2014) which states that the size of the Board of Commissioners does not have a significant on the risk of sharia non-compliance.

4.3.4 The Size of the Board of Directors has a Significant Influence on the Risk of Sharia Non-compliance

The size of the Board of Directors is a proxy of the number of Board of Directors contained in a Sharia banking. The purpose of the Board of Directors is as a mechanism for Good Corporate Governance in Islamic banking that has special relevance in strict regulation and high asymmetric information due to the complexity of Islamic banking competition. Thus, the Board of Directors is the key in the implementation of supervision of manager behavior and is obliged to advise. In carrying out its duties, the Board of Directors is obliged to take full responsibility for the company or Islamic banking, including in fulfilling the prudential principle which includes all Islamic banking operational activities in accordance with applicable Sharia principles and regulations. Thus, the existence of the Board of Directors will tend to minimize the risk of sharia non-compliance.

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Board of Directors Size is 0.075 < 0.1. Thus, it can be interpreted that the size of the Board of Directors has a significant influence on the risk of sharia non-compliance. However, column B in Table 4 explains that the resulting relationship is positive so it cannot support the theory of Good Corporate Governance. This is proven from the data of each research sample for a period of 4 (four) years. The following is a comparison chart of the Board of Directors Size data with the Risk of Sharia Non-compliance:

Graph 3. Comparison of Board of Directors Size to Risk of Sharia Non-compliance



Source : Data Processed (2022)

From the results of Graph 3, it can be seen that the size of the Board of Directors during the 2017-2020 period has an average value of 4.71 and tends to be static. Although the size of the Board of Directors has a significant influence on the risk of sharia non-compliance, the resulting relationship is positive, which means that if the size of the Board of Directors increases, the chances of sharia non-compliance risk will also increase. This research is in accordance with the results of Fauzi (2016) where the larger size of the Board of Directors turned out to be less effective in the implementation of supervision.

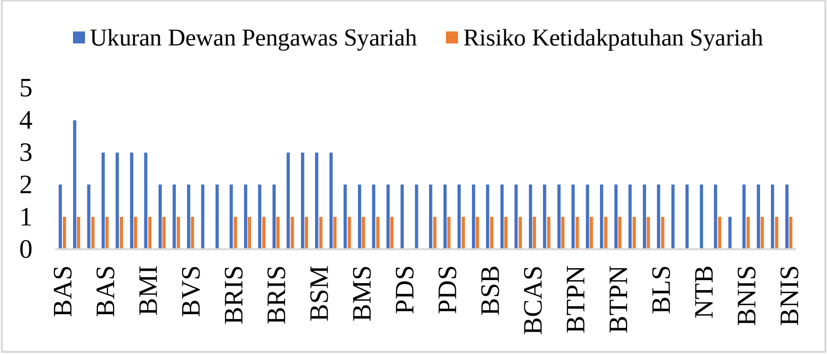
This can be caused because the size of the Board of Directors which tends to be larger will cause greater risks as well as to the occurrence of information imbalances (asymmetric information) which in turn can lead to sharia non-compliance in a sharia entity. Meanwhile, with the size of the Board of Directors that tends to be smaller, it will make it easier to coordinate, make the Board of Directors more compact and communicative and reduce laziness and name-bearing actions. Milenia & Syafei (2021) in their research explained that in Indonesia there are several trends, one of which is the superior position owned by the Board of Directors which causes the Board of Directors to be reluctant to share authority and not share sufficient information with other parties.

The results of this study are supported by Fauzi, (2016), Putri (2020), Basiruddin & Ahmad (2014) as well as Millennia & Syafei (2021) which has the same result where the Size of the Board of Directors does not have a significant negative effect on the risk of sharia non-compliance.

4.3.5 The Size of the Sharia Supervisory Board Has No Significant Influence on the Risk of Sharia Non-compliance

The size of the Sharia Supervisory Board is a proxy of the number of Sharia Supervisory Boards contained in a Sharia banking. In general, the duties of DPS can be divided into 2, the first of which DPS can serve as an advisor and supervisor which is useful to ensure that various LKS policies remain in accordance with sharia. Second, DPS also functions as an intermediary between Islamic Financial Institutions and the National Sharia Council when it is in the process of developing products that require fatwas. In detail, DPS is tasked with assessing and ensuring the fulfillment of sharia principles in a particular Islamic Financial Institution. So that the existence of a Sharia Supervisory Board will tend to minimize the risk of sharia non-compliance.

Graph 4. Comparison of Sharia Supervisory Board Size to Risk of Sharia Non-compliance



Source : Data Processed (2022)

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Sharia Supervisory Board Size is 0.995 > 0.1. Thus, it can be interpreted that the size of the Sharia Supervisory Board does not have a significant influence on the risk of sharia non-compliance. In addition, column B in Table 4 explains that the resulting relationship is positive so it cannot support the theory of Good Corporate Governance. This is proven from the data of each research sample for a period of 4 (four) years.

From the results of Graph 4, it can be seen that the size of the Sharia Supervisory Board during the 2017-2020 period has an average value of 2.17 and tends to be static. Although the size of the Sharia Supervisory Board for 4 years tends to have the same value, the risk variable of sharia non-compliance shows an uncertain distribution. This means that with the same size of the Sharia Supervisory Board, it still provides opportunities for the risk of sharia non-compliance. Even with the larger size of the Sharia Supervisory Board, it still provides an opportunity for the risk of sharia non-compliance. This can be seen in Bank Aceh Syariah in 2018, where the bank has the largest Sharia Supervisory Board size but there is still a risk of sharia non-compliance.

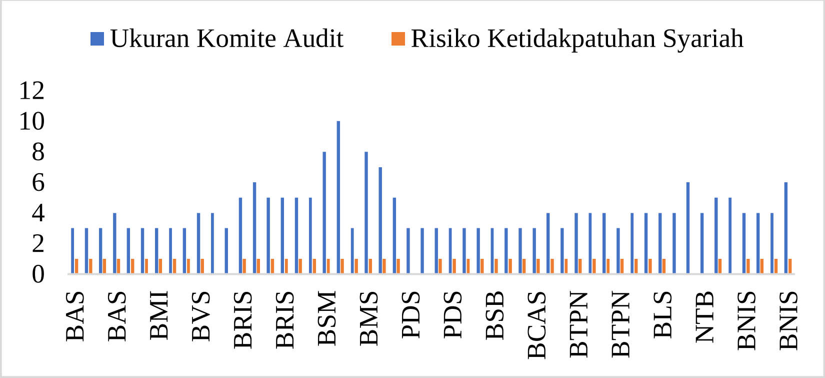
The size of the Sharia Supervisory Board does not affect the risk of sharia non-compliance because according to Lipton & Lorsch (1992) although a larger number of DPS can increase supervision of sharia non-compliance, the size of the Supervisory Board that is too large can result in additional costs derived from conflict, coordination and flexibility in the decision-making process. So this will result in hampering the effectiveness of monitoring activities carried out by the Sharia Supervisory Board so as not to reduce the level of risk of sharia non-compliance. Another reason can be seen from the diversity of regulations regarding the number of Sharia Supervisory Boards in an LKS in several countries. Such as the United Arab Emirates, Bahrain and Saudi Arabia where an LKS must consist of at least 3 (three) DPS members. While in Yemen the number of members of the Sharia Supervisory Board must consist of between 3 (three) to 7 (seven) people and in Iraq an LKS must have DPS members with a number of 3 (three) to 5 (five) people. Meanwhile, in Indonesia itself the number of DPS members in an LKS must be at least and maximum consisting of 5 (five) people (Grassa, 2016). This means that there is no optimal number of Sharia Supervisory Board Sizes adopted by Islamic Financial Institutions in this case in Islamic banking throughout the jurisdiction (Garas, 2012).

The results of this study support research from Octaviani (2020), Gestari (2014), Hikmah & Octaviana (2019), Putri (2020), and Megasari (2010) where the size of the Sharia Supervisory Board does not have a significant effect on the risk of sharia non-compliance.

4.3.6 The Size of the Audit Committee Has No Significant Influence on the Risk of Sharia Non-compliance

The size of the Audit Committee is a proxy of the number of Audit Committees contained in a Sharia banking. The main responsibility of the audit committee in general is to assist the Board of Commissioners in carrying out its supervisory function. This includes a review of the company's internal control system, the quality of financial statements and the effectiveness of the internal audit function. In addition, the Audit Committee is also tasked with reviewing the risks faced by the company, as well as compliance with applicable regulations. The existence of the Audit Committee aims to improve the quality of the company's internal supervision through supervision and assessment. From this simple picture, it is certain that the existence of the Audit Committee is very important in supporting the supervision of sharia compliance in Islamic financial institutions. So that the existence of an Audit Committee will tend to minimize the risk of sharia non-compliance. The following is a comparison chart of audit committee size data with sharia non-compliance risk:

Graph 5. Comparison of Audit Committee Size to Risk of Sharia Non-Compliance



Source : Data Processed (2022)

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Audit Committee Size is 0.538 > 0.1. Thus, it can be interpreted that the Size of the Audit Committee does not have a significant influence on the risk of sharia non-compliance. In addition, column B in Table 4 explains that the resulting relationship is positive so it cannot support the theory of Good Corporate Governance. This is proven from the data of each research sample for a period of 4 (four) years.

From the results of the Graph 5, it can be seen that the Audit Committee Size during the 2017-2020 period has an average value of 4.17 and tends to be at a stable value. Although the Audit Committee size for 4 years tends to have the same value, the sharia non-compliance risk variable shows an uncertain distribution. This means that with the same Audit Committee Size, it still provides opportunities for the risk of sharia non-compliance. Even with a larger Audit Committee Size, it still provides an opportunity for the risk of sharia non-compliance. This can be seen in Bank Syariah Mandiri in 2020 and Bank Mega Syariah in 2018, where the bank has a larger Audit Committee size when compared to other Islamic banks, but there is still a risk of sharia non-compliance. This means that a larger number of audit committees turned out to be less effective in supervision of Islamic Commercial Banks.

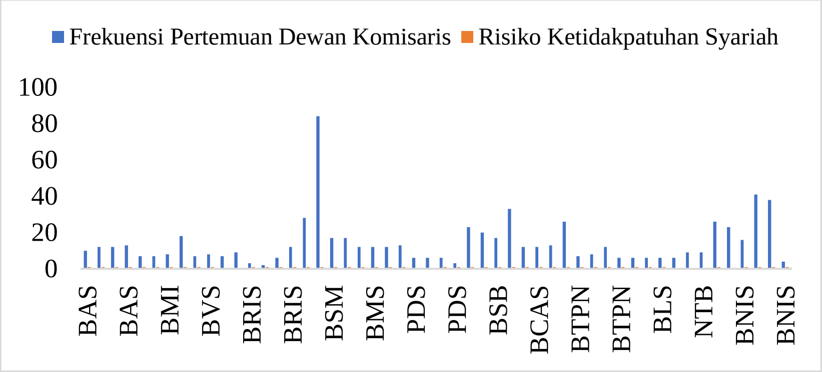
The implication is that the size of the Audit Committee in an LKS does not have a significant influence on the risk of sharia non-compliance. In addition, the size of the Audit Committee also cannot guarantee the effectiveness of sharia compliance supervision. Even the larger the size of the Audit Committee tends to result in additional costs derived from conflict, coordination and flexibility in the decision-making process. Another reason why the Audit Committee Size has no influence on the risk of sharia non-compliance is because the Audit Committee is less than optimal in carrying out its supervisory and control functions.

This study has the same results as the research conducted by Dzulkifli & Dewayanto (2022), Azizah & NR, (2020), Fauzi (2016), and Musaddad et al., (2021).

4.3.7 Frequency of Board of Commissioners Meetings Has a Significant Influence on the Risk of Sharia Non-compliance

The frequency of meetings of the Board of Commissioners is a proxy of the number of meetings held by the Board of Commissioners. By holding a meeting of the Board of Commissioners, it is one of the efforts in realizing good Good Corporate Governance in a Sharia banking so that all operational activities are in accordance with Shari'a and applicable regulations. So that with the meeting of the Board of Commissioners, it will tend to minimize the risk of sharia non-compliance. The following is a comparison chart of data on the Frequency of Meeting of the Board of Commissioners with the Risk of Sharia Non-Compliance:

Graph 6. Comparison of the Frequency of Board of Commissioners Meetings Against the Risk of Sharia Non-compliance



Source : Data Processed (2022)

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Frequency of Meetings of the Board of

Commissioners is 0.042 < 0.1. Thus, it can be interpreted that the frequency of meetings of the Board of Commissioners has a significant influence on the risk of sharia non-compliance. This is proven from the data of each research sample for a period of 4 (four) years.

From the results of Graph 6, it can be seen that the frequency of meetings of the Board of Commissioners during the 2017-2020 period has an average value of 14.15. Although the frequency of meetings of the Board of Commissioners has a significant influence on the risk of sharia non-compliance, if the meeting is conducted excessively, it is actually less effective, and there is still a possibility of sharia non-compliance risk. For example, we can see Bank Syariah Mandiri in 2018 where the bank became the bank with the highest number of Board of Commissioners meetings but still indicated the risk of sharia non-compliance.

The implication is that the frequency of meetings of the Board of Commissioners can make the Board of Commissioners compact and avoid asymmetric information so that it can provide supervision of sharia compliance and allow avoiding financial statement fraud. However, the number of meetings conducted by the Board of Commissioners must still be considered and must be in accordance with the budget that has been made by the company. Because the frequency of meetings of the Board of Commissioners is too excessive, in fact, it can cause additional costs that are considered unnecessary and do not result in a decreased risk of sharia non-compliance.

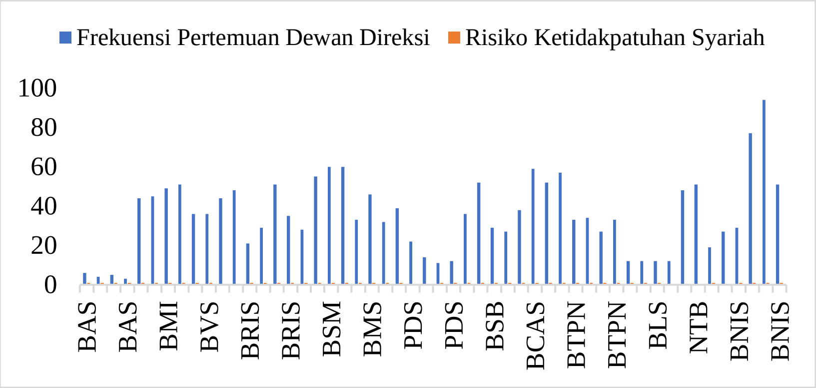
Adiertanto & Chariri (2012) and Sari & Helmayunita (2019) where the frequency of meetings of the Board of Commissioners has a significant influence on the risk of sharia non-compliance, but in this study the relationship that occurs is positive.

4.3.8 Frequency of Board of Directors Meetings Has No Significant Effect on the Risk of Sharia Non-compliance

The frequency of Board of Directors Meetings is a proxy of the number of meetings held by the Board of Directors. By holding a meeting of the Board of Directors, it is one of the efforts in realizing good Corporate Governance in a Sharia banking so that all operational activities are in accordance with Shari'a and applicable regulations. So that the meeting of the Board of Directors will result in the effectiveness of supervision which tends to minimize the risk of sharia compliance.

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Frequency of Meeting of the Board of Directors is 0.951 > 0.1. Thus, it can be interpreted that the Frequency of Meetings of the Board of Directors does not have a significant influence on the risk of sharia non-compliance. This is proven from the data of each research sample for a period of 4 (four) years. The following is a comparison chart of data on the Frequency of Board of Directors Meetings with the Risk of Sharia Non-Compliance:

Graph 7. Comparison of the Frequency of Board of Directors Meetings against the Risk of Sharia Non-compliance



Source : Data Processed (2022)

From the results of Graph 7, it can be seen that the Frequency of Board of Directors Meetings during the 2017-2020 period has an average value of 35.38. Although the frequency of meetings of the Board of Directors tends to be greater when compared to the frequency of meetings of the Board of Commissioners, the risk of sharia non-compliance still occurs. In addition, column B in Table 4 explains that the resulting relationship is positive so it cannot support the theory of Good Corporate Governance. Thus, the size of the Frequency of Board of Directors Meetings has not been able to influence the risk of sharia non-compliance.

The frequency of meetings of the Board of Directors does not have a significant influence on the risk of sharia non-compliance, even the large frequency of meetings will actually increase the risk of sharia non-compliance. According to Octaviani (2020) this can be caused because the more often the Board of Directors conducts meetings, there will be a diversion of time and direct resources to less productive matters so that the more frequent meetings of the Board of Directors do not have a significant influence on the risk of sharia non-compliance.

This study supports the results of research conducted by Octaviani (2020) and Rismayani & Nanda (2019) where the Meeting Frequency of the Board of Directors does not have a significant influence on the risk of sharia non-compliance.

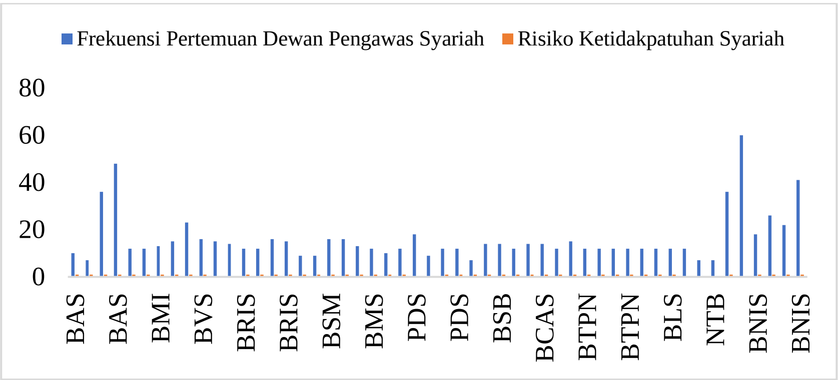
4.3.9 The FrequencSy of Sharia Supervisory Board Meetings Has a Significant Influence on the Risk of Sharia Non-compliance

The frequency of meetings of the Sharia Supervisory Board is a proxy of the number of meetings held by the Sharia Supervisory Board. By holding a meeting of the Sharia Supervisory Board, it is one of the efforts in realizing good Corporate Governance in a Sharia banking so that all operational activities are in accordance with Shari'a and applicable regulations. So that the

Sharia Supervisory Board meeting will tend to minimize the risk of sharia non-compliance.

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Frequency of Sharia Supervisory Board Meetings is 0.059 > 0.1. Thus, it can be interpreted that the Frequency of Meetings of the Sharia Supervisory Board has a significant influence on the risk of sharia non-compliance. This is proven from the data of each research sample for a period of 4 (four) years.

Graph 8. Comparison of the Frequency of Sharia Supervisory Board Meetings against the Risk of Sharia Non-compliance



Source : Data Processed (2022)

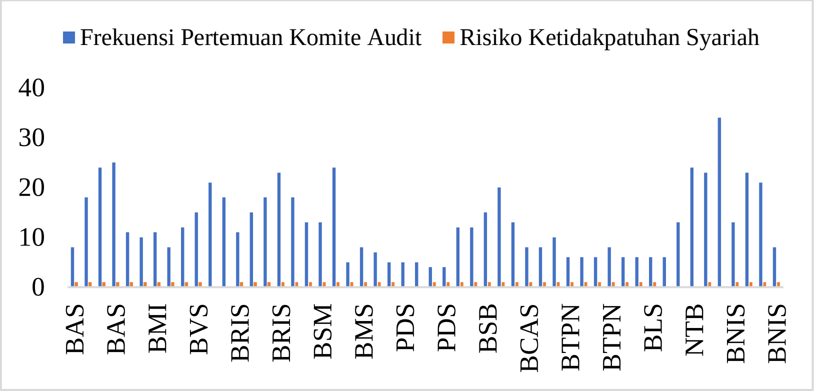
From the results of Graph 8, it can be seen that the Frequency of Sharia Supervisory Board Meetings during the 2017-2020 period has an average value of 16.13. Although the frequency of meetings of the Sharia Supervisory Board has a significant influence on the risk of sharia non-compliance, if the meeting is conducted excessively, it is actually less effective, and there is still a possibility of sharia non-compliance risk. For example, we can see in Bank Aceh Syariah and Bank BNI Syariah in 2020 where the two banks have a more Frequency of Sharia Supervisory Board Meetings than the average of other Islamic banks but still indicated the risk of sharia non-compliance.

In addition, according to IFSB (Islamic Financial Services Board) governance standards, DPS should hold regular meetings to closely monitor managers' decisions, in this case it is not to conduct meetings excessively so as to incur additional costs that can harm the Islamic banking itself. Another thing can be caused because the meetings held by the Sharia Supervisory Board are mostly focused on discussing the provision of sharia opinions on the portfolio of new products and services from Islamic banking. This research supports the results of research conducted by Baidok & Septiarini (2016) and Octaviani (2020).

4.3.10 Frequency of Audit Committee Meetings Has a Significant Influence on the Risk of Sharia Non-compliance

The frequency of Audit Committee Meetings is a proxy of the number of meetings held by the Audit Committee. By holding the Audit Committee meeting, it is one of the efforts in realizing good Good Corporate Governance in a Sharia banking so that all operational activities are in accordance with applicable accounting and Sharia standard regulations. So that the Audit Committee meeting will tend to minimize the risk of sharia non-compliance. The following is a comparison chart of audit committee meeting frequency data with sharia non-compliance risk:

Graph 9. Comparison of Audit Committee Meeting Frequency to Sharia Non-compliance Risk



Source : Data Processed (2022)

Based on the results of the wald test in Table 4, it can be seen that the significance value of the Audit Committee Meeting Frequency is 0.087 > 0.1. Thus, it can be interpreted that the Frequency of Audit Committee Meetings has a significant influence on the risk of sharia non-compliance. In addition, in column B in Table 4 explains that the resulting relationship is negative so that this result is appropriate and can support the theory of Good Corporate Governance. This is proven from the data of each research sample for a period of 4 (four) years.

One of the factors that can affect the effectiveness of the Audit Committee is formal and informal meetings. Meetings held by the Audit Committee are usually held to evaluate the quality of financial statements and the improvements that need to be made. In addition, one of the activities in the Audit Committee meeting is to review all financial information that will be published including other financial information. If the Audit Committee is more intense to conduct meetings and meetings, then the disclosure of non-halal income that is usually found in the source of benevolence funds will be more transparent, including in information on the social distribution of corporate benevolence funds. So that the Audit Committee can directly assess non-halal income contained in a Sharia banking. This study resulted in a significant negative relationship between the frequency of Audit Committee Meetings held throughout the year and the risk of sharia non-compliance.

The results of this study are in line with the findings of Gestari (2014), Adiertanto & Chariri (2012), Dzulkifli & Dewayanto (2022), and is consistent with the findings of Sultana et al., (2014) where in the findings it explains that if the Frequency of Audit Committee Meetings increases, the risk of sharia non-compliance will decrease.

5. CONCLUSSION

5.1 CONCLUSION

Based on the results of research that has been carried out through the stages of data collection, data management and data analysis, simultaneously, all independent variables have a significant influence on the risk of sharia non-compliance. Partially, the size of the independent board of commissioners, the size of the board of commissioners, the size of the sharia supervisory board, the size of the audit committee and the frequency of meetings of the board of directors do not have a significant influence on the risk of sharia non-compliance. Meanwhile, the size of the Board of Directors, Frequency of Board of Commissioners Meetings, Frequency of Sharia Supervisory Board Meetings and Frequency of Audit Committee Meetings partially have a significant influence on the risk of sharia non-compliance.

Based on the results of the analysis that has been carried out, the suggestions that can be submitted, namely:

1. Based on the results of the study, there are still many Islamic commercial banks that are indicated by the risk of sharia non-compliance. Therefore, Islamic Commercial Banks need to carry out better governance so that the risk of sharia non-compliance can decrease. Islamic banks are expected to pay more attention to and improve Shariah compliance. Both in terms of non-halal fund collection activities and distribution as benevolent funds.
2. For subsequent researchers, it can add other variables derived from financial factors that are not contained in this study. In addition, subsequent researchers are expected to use different measurements of the risk of sharia non-compliance, so as to bring up new results that are different from previous researchers.

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