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# Governance, Risk Management, Competition, and Bank Size on Islamic Compliance Risk



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## ABSTRACT

**Purpose** - This study examines the influence of Sharia Governance, Risk Management, Market Competition, and Bank Size on Islamic Law Compliance Risk, with Regulatory Quality positioned as a moderating variable.

**Design/methodology/approach** - This study employed a quantitative explanatory design. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS.

**Findings** - The findings show that Sharia Governance, Market Competition, Bank Size, and Regulatory Quality reduce Islamic Law Compliance Risk, while Risk Management requires stronger integration with Sharia control mechanisms. Regulatory Quality functions more strongly as a direct institutional safeguard than as a moderating mechanism.

**Research limitations/implications** - Future research should expand the model by including Sharia audit quality, ownership structure, digital banking risk, and comparative institutional settings.

**Practical implications** - Islamic banks should strengthen Sharia supervision, compliance reporting, risk control integration, product governance, and regulatory enforcement.

**Originality/value** - This study contributes to Islamic banking literature by developing an integrated compliance risk framework linking governance, risk management, competition, bank scale, and regulatory quality.

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## 1. Introduction

Islamic banking has become a crucial part of the global financial industry because it provides services in accordance with Sharia law, emphasizes risk-sharing, and prohibits interest-based transactions. Nonetheless, trust in Islamic banks depends not only on their financial performance but also on how well they adhere to Islamic standards in contracts, products, reporting, and governance. Risks to Sharia compliance arise when banking activities deviate from contractual, fatwa, or supervisory guidelines, potentially leading to reputational, legal, and institutional issues. Thus, strong Sharia governance is essential for maintaining religious legitimacy, stakeholder trust, ethical standards, and the credibility of Islamic banking institutions (Belal et al., 2015; Farook et al., 2011; Ginena, 2014; Haniffa and Hudaib, 2007).

From an agency perspective, Islamic banks face complex accountability relationships involving shareholders, management, depositors, customers, regulators, and Sharia supervisory boards. Weak oversight, information asymmetries, and managerial discretion can heighten the risk of non-compliance with Sharia principles. Therefore, strong Sharia governance is crucial for effective supervision, including qualified Sharia board members, independent boards, regular meetings, and transparent reporting on Sharia compliance. Research shows that the characteristics of the Sharia supervisory board, governance structures, and overall corporate governance mechanisms play a significant role in enhancing accountability, operational efficiency, and risk management in Islamic banks (Almutairi and Quttainah, 2017; Bukair and Abdul Rahman, 2015; Grassa, 2016; Mollah and Zaman, 2015; Nomran et al., 2018).

Effective risk management is crucial for reducing compliance issues with Islamic law, as Islamic banks operate using unique Sharia-based contracts and financing methods. These structures expose them not only to conventional banking risks but also to additional risks, including Sharia non-compliance, fiduciary breaches, and credit, operational, and reputational risks. Implementing a robust risk management system, including independent risk officers, audit committees, internal audits, transparent reporting, and strong mitigation strategies, can help reduce operational vulnerabilities that might lead to Sharia violations. Research indicates that risk control, credit risk management, operational risk disclosure, and efficiency are vital for the stability and resilience of Islamic banks (Abedifar et al., 2013; Ginena, 2014; Kabir et al., 2015; Neifar and Jarboui, 2018; Saeed and Izzeldin, 2016).

Market competition influences the risk associated with Islamic law compliance by shaping how Islamic banks manage profitability, pricing, product innovation, and customer demands. In highly competitive settings, banks may seek to improve efficiency and make their products stand out. Still, they might also resort to copying traditional financial products or prioritize commercial objectives over adherence to Sharia.

Conversely, competition can enhance Sharia credibility if banks use compliance quality as a distinctive advantage. Studies indicate that factors such as market power, competition intensity, industry concentration, deposit rate policies, and product differentiation influence bank behavior, risk appetite, and stability across both Islamic and conventional banking sectors (Ariss, 2010; Beck et al., 2013; Meslier et al., 2017; Trad et al., 2017; Weill, 2011).

Bank size is a key factor because larger Islamic banks generally have more financial resources, broader branch networks, advanced internal controls, and greater access to expertise. These advantages can reduce Islamic law compliance risks by improving governance, enhancing reporting, and formalizing compliance departments. However, larger banks may also face greater operational complexity, a wider product range, a more diverse customer base, and higher market exposure, which can make monitoring more difficult and increase compliance risks. Therefore, analyzing how bank size affects Islamic law compliance risk requires detailed empirical research, especially given the varying market and regulatory environments in which Islamic banks operate (Beck et al., 2013; Bitar et al., 2017; Čihák and Hesse, 2010; Khediri et al., 2015; Rosman et al., 2014; Safiullah and Tariq, 2018).

Regulatory quality plays a vital role in boosting compliance in Islamic banking by establishing the essential institutional framework for effective operation. Islamic banks operate within systems shaped by legal protections, central bank oversight, Sharia regulations, enforcement policies, and the independence of regulatory bodies. High regulatory standards can reduce uncertainty, strengthen compliance, enhance supervisory effectiveness, and support the deployment of Sharia governance and risk management systems. On the other hand, weak regulatory environments can cause ambiguity, inconsistent enforcement, and low accountability, increasing the likelihood of non-compliance with Islamic law. Research shows that factors such as external governance, regulatory frameworks, Sharia governance, and institutional oversight significantly influence Islamic banks' profitability, risk management, and governance performance (Almutairi and Quttainah, 2017; Athari, 2021; Ginena, 2014; Grassa, 2016; Mollah and Zaman, 2015).

Previous research has examined aspects such as Sharia governance, risk management, market competition, bank size, and regulatory frameworks in Islamic banking. However, these elements are typically analyzed separately and linked to outcomes such as financial performance, stability, profitability, or efficiency. Few studies have integrated these factors into a comprehensive model that makes Islamic law compliance risk the central element. Moreover, the importance of regulatory quality as a moderator remains critical, as the effectiveness of internal governance, risk controls, competitive strategies, and organizational size may depend on the strength of the institutional and supervisory environment. Addressing this gap is essential because the legitimacy of Islamic banking depends not only on financial resilience but also on continuous compliance with Sharia legal and ethical standards (Ginena, 2014; Haniffa and Hudaib, 2007; Meslier et al., 2017; Mollah and Zaman, 2015; Platonova et al., 2018; Risfandy et al., 2022).

This study explores how Sharia governance, risk management, market competition, and Bank Size affect Islamic law compliance risk, with regulatory quality moderating the relationship. It contributes to Islamic banking research by proposing an integrated compliance risk framework that links governance structures, risk management capabilities, market dynamics, organizational size, and regulatory quality. The findings aim to provide useful insights for managers of Islamic banks, Sharia Supervisory Boards, regulators, and policymakers, supporting efforts to strengthen Sharia governance, improve risk management systems, and boost regulatory effectiveness in Islamic banking sectors.

The rest of this article is organized as follows. Section 2 discusses the critical review, theoretical background, hypothesis development, and conceptual framework. Section 3 outlines the research methodology, covering the design, population, sample, measurement tools, and data analysis methods. Section 4 provides the results and discussion, including descriptive statistics, measurement model evaluation, structural model analysis, moderation effects, robustness testing, and theoretical insights. Section 5 concludes by summarizing the main findings, contributions, practical implications, limitations, and suggestions for future research.

## 2. Critical Review

### 2.1 Theoretical Foundation

This study utilizes agency governance, institutional regulation, and risk management perspectives to examine Islamic Law Compliance Risk in Islamic banking. Agency relationships in Islamic banks are complex because accountability extends beyond shareholders and managers to include depositors, customers, regulators, and Sharia Supervisory Boards. Weak oversight, information asymmetry, and managerial discretion can increase the likelihood of non-compliance with Sharia principles. Therefore, Sharia governance acts as an internal oversight mechanism that emphasizes Sharia board independence, board competence, meeting frequency, and transparent compliance reporting. Previous research supports this perspective by showing that Sharia supervisory board characteristics, governance quality, and monitoring mechanisms influence bank performance, risk management, and accountability (Almutairi and Quttainah, 2017; Bukair and Abdul Rahman, 2015; Grassa, 2016; Mollah and Zaman, 2015; Nomran et al., 2018).

Moreover, regulatory quality and risk management perspectives provide a strong basis for examining risk management, market competition, bank size, and regulatory quality as determinants of Islamic Law Compliance Risk. Islamic banks operate within institutional environments shaped by legal protection, supervisory effectiveness, enforcement standards, regulatory clarity, and external governance mechanisms. Strong regulation can reduce uncertainty, improve compliance discipline, and strengthen internal governance and risk management systems. At the same time, Islamic banks must maintain robust risk management because they are exposed to credit risk, operational risk, Sharia non-compliance risk, and reputational risk. These considerations suggest that Islamic Law Compliance Risk is shaped not only by internal Sharia governance, but also by risk management capability, market structure, organizational scale, and the quality of the regulatory environment (Abedifar et al., 2013; Ginena, 2014; Kabir et al., 2015; Neifar and Jarboui, 2018; Athari and Bahreini, 2023).

### 2.2 Determinants of Islamic Law Compliance Risk

Sharia governance is essential for managing Islamic Law Compliance Risk because it functions as an internal control system that ensures bank products, contracts, operations, and reporting are aligned with Sharia principles. In Islamic banks, the Sharia Supervisory Board is responsible for advisory, supervisory, review, and reporting functions. Effective Sharia governance, reflected in board size, independence, meeting frequency, member qualifications, and compliance reporting quality, can mitigate monitoring gaps and managerial opportunism that may lead to Sharia violations. Prior studies show that Sharia board features, supervision procedures, and governance frameworks influence bank performance, accountability, ethical disclosure, and risk management in Islamic banks (Farook et al., 2011; Haniffa and Hudaib, 2007; Mollah and Zaman, 2015; Grassa, 2016; Nomran et al., 2018).

Risk management is also essential for reducing Islamic Law Compliance Risk because Islamic banks face both conventional banking risks and Sharia-specific risks related to contract structures, fiduciary duties, profit-sharing arrangements, and product compliance. A strong

risk management system allows Islamic banks to identify, monitor, and resolve potential compliance problems before they develop into legal, reputational, or operational issues. Independent risk officers, active audit committees, internal audits, transparent reporting, and effective mitigation strategies support compliance oversight and reduce the possibility of violating Sharia contracts. Studies consistently indicate that risk management, credit risk control, operational disclosure, and transparency are crucial for maintaining Islamic bank stability and resilience (Abedifar et al., 2013; Ginena, 2014; Kabir et al., 2015; Saeed and Izzeldin, 2016; Neifar and Jarboui, 2018).

Market competition shapes Islamic Law Compliance Risk by influencing product design, pricing, profit margins, market positioning, and service differentiation. In highly competitive markets, Islamic banks may feel pressured to innovate quickly, increase profitability, and compete with conventional banks, which may increase the risk of Sharia compliance compromise when governance is weak. However, competition can also encourage Islamic banks to strengthen Sharia credibility and adopt higher compliance standards as a differentiation strategy. As a result, market competition plays a crucial role in shaping Islamic banks' risk behavior, market discipline, and stability (Ariss, 2010; Weill, 2011; Beck et al., 2013; Meslier et al., 2017; Trad et al., 2017).

Bank size significantly influences Islamic Law Compliance Risk because larger banks affect both institutional capacity and compliance complexity. Larger Islamic banks generally have more resources, broader branch networks, larger deposit bases, advanced internal control systems, and greater access to expertise. These advantages can help reduce compliance risk through better monitoring, reporting, and governance infrastructure. However, larger banks may also experience increased operational complexity, wider product portfolios, cross-border activities, and more diverse customer bases, which can make compliance monitoring more challenging. Therefore, bank size remains an important factor in assessing Islamic Law Compliance Risk in Islamic banking (Čihák and Hesse, 2010; Beck et al., 2013; Rosman et al., 2014; Khediri et al., 2015; Bitar et al., 2017).

- **H1:** Sharia Governance has a negative effect on Islamic Law Compliance Risk.
- **H2:** Risk Management negatively affects Islamic Law Compliance Risk.
- **H3:** Market Competition has a significant effect on Islamic Law Compliance Risk.
- **H4:** Bank Size has a significant effect on Islamic Law Compliance Risk.

### 2.3 Moderating Role of Regulatory Quality

Regulatory quality plays a crucial role in Islamic banking because compliance with Islamic law depends on both internal governance and the strength of external institutional and supervisory systems. In this context, regulatory quality involves legal safeguards for Sharia compliance, effective supervision, enforcement of standards, transparent Sharia regulatory guidelines, and regulatory independence. High-quality regulation reduces ambiguity, strengthens accountability, and ensures that Sharia governance and risk management systems operate properly. Existing studies show that external governance, regulatory policies, Sharia risk management, and corporate governance influence Islamic banks' profitability, risk control, and overall effectiveness (Almutairi and Quttainah, 2017; Ginena, 2014; Grassa, 2016; Mollah and Zaman, 2015; Athari and Bahreini, 2023).

Regulatory quality can improve the effectiveness of Sharia governance in reducing Islamic Law Compliance Risk. While Sharia Supervisory Boards provide internal oversight, their effectiveness depends on the regulatory framework that defines authority, reporting responsibilities, enforcement strategies, and compliance standards. In environments with strong regulation, independent Sharia boards, qualified members, regular meetings, and transparent reporting are more effective in minimizing compliance risk because they are supported by institutional enforcement. Conversely, weak regulation may weaken Sharia governance by creating unclear rules and poor accountability (Almutairi and Quttainah, 2017; Mollah and Zaman, 2015; Grassa, 2016; Nomran et al., 2018; Athari and Bahreini, 2023).

Regulatory quality also influences how risk management affects Islamic Law Compliance Risk. Effective risk management systems rely on clear supervisory expectations, strict enforcement, transparent reporting, and consistent oversight. In Islamic banks, risk management must address conventional and Sharia-specific risks, including contract non-compliance, fiduciary breaches, operational issues, and reputational risks. Strong regulation strengthens the roles of risk officers, audit committees, internal audits, risk reporting, and mitigation strategies by ensuring compliance with formal governance and regulatory standards (Abedifar et al., 2013; Ginena, 2014; Kabir et al., 2015; Saeed and Izzeldin, 2016; Neifar and Jarboui, 2018).

Regulatory quality can further influence how market competition affects the likelihood of Islamic Law Compliance Risk. While competition may improve efficiency, innovation, and product variety, it can also create pressure to prioritize profitability and market share at the expense of Sharia compliance. A robust regulatory framework can reduce this risk by ensuring that competition remains within clear Sharia boundaries. Effective regulation discourages excessive risk-taking, prevents weak product governance, and promotes transparency in Islamic banking markets. Research shows that market power, deposit competition, and product differentiation influence bank risk, stability, and strategic decisions (Ariss, 2010; Weill, 2011; Beck et al., 2013; Meslier et al., 2017; Trad et al., 2017).

Regulatory quality may also affect how bank size influences Islamic Law Compliance Risk. Larger Islamic banks generally have stronger financial resources and more established compliance systems. However, they also face greater operational complexity, broader product portfolios, extensive branch networks, and more diverse customer bases. Good regulatory quality helps large banks transform their resources into effective compliance capacity by promoting transparent reporting, vigilant supervision, and enforceable Sharia governance. Strong regulation can also prevent large banks from using market power to weaken compliance standards (Čihák and Hesse, 2010; Beck et al., 2013; Rosman et al., 2014; Bitar et al., 2017; Athari and Bahreini, 2023).

- **H5:** Regulatory Quality moderates the effect of Sharia Governance on Islamic Law Compliance Risk.
- **H6:** Regulatory Quality moderates the effect of Risk Management on Islamic Law Compliance Risk.
- **H7:** Regulatory Quality moderates the effect of Market Competition on Islamic Law Compliance Risk.
- **H8:** Regulatory Quality moderates the effect of Bank Size on Islamic Law Compliance Risk.

### 2.4 Conceptual Framework

This study's conceptual framework views Islamic Law Compliance Risk as arising from the interaction among internal governance capacity, risk control capability, market structure, organizational size, and regulatory quality. As shown in Figure 1, the main factors influencing compliance risk are Sharia Governance, risk management, Market Competition, and Bank Size. Sharia Governance and Risk Management act as internal

mechanisms to reduce monitoring gaps, Sharia risk, operational risk, and reporting failures. Meanwhile, Market Competition and Bank Size represent external market pressures and organizational complexity that can affect compliance exposure. Regulatory Quality is positioned as a moderating variable because robust legal protection, effective supervision, regulatory clarity, and enforcement mechanisms can strengthen Islamic banks' ability to manage Islamic Law Compliance Risk (Abedifar et al., 2013; Ginena, 2014; Mollah and Zaman, 2015; Grassa, 2016; Meslier et al., 2017; Neifar and Jarboui, 2018; Athari and Bahreini, 2023).

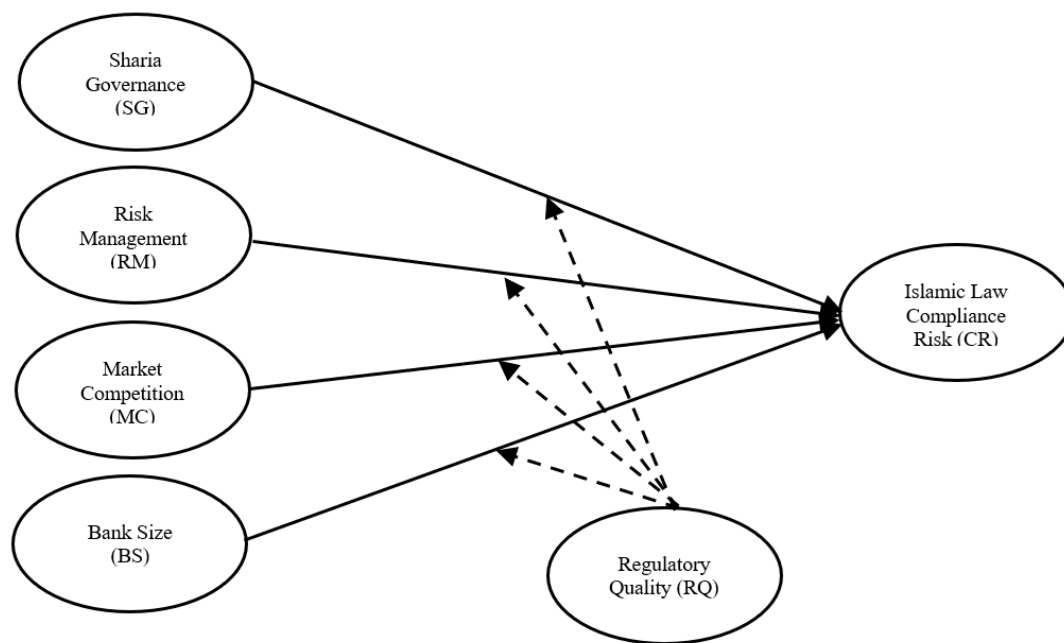


Figure 1. Conceptual Framework

### 3. Research Methodology

#### 3.1 Research Design

This study uses a quantitative explanatory research design to analyze how Sharia Governance, Risk Management, Market Competition, and Bank Size influence Islamic Law Compliance Risk, with Regulatory Quality serving as a moderating factor. The quantitative method is suitable because the study tests hypotheses derived from theory using measurable indicators, structured constructs, and statistical modeling. From an agency-based governance perspective, Sharia Governance is viewed as an internal monitoring mechanism that limits managerial discretion and enhances accountability in Islamic banks. From a regulatory and institutional standpoint, Regulatory Quality is considered an external governance factor that can strengthen or weaken the effectiveness of internal governance and risk control. In addition, Risk Management, Market Competition, and Bank Size are included because Islamic banks encounter unique risk profiles, competitive pressures, and organizational complexities that may affect compliance outcomes. This approach aligns with prior Islamic banking research that employs empirical quantitative models to examine governance, Sharia supervision, risk exposure, market structure, and regulatory environments (Abedifar et al., 2013; Beck et al., 2013; Mollah and Zaman, 2015; Neifar and Jarboui, 2018).

#### 3.2 Population, Sample, and Data Collection

The population of this study includes Islamic banks operating in emerging and developed Islamic finance markets. The sample comprises 100 Islamic banks from Asia, the Middle East, Africa, Turkey, and other relevant Islamic banking jurisdictions. The selection criteria require each bank to have operated for at least five years, published annual reports, and maintained a Sharia Supervisory Board or an equivalent Sharia governance structure. These criteria ensure that the selected banks have sufficient operational history, public disclosure, and formal Sharia governance mechanisms to assess Islamic Law Compliance Risk. Data collection involved structured indicators adapted from the Islamic banking literature and bank-specific information on Sharia Governance, Risk Management, Market Competition, Bank Size, Regulatory Quality, and Islamic Law Compliance Risk. This sampling approach is justified because Islamic banks vary across jurisdictions in terms of governance systems, regulatory frameworks, risk exposure, market conditions, and institutional maturity (Almutairi and Quttainah, 2017; Athari and Bahreini, 2023; Beck et al., 2013; Ginena, 2014).

#### 3.3 Measurement Instrument

The measurement instrument includes six latent variables: Sharia Governance, Risk Management, Market Competition, Bank Size, Regulatory Quality, and Islamic Law Compliance Risk. Each variable is assessed using five indicators adapted from prior research on Islamic banking, governance, risk management, competition, regulation, and Sharia compliance. Sharia Governance is evaluated based on the characteristics of the Sharia Supervisory Board and the quality of Sharia compliance reporting. Risk management is measured through independent risk officers, audit committee activity, internal audit frequency, risk reporting, and mitigation procedures. Market Competition considers market power, price competition, concentration, entry barriers, and product differentiation. Bank Size is measured using total assets, number of branches, number of employees, market capitalization, and customer deposit base. Regulatory Quality reflects legal protection, supervisory effectiveness, enforcement practices, regulatory clarity, and independence. Islamic Law Compliance Risk is measured through Sharia contract violations, fatwa non-conformity, sanctions, non-Sharia fund reversals, and reputation risk incidents (Alam et al., 2020; Beck et al., 2013; Bukair and Abdul Rahman, 2015; Grassa, 2016; Mollah and Zaman, 2015; Nomran et al., 2018).

**Table 1.** Final Sample Profile

Category	Sub-category	Frequency	Percentage
Bank Age	5–10 years	25	25.00%
Bank Age	11–20 years	45	45.00%
Bank Age	>20 years	30	30.00%
Total Assets	<\$1 billion	20	20.00%
Total Assets	\$1–10 billion	50	50.00%
Total Assets	>\$10 billion	30	30.00%
Region	Asia (Indonesia, Malaysia)	60	60.00%
Region	Middle East (Saudi Arabia, UAE)	30	30.00%
Region	Africa/Turkey/Other	10	10.00%
Bank Type	Full-fledged Islamic	80	80.00%
Bank Type	Islamic windows	20	20.00%
Total		100	100.00%

**Table 2.** Professional Instrument

Variable	Code	Indicator	Source Support
Sharia Governance	SG1	SSB size and composition	(Nomran et al., 2018; Mollah and Zaman, 2015)
Sharia Governance	SG2	SSB meeting frequency	(Bukair and Abdul Rahman, 2015; Grassa, 2016)
Sharia Governance	SG3	SSB independence from management	(Mollah and Zaman, 2015; Almutairi and Quttainah, 2017)
Sharia Governance	SG4	SSB member qualifications	(Farook et al., 2011; Neifar and Jarboui, 2018)
Sharia Governance	SG5	Sharia compliance reporting quality	(Haniffa and Hudaib, 2007; Belal et al., 2015)
Risk Management	RM1	Proportion of independent risk officers	(Ginena, 2014; Abedifar et al., 2013)
Risk Management	RM2	Audit committee size and activity	(Neifar and Jarboui, 2018; Elnahass et al., 2014)
Risk Management	RM3	Internal audit frequency	(Elnahass et al., 2014; Ginena, 2014)
Risk Management	RM4	Risk reporting quality and transparency	(Platonova et al., 2018; Mallin et al., 2014)
Risk Management	RM5	Risk mitigation procedures effectiveness	(Kabir et al., 2015; Saeed and Izzeldin, 2016)
Market Competition	MC1	Islamic bank market power	(Weill, 2011; Ariss, 2010)
Market Competition	MC2	Price competition	(Meslier et al., 2017; Weill, 2011)
Market Competition	MC3	Market concentration	(Ariss, 2010; Beck et al., 2013)
Market Competition	MC4	Barriers to market entry	(Čihák and Hesse, 2010; Bitar et al., 2017)
Market Competition	MC5	Product differentiation level	(Perry and Rehman, 2011; Trad et al., 2017)
Bank Size	BS1	Total bank assets	(Beck et al., 2013; Safiullah and Tariq, 2018)
Bank Size	BS2	Number of branches	(Rosman et al., 2014; Khediri et al., 2015)
Bank Size	BS3	Number of employees	(Bitar et al., 2017; Abedifar et al., 2013)
Bank Size	BS4	Market capitalization	(Rizwan et al., 2020; Čihák and Hesse, 2010)
Bank Size	BS5	Customer deposit base	(Meslier et al., 2017; Kabir et al., 2015)
Regulatory Quality	RQ1	Legal protection for Sharia compliance	(Athari, 2021; Elnahass et al., 2014)
Regulatory Quality	RQ2	Supervisory effectiveness of central bank	(Athari, 2021; Mollah and Zaman, 2015)
Regulatory Quality	RQ3	Enforcement of compliance standards	(Grassa, 2016; Ginena, 2014)
Regulatory Quality	RQ4	Clarity of Sharia regulatory framework	(Almutairi and Quttainah, 2017; Platonova et al., 2018)
Regulatory Quality	RQ5	Regulatory independence from political pressure	(Athari, 2021; Elnahass et al., 2014)
Islamic Law Compliance Risk	CR1	Sharia contract violations frequency	(Risfandy et al., 2022; Elnahass et al., 2014)
Islamic Law Compliance Risk	CR2	Non-conformity with DSN-MUI fatwa	(Risfandy et al., 2022; Ibrahim and Yaya, 2005)
Islamic Law Compliance Risk	CR3	Sharia compliance sanctions received	(Ginena, 2014; Grassa, 2016)
Islamic Law Compliance Risk	CR4	Non-Sharia fund reversals	(Haniffa and Hudaib, 2007; Belal et al., 2015)
Islamic Law Compliance Risk	CR5	Sharia reputation risk incidents	(Farook et al., 2011; Platonova et al., 2018)

### 3.4 Data Analysis Technique

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. This method was selected because the research model involves multiple latent constructs, reflective indicators, direct effects, and moderation effects. PLS-SEM is also appropriate for explanatory research aimed at predicting Islamic Law Compliance Risk based on Sharia Governance, Risk Management, Market Competition, Bank Size, and Regulatory Quality (Hair et al., 2018, 2021, 2025). The analysis was carried out in several stages. First, descriptive statistics were used to summarize the sample profile and research variables. Second, the measurement model was evaluated using outer loadings, Cronbach’s alpha, composite reliability, average variance extracted, and discriminant validity through the Heterotrait-Monotrait ratio. Third, the structural model was assessed using path coefficients, R-square, effect size, predictive relevance, and bootstrapping. Finally, the moderating effect of regulatory quality was tested using interaction terms between regulatory quality and each independent variable. This procedure is consistent with Islamic banking studies that examine governance, risk exposure, operational risk disclosure, market structure, and external regulatory factors using empirical quantitative techniques (Abedifar et al., 2013; Athari and Bahreini, 2023; Meslier et al., 2017; Mollah and Zaman, 2015).

## 4. Results and Discussion



**Table 3.** Descriptive Statistics of Research Variables

Construct	Variable Description	N	Mean	SD	Min.	Max.
SG	Sharia Governance	100	2.974	0.774	1.000	4.600
RM	Risk Management	100	3.014	0.755	1.400	4.800
MC	Market Competition	100	3.010	0.778	1.200	4.800
BS	Bank Size	100	3.020	0.712	1.000	4.600
RQ	Regulatory Quality	100	2.988	0.782	1.200	4.600
CR	Islamic Law Compliance Risk	100	2.980	0.794	1.000	4.600

**Table 4.** Outer Loading and VIF Results

Construct	Indicator	Outer Loading	VIF	Decision
Bank Size	BS1	0.775	2.151	Retained
Bank Size	BS2	0.787	1.788	Retained
Bank Size	BS3	0.851	1.877	Retained
Bank Size	BS4	0.753	1.889	Retained
Bank Size	BS5	0.773	1.594	Retained
Islamic Law Compliance Risk	CR1	0.853	2.400	Retained
Islamic Law Compliance Risk	CR2	0.877	2.969	Retained
Islamic Law Compliance Risk	CR3	0.853	2.553	Retained
Islamic Law Compliance Risk	CR4	0.821	2.312	Retained
Islamic Law Compliance Risk	CR5	0.893	3.075	Retained
Market Competition	MC1	0.727	1.983	Retained
Market Competition	MC2	0.803	2.254	Retained
Market Competition	MC3	0.791	1.964	Retained
Market Competition	MC4	0.830	1.941	Retained
Market Competition	MC5	0.906	2.369	Retained
Risk Management	RM1	0.830	2.318	Retained
Risk Management	RM2	0.893	1.972	Retained
Risk Management	RM3	0.740	2.094	Retained
Risk Management	RM4	0.799	2.019	Retained
Risk Management	RM5	0.779	2.000	Retained
Regulatory Quality	RQ1	0.816	1.920	Retained
Regulatory Quality	RQ2	0.862	2.713	Retained
Regulatory Quality	RQ3	0.803	1.985	Retained
Regulatory Quality	RQ4	0.803	2.026	Retained
Regulatory Quality	RQ5	0.817	2.058	Retained
Sharia Governance	SG1	0.861	2.613	Retained
Sharia Governance	SG2	0.874	2.607	Retained
Sharia Governance	SG3	0.785	1.777	Retained
Sharia Governance	SG4	0.852	2.450	Retained
Sharia Governance	SG5	0.836	2.293	Retained

#### 4.1 Descriptive Statistics

The descriptive statistics provide an initial overview of the distribution of key research constructs before assessing the measurement and structural models. As shown in Table 3, all constructs were measured using a five-point Likert scale, with composite scores derived from five indicators for each variable. The mean values for Sharia Governance, Risk Management, Market Competition, Bank Size, Regulatory Quality, and Islamic Law Compliance Risk range from 2.974 to 3.020, indicating that the responses are generally centered around a moderate level. The standard deviation values range from 0.712 to 0.794, suggesting acceptable variability among the sampled Islamic banks. This variation is important because the study examines differences in governance quality, risk management capability, competitive environment, bank size, regulatory quality, and compliance risk across Islamic banking institutions. Overall, the descriptive results indicate that the dataset is appropriate for further PLS-SEM analysis because the constructs show sufficient dispersion without extreme concentration.

#### 4.2 Measurement Model Assessment

The measurement model was assessed to evaluate the quality of the reflective indicators before testing the structural relationships. The assessment focused on indicator reliability, internal consistency reliability, convergent validity, discriminant validity, and collinearity. As shown in Table 4, most outer loading values exceed the recommended threshold of 0.70, indicating that the indicators adequately represent their respective latent constructs. The highest loading is observed for MC5, while the lowest loading is observed for MC1. Although MC5 is slightly above 0.90, it remains theoretically relevant and is retained because the construct reliability, AVE, and discriminant validity results remain acceptable. The VIF values are all below the conservative threshold of 5.00, indicating that multicollinearity is not a critical issue in the measurement model.

The reliability and validity results are presented in Table 5. Cronbach's alpha values range from 0.854 to 0.912, exceeding the minimum threshold of 0.70. Composite reliability values also exceed 0.70, with rho\_c ranging from 0.891 to 0.934, indicating strong internal consistency. The AVE values range from 0.621 to 0.739, exceeding the recommended threshold of 0.50. These results confirm that all constructs demonstrate satisfactory reliability and convergent validity.

Discriminant validity was assessed using the HTMT criterion and the Fornell–Larcker criterion. As shown in Table 6, all HTMT values are below the recommended threshold of 0.85, with the highest value observed between SG and CR. This indicates that each construct is empirically

**Table 5.** Construct Reliability and Validity

Construct	Alpha	rho_a	rho_c	AVE	Decision
Bank Size	0.854	0.897	0.891	0.621	Accepted
Islamic Law Compliance Risk	0.912	0.920	0.934	0.739	Accepted
Market Competition	0.881	0.993	0.907	0.662	Accepted
Risk Management	0.880	1.044	0.905	0.656	Accepted
Regulatory Quality	0.879	0.884	0.911	0.673	Accepted
Sharia Governance	0.897	0.901	0.924	0.709	Accepted

**Table 6.** HTMT Discriminant Validity Results

Construct Pair	HTMT Value	Decision
CR ↔ BS	0.341	Accepted
MC ↔ BS	0.248	Accepted
MC ↔ CR	0.197	Accepted
RM ↔ BS	0.260	Accepted
RM ↔ CR	0.246	Accepted
RM ↔ MC	0.135	Accepted
RQ ↔ BS	0.137	Accepted
RQ ↔ CR	0.268	Accepted
RQ ↔ MC	0.128	Accepted
RQ ↔ RM	0.108	Accepted
SG ↔ BS	0.136	Accepted
SG ↔ CR	0.550	Accepted
SG ↔ MC	0.177	Accepted
SG ↔ RM	0.134	Accepted
SG ↔ RQ	0.092	Accepted

**Table 7.** Fornell–Larcker Criterion

Construct	BS	CR	MC	RM	RQ	SG
BS	<b>0.788</b>					
CR	-0.338	<b>0.860</b>				
MC	-0.217	-0.214	<b>0.813</b>			
RM	0.244	-0.274	-0.075	<b>0.810</b>		
RQ	0.043	-0.248	0.090	0.053	<b>0.821</b>	
SG	0.127	-0.504	0.152	0.110	0.046	<b>0.842</b>

distinct from the others. The Fornell–Larcker results in Table 7 also support discriminant validity because the square root of AVE for each construct is greater than its correlations with other constructs.

### 4.3 Structural Model Assessment

The structural model assessment was conducted to evaluate explanatory power, predictive relevance, effect size, and direct relationships among the constructs. As shown in Figure 2, Sharia Governance, Risk Management, Market Competition, Bank Size, and Regulatory Quality were modelled as predictors of Islamic Law Compliance Risk, while Regulatory Quality also interacted with each independent variable in the moderation model. The structural results show that Sharia Governance, Bank Size, Market Competition, and Regulatory Quality have negative path coefficients with respect to Islamic Law Compliance Risk. This indicates that stronger governance, greater bank capacity, stronger market positioning, and better regulatory quality tend to reduce Islamic law compliance risk. However, Risk Management shows a negative but statistically non-significant effect.

The coefficient of determination, predictive relevance, and effect size results are presented in Table 8. The R-square value for Islamic Law Compliance Risk is 0.479, with an adjusted R-square of 0.427. This means that Sharia Governance, Risk Management, Market Competition, Bank Size, Regulatory Quality, and the moderation terms jointly explain 47.9% of the variance in Islamic Law Compliance Risk. This value indicates moderate explanatory power. The blindfolding result shows that the cross-validated redundancy  $Q^2$  value for Islamic Law Compliance Risk is 0.329, which is above zero, indicating that the model has predictive relevance. In addition, the PLSpredict result shows a  $Q^2$ predict value of 0.350, indicating acceptable out-of-sample predictive ability. The effect size results show that Sharia Governance has the strongest effect, followed by Bank Size, Market Competition, Regulatory Quality, and Risk Management.

The direct effect hypothesis testing is presented in Table 9. Sharia Governance has a significant negative effect on Islamic Law Compliance Risk, indicating that stronger Sharia governance reduces compliance risk. Therefore, H1 is supported. Risk Management has a negative but non-significant effect, meaning that the direct effect of risk management on compliance risk is not statistically confirmed. Thus, H2 is not supported. Market Competition has a significant negative effect, supporting H3. Bank Size also has a significant negative effect, supporting H4. In addition, Regulatory Quality has a significant negative direct effect on Islamic Law Compliance Risk, suggesting that stronger regulatory quality directly reduces compliance risk.

### 4.4 Moderation Effect Assessment

The moderation model evaluates whether regulatory quality changes the strength or direction of the relationships between Sharia governance, risk management, market competition, Bank Size, and Islamic law compliance risk. As illustrated in Figure 3, four interaction terms were tested:  $RQ \times SG$ ,  $RQ \times RM$ ,  $RQ \times MC$ , and  $RQ \times BS$ . The results show that not all moderation paths are statistically significant at the 5

As presented in Table 10, the interaction between Regulatory Quality and Sharia Governance has a negative but non-significant effect on Islamic Law Compliance Risk, meaning that H5 is not supported. The interaction between Regulatory Quality and Risk Management is also

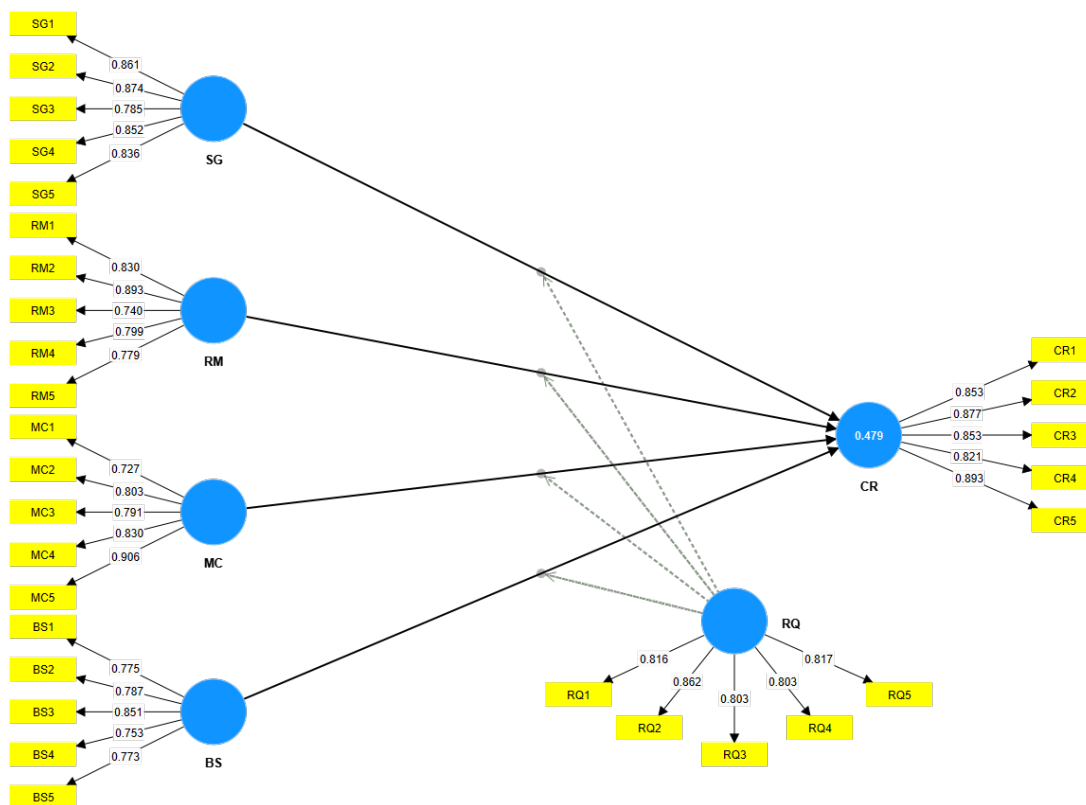


Figure 2. Structural Model Results

Table 8. Coefficient of Determination, Predictive Relevance, and Effect Size Results

Assessment	Relationship / Construct	Value	Interpretation
R-square	Islamic Law Compliance Risk	0.479	Moderate explanatory power
Adjusted R-square	Islamic Law Compliance Risk	0.427	Moderate adjusted explanatory power
Q <sup>2</sup> Redundancy	Islamic Law Compliance Risk	0.329	Predictive relevance
Q <sup>2</sup> Predict	Islamic Law Compliance Risk	0.350	Out-of-sample predictive ability
f-square	SG → CR	0.273	Moderate effect
f-square	BS → CR	0.149	Small to moderate effect
f-square	MC → CR	0.067	Small effect
f-square	RQ → CR	0.062	Small effect
f-square	RM → CR	0.026	Small effect
f-square	RQ × SG → CR	0.027	Small moderation effect
f-square	RQ × RM → CR	0.023	Small moderation effect
f-square	RQ × MC → CR	0.024	Small moderation effect
f-square	RQ × BS → CR	0.019	Small moderation effect

Table 9. Direct Effect Hypothesis Testing

Hypothesis	Relationship	Path	STDEV	t-value	p-value	Decision
H1	SG → CR	-0.402	0.066	6.054	0.000	Supported
H2	RM → CR	-0.124	0.086	1.437	0.151	Not supported
H3	MC → CR	-0.199	0.099	2.004	0.045	Supported
H4	BS → CR	-0.302	0.070	4.310	0.000	Supported
Additional path	RQ → CR	-0.184	0.089	2.074	0.038	Significant

Table 10. Moderation Effect Hypothesis Testing

Hypothesis	Moderation Path	Path	STDEV	t-value	p-value	Decision
H5	RQ × SG → CR	-0.150	0.092	1.624	0.104	Not supported
H6	RQ × RM → CR	0.106	0.082	1.281	0.200	Not supported
H7	RQ × MC → CR	0.131	0.094	1.383	0.167	Not supported
H8	RQ × BS → CR	-0.099	0.086	1.152	0.249	Not supported

non-significant, so H6 is not supported. The moderating effect of Regulatory Quality on the relationship between Market Competition and Islamic Law Compliance Risk is positive but non-significant, indicating that H7 is not supported. Finally, the interaction between Regulatory Quality and Bank Size has a negative but non-significant effect, so H8 is not supported. Overall, these findings suggest that Regulatory Quality plays a more relevant role as a direct institutional predictor of Islamic Law Compliance Risk rather than as a significant moderating mechanism in this model.

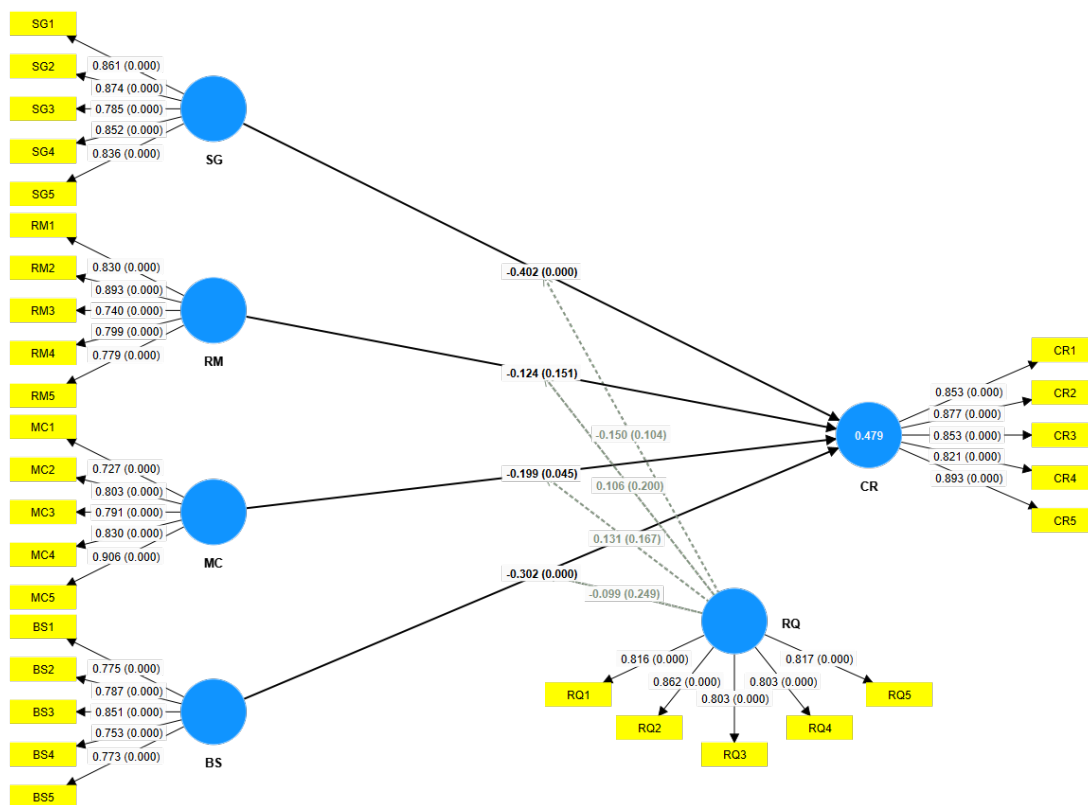


Figure 3. Moderation Model on Islamic Law Compliance Risk

Table 11. Robustness Test Results

Assessment	Construct / Benchmark	Value / Result	Interpretation
Cross-validated redundancy	Islamic Law Compliance Risk	Q <sup>2</sup> = 0.329	Predictive relevance achieved
Cross-validated communality	Bank Size	Q <sup>2</sup> = 0.426	Acceptable prediction
Cross-validated communality	Islamic Law Compliance Risk	Q <sup>2</sup> = 0.603	Strong prediction
Cross-validated communality	Market Competition	Q <sup>2</sup> = 0.489	Acceptable prediction
Cross-validated communality	Risk Management	Q <sup>2</sup> = 0.476	Acceptable prediction
Cross-validated communality	Regulatory Quality	Q <sup>2</sup> = 0.500	Acceptable prediction
Cross-validated communality	Sharia Governance	Q <sup>2</sup> = 0.553	Strong prediction
PLSpredict	Islamic Law Compliance Risk	Q <sup>2</sup> predict = 0.350	Predictive ability achieved
CVPAT: PLS-SEM vs IA	PLS loss = 0.642; IA loss = 0.862	p = 0.002	PLS-SEM outperforms IA
CVPAT: PLS-SEM vs LM	PLS loss = 0.642; LM loss = 0.768	p = 0.059	Marginal advantage

#### 4.5 Robustness Test

The robustness test was conducted to evaluate whether the structural model maintains predictive consistency beyond the main hypothesis testing. In this study, robustness was assessed using blindfolding cross-validated redundancy, construct cross-validated communality, and CVPAT predictive assessment. As presented in Table 11, the cross-validated redundancy value for Islamic Law Compliance Risk is greater than zero, indicating that the model has adequate predictive relevance for the endogenous construct. The construct cross-validated communality values are also positive for all constructs, confirming that the measurement model demonstrates acceptable predictive quality.

The CVPAT results further support model robustness. The PLS-SEM model yields a lower prediction loss than the indicator-average benchmark, with a statistically significant difference. This result indicates that the proposed model achieves stronger predictive performance than the naïve indicator-average benchmark. When compared with the linear model benchmark, the PLS-SEM model also shows a lower prediction loss, although the difference is marginally non-significant at the 5% level. Overall, these robustness results indicate that the model has acceptable predictive relevance and is sufficiently stable for explaining Islamic Law Compliance Risk.

#### 4.6 Discussion

This study’s results provide important insights into how internal governance, risk management, market structure, organizational size, and regulatory environment affect Islamic Law Compliance Risk in Islamic banking. Overall, the findings show that compliance risk is not merely a technical issue related to product design or contractual documentation; rather, it is a complex governance challenge influenced by Sharia supervision, institutional capacity, market forces, and regulatory oversight. This supports broader Islamic banking research, which emphasizes that the legitimacy of Islamic banks depends on their ability to follow Sharia principles not only through formal product approval, but also through operational practices, transparent reporting, ethical disclosure, and stakeholder accountability (Haniffa and Hudaib, 2007; Farook et al., 2011; Ginena, 2014; Belal et al., 2015).

The significant negative effect of Sharia Governance on Islamic Law Compliance Risk suggests that stronger Sharia governance reduces the likelihood of Sharia non-compliance. This supports the view that the Sharia Supervisory Board is a central governance component in Islamic banks. When the board has adequate expertise, independence, regular meetings, and high reporting standards, it can enhance oversight, restrict managerial discretion, and ensure that banking activities follow Sharia principles. This finding aligns with prior studies emphasizing that Sharia supervisory board characteristics and governance structures influence Islamic bank performance, risk management, accountability, and institutional credibility (Mollah and Zaman, 2015; Bukair and Abdul Rahman, 2015; Grassa, 2016; Almutairi and Quttainah, 2017; Nomran et al., 2018). From an agency-based perspective, effective Sharia governance helps reduce information asymmetry between management and

stakeholders by ensuring that strategic and operational decisions are evaluated through religious, ethical, and institutional lenses.

The negative but insignificant effect of Risk Management indicates that relying only on general risk management practices may not be sufficient to reduce Islamic Law Compliance Risk unless these practices are integrated with Sharia governance and compliance monitoring. Islamic banks encounter both conventional banking risks and Sharia-specific risks, including contract non-compliance, fiduciary risk, operational failure, and reputational exposure. Although risk management systems remain essential, their success depends on how well risk officers, audit committees, internal audit functions, and mitigation strategies are connected with Sharia review and compliance assurance processes. This interpretation is consistent with research showing that Islamic banking risks are complex and require comprehensive governance, risk disclosure, operational control, and Sharia-sensitive monitoring mechanisms (Abedifar et al., 2013; Ginena, 2014; Kabir et al., 2015; Saeed and Izzeldin, 2016; Neifar and Jarboui, 2018). Consequently, Islamic banks should view risk management not only as a financial or operational activity, but also as a crucial component of a broader Sharia compliance framework.

The significant effect of Market Competition demonstrates that competitive conditions influence Islamic Law Compliance Risk. Market structure, pricing pressure, deposit competition, product innovation, and differentiation strategies affect how Islamic banks manage compliance obligations. In competitive environments, Islamic banks may be encouraged to innovate, improve efficiency, and respond quickly to customer demand. However, if governance is weak, competitive pressure may also encourage excessive imitation of conventional products or prioritization of commercial objectives over Sharia compliance. With effective governance, competition can instead motivate Islamic banks to strengthen Sharia credibility as a key differentiator. This supports earlier research indicating that market power, competitive dynamics, dual banking systems, and product differentiation shape Islamic bank behavior, stability, and strategic decision-making (Ariss, 2010; Weill, 2011; Beck et al., 2013; Meslier et al., 2017; Trad et al., 2017). The finding emphasizes that competition should be accompanied by robust product governance and comprehensive Sharia screening to prevent dilution of compliance.

Bank Size also plays a crucial role in determining Islamic Law Compliance Risk, showing that organizational scale affects compliance capacity in Islamic banking. Larger banks tend to have more resources, stronger internal controls, better disclosure capabilities, and more formalized compliance structures. These characteristics can reduce compliance risk by improving monitoring, documentation, audit quality, and governance coordination. Conversely, larger banks often face more complex operations, broader customer segments, wider product portfolios, and higher institutional exposure, requiring stronger coordination among governance, audit, risk management, and Sharia compliance units. This finding is supported by research indicating that bank size, operational efficiency, business models, and institutional characteristics influence the stability and risk profile of Islamic banks (Čihák and Hesse, 2010; Beck et al., 2013; Rosman et al., 2014; Khediri et al., 2015; Bitar et al., 2017; Safullah and Tariq, 2018). Therefore, Islamic banks must ensure that compliance systems grow in proportion to institutional scale and operational complexity.

Regulatory Quality is also important in reducing Islamic Law Compliance Risk, highlighting the need for strong external governance in Islamic banking. Effective regulation provides legal clarity, supervisory discipline, consistent enforcement, and institutional accountability, helping Islamic banks implement Sharia governance and risk management more effectively. This supports earlier research emphasizing the importance of external governance, regulatory structures, Sharia risk management, and institutional oversight for Islamic bank performance and stability (Ginena, 2014; Mollah and Zaman, 2015; Grassa, 2016; Almutairi and Quttainah, 2017; Athari, 2021). Practically, regulators should establish clear Sharia governance standards, strengthen enforcement mechanisms, and ensure supervisory consistency across Islamic banking institutions.

Interestingly, the moderating effects of Regulatory Quality are not statistically supported. This means that Regulatory Quality does not significantly change the relationships between Sharia Governance, Risk Management, Market Competition, Bank Size, and Islamic Law Compliance Risk. A plausible explanation is that regulatory quality functions more as a direct institutional determinant than as a conditional mechanism in this model. Strong regulation may reduce compliance risk on its own, but it does not necessarily strengthen the effects of internal governance or bank-level characteristics unless regulatory standards are embedded in internal compliance practices. Therefore, Islamic banks and regulators should focus on internalizing regulatory standards through governance routines, Sharia audit procedures, risk reporting systems, and board accountability rather than relying solely on external regulatory pressure.

Overall, the discussion confirms that Islamic Law Compliance Risk is shaped by both internal and external governance mechanisms. Sharia Governance stands out as the key internal mechanism, while Regulatory Quality serves as a vital external institutional factor. Market Competition and Bank Size also influence the strategic and operational context in which compliance decisions are made. These insights contribute to Islamic banking literature by shifting the focus from general financial performance and stability to the specific issue of Islamic Law Compliance Risk. Practically, Islamic banks should enhance the effectiveness of their Sharia boards, integrate risk management with Sharia compliance functions, strengthen product governance under competitive pressure, and develop scalable compliance systems as their operations grow. Regulators should improve legal clarity, ensure consistent enforcement, and coordinate supervision so that Islamic banking growth remains aligned with Sharia legal and ethical standards.

## 5. Conclusion

This study explored how Sharia governance, risk management, Market Competition, and Bank Size influence Islamic Law Compliance Risk, with regulatory quality moderating the relationship. The results reveal that the risk of noncompliance with Islamic law is affected by internal governance, market conditions, organizational capacity, and external regulatory frameworks. Sharia Governance is notably associated with lower compliance risk, underscoring the importance of robust Sharia supervisory structures, competent and independent boards, frequent meetings, and high-quality reporting to minimize non-compliance. Bank Size and Market Competition also significantly shape how Islamic banks fulfill compliance duties, indicating that institutional scale and competitive environment matter. Moreover, Regulatory Quality directly reduces compliance risk through legal clarity, effective supervision, enforcement, and regulatory independence, emphasizing the importance of external institutional discipline.

Risk management does not exhibit a significant direct impact on Islamic law compliance risk. This indicates that risk management alone may not effectively lower Sharia compliance risk unless it is integrated with Sharia governance, Sharia audit, and dedicated compliance monitoring systems. The moderation analysis further reveals that regulatory quality does not significantly influence the relationships among Sharia governance, risk management, market competition, bank size, and Islamic law compliance risk. This suggests that regulatory quality acts more as a direct institutional factor than as a conditional moderator within this model.

This study enhances the Islamic banking literature by developing an integrated compliance risk model that links Sharia governance, risk management, market competition, bank size, and regulatory quality to Islamic law compliance risk. It advances prior research by emphasizing

Sharia compliance risk over broader concerns about performance, profitability, and stability. Additionally, the study underscores that Islamic Law Compliance Risk is a complex governance issue involving internal controls, institutional capacity, market behavior, and regulatory discipline.

The findings imply that Islamic banks need to reinforce the effectiveness of Sharia supervisory boards, enhance Sharia compliance reporting, integrate risk management with Sharia audit functions, and develop scalable compliance systems as their operations grow. Regulators should also improve legal clarity, ensure consistent supervision, strengthen enforcement mechanisms, and maintain regulatory independence to keep Islamic banking activities aligned with Sharia legal and ethical standards. In competitive markets, product innovation should go hand in hand with thorough Sharia screening, clear disclosure, and strong governance procedures.

This study has several limitations. First, the sample comprises 100 Islamic banks; future research could increase the sample size and include a wider range of cross-country institutional differences. Second, this research employs a quantitative PLS-SEM method; future studies may integrate quantitative analysis with qualitative interviews involving Sharia board members, regulators, and compliance officers. Third, additional variables such as Sharia audit quality, digital banking risk, ownership structure, board diversity, fintech adoption, and Islamic financial literacy could be examined in future research. Comparing full-fledged Islamic banks and Islamic windows could also provide further insights into different compliance risk mechanisms.

Overall, this study concludes that minimizing Islamic law compliance risk involves more than formal Sharia approval. It requires robust Sharia governance, effective institutional oversight, prudent management of market pressure, and compliance systems tailored to bank size and operational complexity. The results emphasize the importance of collaboration between Islamic banks and regulators to enhance governance structures, risk management, and regulatory enforcement, thereby maintaining the credibility and legitimacy of Islamic banking.

## Ethical Statement

This study was conducted in accordance with ethical research principles. Participation was voluntary, and respondents were informed about the purpose of the study before completing the questionnaire. The authors ensured that all responses were treated confidentially and used only for academic research purposes.

## Informed Consent Statement

Informed consent was obtained from all respondents prior to their participation in this study. Respondents were informed that their participation was voluntary, their identities would remain confidential, and the collected data would be used solely for academic research purposes.

## Author Contributions

Yosephine Angelina Yulia contributed to the conceptualization, research design, theoretical framework, methodology, data interpretation, and manuscript preparation. Lukman Ahmad Imron Pahlawi contributed to the literature review, instrument development, data organization, support for SmartPLS analysis, results interpretation, and manuscript editing. All authors reviewed and approved the final version of the manuscript.

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## Data Availability Statement

The data supporting the findings of this study are available from the corresponding author upon reasonable request. The data are not publicly available due to privacy and ethical considerations related to respondent information.

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## Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently, and no personal, financial, or institutional interests influenced the study design, data analysis, interpretation, or manuscript preparation.

## Declaration of Generative AI and AI-Assisted Technologies

The authors used artificial intelligence-based tools only for language refinement, grammar checking, formatting assistance, and improving the clarity of manuscript presentation. The authors reviewed, verified, and approved all content generated or assisted by such tools. No artificial intelligence tool was used to replace the authors' intellectual contribution, data analysis responsibility, interpretation of findings, or final academic judgment.

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