Neraca Keuangan: Jurnal Akuntansi dan Keuangan, 21 (2) (2026) 298-310
Print ISSN : 1858-2214 Online ISSN : 2654-7880

Moderation of Non-Performing Financing on the Influence of Sharia Supervisory Board Attributes on the Maqashid Sharia Index

Benny Ahmad[1*]

[1]Politeknik Negeri Bandung, Indonesia

ABSTRACT

This study aims to analyze the effect of Sharia Supervisory Board characteristics, proxied by tenure, female representation, and meeting frequency, on the Maqashid Sharia Index (MSI), and to examine the moderating role of Non-Performing Financing (NPF) in Islamic Commercial Banks in Indonesia during 2009–2024. A quantitative approach was employed using panel data from the annual reports of 16 Islamic Commercial Banks registered with the Financial Services Authority. The sample was selected through purposive sampling and analyzed using panel data regression. The results indicate that the tenure, female representation, and meeting frequency of the Sharia Supervisory Board have a positive and significant effect on the Maqashid Sharia Index. These findings imply that board experience, gender diversity, and supervisory intensity contribute to achieving maqashid sharia objectives. Furthermore, Non-Performing Financing weakens the effect of the Sharia Supervisory Board's tenure on the Maqashid Sharia Index but does not moderate the relationships between female representation or meeting frequency and the Maqashid Sharia Index. Overall, the findings highlight the importance of strengthening Sharia governance and financing risk management to enhance the sustainable achievement of Islamic banking objectives while improving institutional performance and ensuring greater alignment with the principles of maqashid sharia in the Indonesian Islamic banking sector.
Keywords*: Sharia Supervisory Board; Maqashid Sharia Index; Non-Performing Financing; Islamic Commercial Banks.*

Corresponding author: bennykaede99@gmail.com
How to cite this article: Ahmad, B. Moderation of Non-Performing Financing on the Influence of Sharia Supervisory Board Attributes on the Maqashid Sharia Index. Neraca Keuangan : Jurnal Ilmiah Akuntansi Dan Keuangan, 21(2).
History of Article: Received: 8 July 2026. Revision: 29 July 2026. Published: 12 August 2026.
DOI: https://doi.org/10.32832/neraca.v21i2.24471

INTRODUCTION

Islamic banking is one of the strategic sectors within Indonesia's financial system, with substantial potential for continued growth given the country's large Muslim population. Unlike conventional banking, Islamic banking operates in accordance with Sharia principles that emphasize justice, partnership, transparency, and public welfare through profit-sharing mechanisms, trade-based transactions, and other Sharia contracts such as *mudharabah*, *musyarakah*, *murabahah*, *ijarah*, and *wakalah* (Iqbal & Mirakhor, 2021). These distinctive characteristics make Islamic banking not only profit-oriented but also committed to upholding ethical values and promoting social welfare.

The development of the Islamic banking industry in Indonesia has shown a positive trend. The continuous growth in Islamic banking assets during the 2020–2024 period reflects increasing public confidence in Islamic financial institutions. This trend is supported by data from the Financial Services Authority (Otoritas Jasa Keuangan/OJK), which indicate that total assets increased from IDR 608 trillion in 2020 to IDR 980 trillion in 2024. This growth suggests that Islamic banking has strengthened its role within the national financial system by providing products and services that comply with Sharia principles. OJK (2023) emphasizes that public trust is the primary driver of the industry's growth, fostered through adherence to Sharia principles and the strengthening of corporate governance.

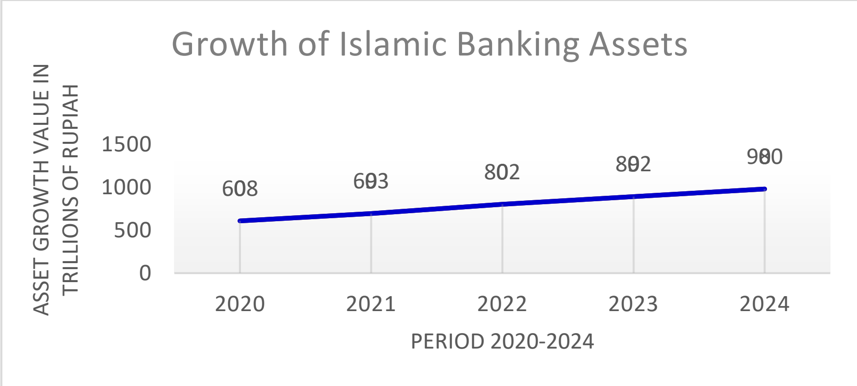

Figure 1. Growth of Islamic Banking Assets in Indonesia for the 2020–2024 Period

Despite this significant asset growth, the performance of Islamic banking cannot be evaluated solely using financial indicators commonly applied to conventional banks. Performance measurement that remains dominated by CAMELS (Capital, Asset, Management, Earnings, Liquidity, and Sensitivity) ratios and Economic Value Added (EVA) has not been able to comprehensively capture the achievement of Sharia objectives (Azis, 2018). Unlike conventional banks, Islamic banks aim to promote public welfare through the implementation of Sharia principles in all operational activities. Therefore, a performance measurement approach is required that not only assesses financial performance but also evaluates the extent to which Sharia objectives are achieved (Sa'diyah et al., 2021).

One of the approaches developed to measure the performance of Islamic banks is the Maqashid Sharia Index (MSI). This index evaluates the success of Islamic banks in implementing the values of *maqashid sharia* based on the three primary objectives proposed by Abu Zahrah: *tahdzib al-fard* (educating individuals), *iqamah al-'adl* (establishing justice), and *jalb al-maslahah* (promoting public welfare). Previous studies have shown that the MSI provides a more comprehensive performance measurement than financial ratio-based approaches because it integrates the dimensions of education, justice, and public welfare into the evaluation of Islamic bank performance (Al-Ghifari et al., 2020; Antonio et al., 2021; Hameed, 2004). Accordingly, the MSI is considered more appropriate for Islamic financial institutions, whose objectives extend beyond profitability to the fulfillment of Sharia objectives.

Nevertheless, numerous studies indicate that the achievement of the Maqashid Sharia Index among Islamic Commercial Banks in Indonesia remains relatively low and fluctuates over time. Studies by Rachmah (2018), Sholihin et al. (2022), and Wahyuningsih et al. (2024) reveal that most Islamic banks have not been able to consistently maintain the achievement of *maqashid sharia*. MSI scores have fluctuated across different periods and even experienced a considerable decline during the COVID-19 pandemic. This condition indicates that asset growth has not been fully accompanied by improvements in the quality of Sharia objective implementation within banking operations.

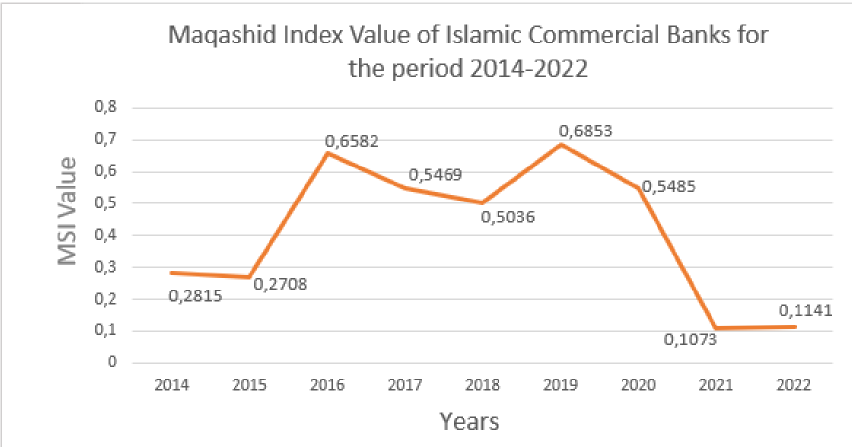

Figure 2. Maqashid Sharia Index Value of Islamic Commercial Banks for the 2014–2022 Period

Based on the growth of the Islamic banking industry, the relatively low achievement of the Maqashid Sharia Index (MSI), and the inconsistent findings of previous studies regarding the influence of Sharia Supervisory Board (SSB) attributes, this study identifies the primary research problem as determining the extent to which the attributes of the Sharia Supervisory Board influence the achievement of the Maqashid Sharia Index in Islamic Commercial Banks in Indonesia and whether Non-Performing Financing (NPF) serves as a moderating variable in this relationship. In addition, this study examines the simultaneous effect of Sharia Supervisory Board attributes on the achievement of the Maqashid Sharia Index. Accordingly, this study aims to analyze the influence of Sharia Supervisory Board attributes on the Maqashid Sharia Index, examine the moderating role of Non-Performing Financing in this relationship, and investigate the simultaneous effect of Sharia Supervisory Board attributes on the achievement of the Maqashid Sharia Index in Islamic Commercial Banks in Indonesia. The findings are expected to contribute to the advancement of research on Sharia governance and maqashid-based Islamic banking performance measurement, while also providing valuable insights for regulators, the management of Islamic Commercial Banks, and Sharia Supervisory Boards in enhancing the effectiveness of Sharia governance and financing risk management.

THEORETICAL BASIS AND HYPOTHESIS DEVELOPMENT

This study is grounded in **Sharia Governance Theory and Agency Theory** From the perspective of Sharia Governance Theory, the Sharia Supervisory Board (SSB) serves as the primary governance mechanism that ensures all activities of Islamic Commercial Banks are conducted in accordance with Sharia principles. The effectiveness of the SSB is determined not only by its existence as a supervisory body but also by its attributes, such as tenure, female representation, and meeting frequency. Agency Theory explains that the SSB plays a role in mitigating conflicts of interest between management and stakeholders by overseeing compliance with Sharia principles.

The performance of Islamic banks in this study is measured using the **Maqashid Sharia Index (MSI)**. Unlike conventional performance measures that focus primarily on financial aspects, the MSI is developed based on the objectives of *maqashid sharia*, namely the education of individuals (*tahdzib al-fard*), the establishment of justice (*iqamah al-'adl*), and the promotion of public welfare (*jalb al-maslahah*). Therefore, the MSI is considered capable of providing a more comprehensive assessment of the extent to which Islamic banks fulfill both their economic and social functions in accordance with Sharia principles.

The Sharia Supervisory Board attributes examined in this study include SSB tenure, female representation on the SSB, and SSB meeting frequency. Longer tenure is assumed to enhance experience and understanding of banking operations, thereby strengthening supervisory effectiveness, although excessively long tenure may also reduce independence. Female representation on the SSB is associated with greater diversity of perspectives in the decision-making process, while meeting frequency reflects the intensity of Sharia compliance supervision. These three attributes are considered factors that may influence the achievement of *maqashid sharia* objectives in Islamic Commercial Banks.

This study also incorporates **Non-Performing Financing (NPF)** as a moderating variable. NPF is an indicator of financing quality that reflects the level of financing risk in Islamic banks. A high NPF ratio indicates an increase in problematic financing, which may reduce the bank's ability to fulfill both its economic and social functions. Based on Contingency Theory, such conditions are expected to influence the effectiveness of SSB attributes in promoting the achievement of the Maqashid Sharia Index. Accordingly, the effect of SSB attributes on the MSI is expected to depend on the level of financing risk faced by the bank.

Empirical studies indicate that the relationship between Sharia Supervisory Board attributes and the Maqashid Sharia Index has produced inconsistent findings. Damayanti (2017) found that SSB size negatively affected maqashid performance, whereas educational background and multiple board memberships had positive effects. Damayanti (2017) found that SSB size negatively affected maqashid performance, whereas educational background and multiple board memberships had positive effects. Majid and Ghofar (2017) reported that SSB size had no significant effect on the MSI, while Pratiwi and Setiawan (2020) found that SSB tenure also had no significant effect. In contrast, Kamal and Abbas (2024) reported that longer tenure improved Sharia compliance and supervisory quality. Regarding female representation on the SSB, Aisyah et al. (2022) found a positive effect on Islamic bank performance, whereas Fatah et al. (2022) found no significant effect on the MSI. Similar inconsistencies were observed with respect to SSB meeting frequency: Fatah et al. (2022) reported a positive effect, while Rismayani and Nanda (2014) concluded that the effect was not statistically significant. Furthermore, Nomran, Haron, and Hassan (2021) demonstrated that the influence of SSB attributes on bank performance is contingent upon the level of financing risk. These findings indicate the existence of a research gap concerning the relationship between SSB attributes and the Maqashid Sharia Index, particularly regarding the moderating role of Non-Performing Financing.

Based on the theoretical foundations and previous empirical findings, this study develops a conceptual framework that positions SSB tenure, female representation on the SSB, and SSB meeting frequency as independent variables influencing the Maqashid Sharia Index, with Non-Performing Financing serving as the moderating variable. The conceptual framework remains presented in the same figure as provided in the original manuscript.

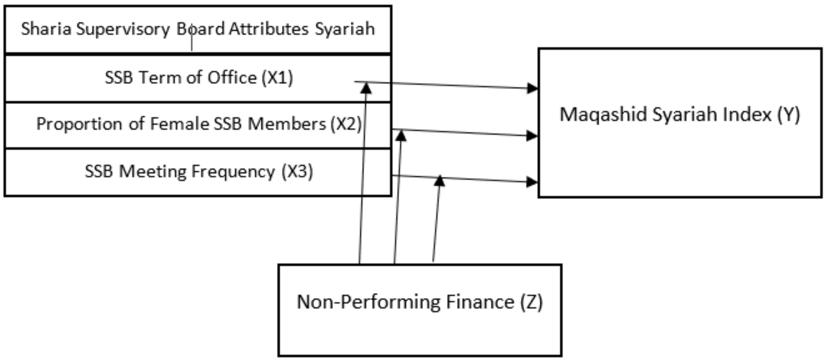

Figure 3. Conceptual Framework of the Research

Hypothesis Development

Based on the theoretical foundations, previous empirical findings, and the study's conceptual framework, this study formulates four hypotheses to be tested empirically. These hypotheses are developed to examine the influence of Sharia Supervisory Board attributes on the Maqashid Sharia Index, as well as the moderating role of Non-Performing Financing in Islamic Commercial Banks in Indonesia.

H1: The tenure of the Sharia Supervisory Board has a significant effect on the Maqashid Sharia Index.

H2: Female representation on the Sharia Supervisory Board has a significant effect on the Maqashid Sharia Index.

H3: The meeting frequency of the Sharia Supervisory Board has a significant effect on the Maqashid Sharia Index.

H4: Non-Performing Financing negatively moderates (weakens) the effect of Sharia Supervisory Board attributes on the Maqashid Sharia Index in Islamic Commercial Banks in Indonesia.

RESEARCH METHODS

This study employs a quantitative approach with a descriptive method to analyze the effect of Sharia Supervisory Board (SSB) attributes on the Maqashid Sharia Index (MSI), with Non-Performing Financing (NPF) serving as the moderating variable. The quantitative approach was selected because the study aims to examine causal relationships among variables through statistical analysis, while the descriptive method is used to provide an overview of the characteristics of the research data (Sugiyono, 2013; Abdullah, 2015; Priadana & Sunarsi, 2021). The study uses secondary data obtained from the annual reports and financial statements of Islamic Commercial Banks (ICBs) in Indonesia, published on the official websites of the respective banks. In addition, supporting data were collected from official publications issued by the Financial Services Authority (Otoritas Jasa Keuangan/OJK), the Central Statistics Agency (Badan Pusat Statistik/BPS), and Bank Indonesia. The research data consist of panel data combining annual time-series data for the 2009–2024 period and cross-sectional data from 16 Islamic Commercial Banks in Indonesia. Accordingly, the unit of analysis comprises bank-year observations throughout the study period.

The study population includes all Islamic Commercial Banks operating in Indonesia during the 2009–2024 period. The sample was determined using the purposive sampling, whereby all members of the population were included as research objects. Based on the Islamic Banking Statistics published by OJK, a total of 16 Islamic Commercial Banks met the study criteria.

Table 1. Sharia Commercial Banks that are the Research Samples

No	Nama Bank
1	Bank Muamalat Indonesia
2	Bank Mega Syariah
3	Bank KB Bukopin Syariah
4	Bank Panin Dubai Syariah
5	Bank Victoria Syariah
6	Bank Jabar Banten Syariah
7	Bank BCA Syariah
8	Bank Aladin Syariah
9	Bank BTPN Syariah
10	Bank Aceh Syariah
11	Bank NTB Syariah
12	Bank Syariah Mandiri
13	Bank BRI Syariah
14	Bank BNI Syariah
15	Bank Syariah Indonesia
16	Bank Riau Kepri Syariah

The study used an unbalanced panel dataset. Observations for Bank Syariah Mandiri, Bank BRI Syariah, and Bank BNI Syariah were included only until 2020, before their merger into Bank Syariah Indonesia (BSI) in 2021. Observations after 2021 were represented by BSI.

The dependent variable in this study is the Maqashid Sharia Index (MSI), measured using the Simple Additive Weight (SAW) method based on the three dimensions of *maqashid sharia*: *tahdzib al-fard* (education), *iqamah al-'adl* (justice), and *jalb al-maslahah* (public welfare). The MSI is calculated using ten performance ratios representing these three dimensions, as specified in the maqashid sharia measurement framework.

The independent variables consist of Sharia Supervisory Board attributes, proxied by SSB tenure, female representation on the SSB, and SSB meeting frequency. SSB tenure is measured by the average length of service of SSB members from the date of appointment to the year of observation. Female representation is calculated as the proportion of female SSB members relative to the total number of SSB members, while meeting frequency is measured by the number of SSB meetings held within one year. The moderating variable is Non-Performing Financing (NPF), measured by the ratio of non-performing financing to total financing. The study also includes control variables consisting of inflation, Gross Domestic Product (GDP), firm size, CAR, BOPO, and ROA .

Table 2. Operational Research Variables

No	Variable	Code	Type	Operational Definition	Indicator/ Measurement	Scala	Data Source
1	Term of Office of the Sharia Supervisory Board	SBTN	Independent	Average length of tenure of DPS members from the year of appointment to the year of data collection	∑Term of office of DPS / Number of DPS members (years)	Ratio	Sharia Bank Annual Report
2	Proportion of Women on the Sharia Supervisory Board	SBWN	Independent	Comparison of the number of female Sharia Supervisory Board members to the total Sharia Supervisory Board	Number of female Sharia Supervisory Board members / Total Sharia	Ratio	Sharia Bank Annual Report

				members in one year	Supervisory Board		
3	Frequency of Sharia Supervisory Board Meetings	SBMT	Independent	Number of official Sharia Supervisory Board meetings held per year	Total Sharia Supervisory Board meetings per year	Ratio	Sharia Bank Annual Report
4	Maqasid Sharia Index	Y	Dependent	Index that measures Islamic bank performance based on the achievement of Maqasid Sharia objectives	Education, Justice, and Welfare Index (MSI calculation)	Ratio	Annual Report & Researcher Calculations
5	Non-Performing Financing (NPF)	Z	Moderation	The level of non-performing financing reflects the financing risk of Islamic banks	(Non-Performing Financing / Total Financing) × 100%	Ratio	Islamic Bank Financial Statements
6	Inflation	C1	Control Variable	The general rate of increase in the prices of goods and services over a period	Annual inflation rate (%)	Ratio	BPS / Bank Indonesia
7	Gross Domestic Product (GDP)	C2	Control Variable	National economic output growth rate within one year	Annual GDP Growth (%)	Ratio	BPS / Bank Indonesia
8	Company Size	C3	Control Variable	The size of the Islamic bank as measured by total assets	Ln (Total Aset)	Ratio	Islamic Bank Financial Statements
9	CAR	C4	Control Variable	Measure the adequacy of a bank's capital to absorb potential losser arising from risk-weighted assets and maintain financial stability.	Total Capital / Risk Weighted Assets x 100%	Ratio	Annual Report of OJK
10	BOPO	C5	Control Variabel	Measure the operational efficeiency of a bank by comparing operating expenses with operating income	Operating Expenses / Operating Income x 100%	Ratio	Annual Report of OJK
11	ROA	C6	Control Variabel	Measure the bank's ability to generate profit from its total assets, reflecting overall managerial efficency and profitability	Net Income Before Tax / Total Assets x 100%	Ratio	Annual Report of OJK

Data were analyzed using panel data regression, as this method accommodates variations across both banks and time periods simultaneously (Basuki, 2021). The dataset constitutes an unbalanced panel due to the merger of several Islamic Commercial Banks in 2021 and the establishment of new Islamic Commercial Banks in 2022. The empirical model employed in this study is formulated as follows:

$$MSI_{it} = \beta_0 + \beta_1 SBTN_{it} + \beta_2 SBWN_{it} + \beta_3 SBMT_{it} + \beta_4 SBTN{*}NPF_{it} + \beta_5 SBWN{*}NPF_{it} + \beta_6 SBMT{*}NPF_{it} + \beta_7 UP_{it} + \beta_8 CAR_{it} + \beta_9 BOPO_{it} + \beta_{10} ROA_{it} + \beta_{11} INFLA_{it} + \beta_{11} PDB_{it} + \varepsilon_{it}$$

Description:
MSI_(it) = Maqashid Syariah Index
β0 = Constant
i = Selected BUS sample (i = 1, 2, 3, ……., 16)
t = Period of years (t = 2014, 2015, 2016, …….., 2024)
β1SBTNit = Term of Office of the Sharia Supervisory Board
β2SBWNit = Proportion of Women on the Sharia Supervisory Board
β3SBMT = Frequency of Meetings of the Sharia Supervisory Board
NPFit = Non-Performing Financing
β4SBTN*NPFit = Term of Office of the Sharia Supervisory Board multiplied by NPF
β5SBWN*NPFit = Proportion of Women multiplied by NPF
β6SBMT*NPFit = Frequency of Meetings multiplied by NPF
β7UPit = Control Variable: Company Size
β8CARit = Control Variable: Capital Adequacy Ratio
β9BOPOit= Operating Expenses to Operating Income
β10roait= Return on Assets
β11INFLit = Inflation Control Variable
β12PDBit = Gross Domestic Product Control Variable
ε = Error term

Model selection was conducted using the Chow Test, Hausman Test, and Lagrange Multiplier Test to determine the most appropriate estimation model among the Common Effect Model, Fixed Effect Model, and Random Effect Model. If the selected model was either the Common Effect Model or the Fixed Effect Model, classical assumption tests—including normality, multicollinearity, heteroscedasticity, and autocorrelation tests—were subsequently performed. Conversely, if the Random Effect Model was identified as the most appropriate model, classical assumption testing was not required in accordance with the characteristics of panel data regression.

Hypothesis testing was conducted using the partial significance test (*t*-test) to examine the effect of each independent variable on the dependent variable, the simultaneous significance test (*F*-test) to assess the joint effect of all independent variables, and the coefficient of determination (Adjusted R-squared) to evaluate the model's ability to explain variations in the Maqashid Sharia Index. All statistical tests were performed at a 5% significance level.

RESULTS AND DISCUSSION

This study uses panel data consisting of 209 observations of Islamic Commercial Banks in Indonesia over the 2009–2024 period. The sample was selected using a purposive sampling technique based on the availability of annual reports and the completeness of the required research data. The analysis was conducted to examine the effects of Sharia Supervisory Board tenure (SBTN), female representation on the Sharia Supervisory Board (SBWN), and Sharia Supervisory Board meeting frequency (SBMT) on the Maqashid Sharia Index (MSI), with Non-Performing Financing (NPF) as the moderating variable and CAR, BOPO, ROA, SIZE, GDP, and inflation as control variables.

Table 3. Descriptive Statistics Results

Variables	Mean	Std. Dev.	MIN	MAX	Skewness	Kurtosis	Obs.
MSIE	3,741	0,427	2,749	4,872	0,218	2,711	209
SBTN	5,011	3,558	0,042	15,411	0,735	2,808	209
SBWN	0,090	0,177	0,000	0,500	1,554	3,649	209
SBMT	1,181	0,174	0,845	1,833	1,520	5,338	209
SBTN_NPF	9,410	11,276	0,000	47,678	1,379	4,158	209
SBWN_NPF	0,201	0,500	0,000	2,410	2,776	10,085	209
SBMT_NPF	2,045	1,783	0,000	7,016	0,600	2,157	209
CAR	0,343	0,466	0,106	3,905	4,694	28,903	209
BOPO	0,969	0,429	0,347	4,284	4,403	27,398	209
ROA	1,066	3,362	-20,130	12,370	-1,363	13,404	209
SIZE	7,005	0,578	5,208	8,611	-0,055	3,129	209
GDP	4,666	1,964	-2,070	6,220	-2,841	10,098	209
INFLASI	3,979	2,322	1,570	11,060	1,123	3,264	209

The descriptive statistical analysis shows that the average MSI is 3.741 with a standard deviation of 0.427, indicating a relatively low level of data variation and suggesting that the achievement of *maqashid sharia* across banks is relatively homogeneous. The average tenure of the Sharia Supervisory Board is 5.011 years, the average proportion of female members on the Sharia Supervisory Board is 0.090, and the average meeting frequency of the Sharia Supervisory Board is 1.181. All research variables exhibit acceptable data distribution characteristics and are therefore suitable for further analysis.

Prior to estimating the regression model, a multicollinearity test was conducted. The results indicate that all correlation coefficients among the independent variables are below 0.80, with the highest correlation of 0.797 occurring between SBWN and SBWN×NPF. These findings indicate the absence of multicollinearity, allowing all variables to be included simultaneously in the panel data regression model.

Table 4. Panel Data Model Selection Results

Test	Statistic	Value	Probability	Decision
Chow Test	Cross-section F	9.984922	0.0000	FEM
	Cross-section Chi-square	126.014005	0.0000	FEM
Hausman Test	Chi-square	41.044042	0.0000	FEM
LM Test	Breusch-Pagan	99.478210	0.0000	REM

The appropriate panel data estimation model was determined through a sequence of specification tests, namely the Chow test, Hausman test, and Breusch–Pagan Lagrange Multiplier (LM) test. The complete results are presented in Table 4.5. The Chow test yielded a Cross-section F statistic of 9.984922 and a Cross-section Chi-square statistic of 126.014005, both with probability values of 0.0000, indicating that the Fixed Effect Model (FEM) provides a better fit than the Common Effect Model (CEM). Subsequently, the Hausman test produced a Chi-square statistic of 41.044042 with a probability value of 0.0000, confirming that the Fixed Effect Model is preferred over the Random Effect Model (REM). Although the Breusch–Pagan LM test indicated that the Random Effect Model outperformed the Common Effect Model, the final model selection was based on the Hausman test; therefore, the Fixed Effect Model was adopted for subsequent analyses. These results suggest that unobserved heterogeneity across Islamic Commercial Banks is correlated with the explanatory variables and should therefore be controlled through bank-specific fixed effects.

The estimated specification incorporates cross-sectional fixed effects, thereby controlling for time-invariant characteristics specific to each Islamic Commercial Bank, such as governance quality, organizational culture, managerial capability, and institutional characteristics that are not directly observable. However, the model does not include period (year) fixed effects. Consequently, common shocks affecting all banks during a particular year—including the COVID-19 pandemic, the establishment of Bank Syariah Indonesia (BSI) through the merger of three state-owned Islamic banks in 2021, and subsequent structural changes in the Indonesian Islamic banking industry—are not explicitly controlled through year dummy variables. Instead, macroeconomic conditions are partially captured by the inclusion of inflation and GDP growth as control variables.

Table 5. Regression Analysis Results

Variable	Coefficient	t-Statistic	Probability	Description
SBTN	0,048166	4,823578	0,0000	Significant (+)
SBWN	0,798347	3,867594	0,0001	Significant (+)
SBMT	0,608293	4,743978	0,0000	Significant (+)
SBTN×NPF	-0,016455	-3,893116	0,0001	Moderate Significant (-)
SBWN×NPF	-0,077481	-0,915307	0,3612	Not Significant
SBMT×NPF	0,021858	0,898269	0,3701	Not Significant
CAR	-0,017253	-0,244925	0,8068	Not Significant
BOPO	-0,246620	-3,943960	0,0001	Significant (-)
ROA	-0,008880	-1,298855	0,1955	Not Significant
SIZE	0,091914	1,663399	0,0978	Not Significant
GDP	0,003375	0,330586	0,7413	Not Significant
INFLASI	-0,004972	-0,546176	0,5856	Not Significant

The regression results show that Sharia Supervisory Board tenure (SBTN) has a positive and statistically significant effect on the Maqashid Sharia Index, with a coefficient of 0.048166 and a probability value of 0.0000. This finding indicates that the longer the tenure of Sharia Supervisory Board members, the higher the level of *maqashid sharia* achievement in Islamic Commercial Banks.

The proportion of female members on the Sharia Supervisory Board (SBWN) also has a positive and statistically significant effect on the Maqashid Sharia Index, with a coefficient of 0.798347 and a probability value of 0.0001. This result suggests that greater female representation on the Sharia Supervisory Board contributes to improved achievement of *maqashid sharia* objectives.

Similarly, Sharia Supervisory Board meeting frequency (SBMT) has a positive and statistically significant effect on the Maqashid Sharia Index, as indicated by a coefficient of 0.608293 and a probability value of 0.0000. This finding implies that more frequent Sharia Supervisory Board meetings are associated with higher levels of *maqashid sharia* achievement.

The moderation analysis shows that the interaction term SBTN×NPF has a coefficient of -0.016455 with a probability value of 0.0001, indicating that Non-Performing Financing significantly weakens the positive effect of Sharia Supervisory Board tenure on the Maqashid Sharia Index. In contrast, the interaction terms SBWN×NPF (coefficient = -0.077481; p = 0.3612) and SBMT×NPF (coefficient = 0.021858; p = 0.3701) are not statistically significant, indicating that Non-Performing Financing does not moderate the relationships between these variables and the Maqashid Sharia Index.

Among the control variables, only BOPO has a negative and statistically significant effect on the Maqashid Sharia Index, with a coefficient of -0.246620 and a probability value of 0.0001. Meanwhile, CAR, ROA, SIZE, GDP, and inflation do not exhibit significant effects on the achievement of *maqashid sharia* during the study period.

Table 6. Simultaneous Test Results

Statistik Model	Nilai
F-statistic	11.49779
Prob(F-statistic)	0.0000
R^2	0.413127
Adjusted R^2	0.377196

The simultaneous significance test produced an F-statistic of 11.49779 with a Prob(F-statistic) value of 0.0000, indicating that the independent variables, moderating variable, and control variables jointly have a statistically significant effect on the Maqashid Sharia Index. Therefore, the regression model is considered appropriate for explaining the relationships among the variables examined in this study.

Furthermore, the Adjusted R-squared value of 0.377196 indicates that approximately 37.72% of the variation in the Maqashid Sharia Index is explained by Sharia Supervisory Board tenure, female representation on the Sharia Supervisory Board, Sharia Supervisory Board meeting frequency, the moderating interaction of Non-Performing Financing, and the control variables included in the model. The remaining 62.28% of the variation is explained by other factors outside the scope of this study.

Based on the hypothesis testing results, the three primary variables—Sharia Supervisory Board tenure, female representation on the Sharia Supervisory Board, and Sharia Supervisory Board meeting frequency—are all found to have positive and statistically significant effects on the Maqashid Sharia Index. In addition, Non-Performing Financing is found to moderate only the relationship between Sharia Supervisory Board tenure and the Maqashid Sharia Index, whereas it does not moderate the relationships between either female representation or Sharia Supervisory Board meeting frequency and the Maqashid Sharia Index.

Discussion

The findings indicate that the tenure of the Sharia Supervisory Board (SSB) has a positive and statistically significant effect on the Maqashid Sharia Index (MSI). This result suggests that the longer the tenure of SSB members, the greater the ability of Islamic banks to achieve the objectives of *maqashid sharia*. The experience accumulated through supervisory responsibilities enables SSB members to develop a deeper understanding of banking operations, the implementation of Sharia principles, and various compliance risks, thereby enhancing the effectiveness of Sharia supervision. From the perspective of Agency Theory, such experience strengthens the monitoring function in mitigating conflicts of interest between management and stakeholders. Meanwhile, Sharia Governance Theory explains that the accumulation of knowledge and experience among SSB members supports more effective Sharia governance. These findings are consistent with those of Farook et al. (2011), Mollah and Zaman (2015), Grassa (2016), and Nomran and Haron (2020), who reported that effective Sharia supervision contributes to improved performance and compliance in Islamic banks.

The proportion of female members on the Sharia Supervisory Board is also found to have a positive and statistically significant effect on the Maqashid Sharia Index. This result indicates that female representation on the SSB enhances the quality of Sharia governance by contributing diverse perspectives to the supervisory and decision-making processes. According to Resource Dependence Theory, board diversity enriches organizational resources through broader knowledge, experience, and viewpoints that strengthen supervisory effectiveness. In addition, Board Diversity Theory suggests that gender diversity improves the quality of deliberation, transparency, and objectivity in decision-making. Within the context of Islamic banking, women’s tendency to exhibit greater prudence, meticulousness, and ethical awareness reinforces the implementation of Sharia principles, thereby contributing to the achievement of *maqashid sharia* objectives. These findings are consistent with those reported by Carter et al. (2003), Adams and Ferreira (2009), Darmadi (2011), and Khan and Vieito (2013), who found that gender diversity within board structures enhances organizational governance quality.

Furthermore, the meeting frequency of the Sharia Supervisory Board has a positive and statistically significant effect on the Maqashid Sharia Index. The more frequently the SSB meets, the more effective its Sharia supervisory function becomes. Regular meetings provide opportunities for the SSB to evaluate the implementation of Sharia principles, identify potential deviations, and continuously provide recommendations to management. These activities contribute to improved Sharia governance and the achievement of *maqashid sharia* objectives. This finding is consistent with Agency Theory, which considers board meetings a governance mechanism for reducing information asymmetry, and with Sharia Governance Theory, which emphasizes the importance of the SSB's active involvement in supervisory activities. The results also align with the findings of Vafeas (1999), Rahman and Bukair (2013), Mollah and Zaman (2015), and Nomran et al. (2018), who demonstrated that greater board meeting frequency enhances organizational governance effectiveness.

The moderation analysis reveals that Non-Performing Financing (NPF) weakens the positive effect of Sharia Supervisory Board tenure on the Maqashid Sharia Index. The negative interaction coefficient indicates that increasing levels of problematic financing reduce the effectiveness of the SSB's accumulated experience in promoting the achievement of *maqashid sharia*. This occurs because, as non-performing financing increases, both management and the SSB tend to focus more on risk control, the resolution of problematic financing, and maintaining the bank's financial stability. Consequently, fewer organizational resources are available to support programs aimed at achieving *maqashid sharia* objectives. This finding is consistent with Risk Management Theory, which posits that increasing risk shifts an organization's focus from strategic objectives toward risk mitigation. The results also support the findings of Beck et al. (2013) and Abedifar et al. (2015), who concluded that high levels of non-performing financing can reduce governance effectiveness and bank performance.

In contrast, Non-Performing Financing is not found to moderate the relationship between female representation on the Sharia Supervisory Board and the Maqashid Sharia Index. This finding suggests that the contribution of female board members to strengthening Sharia governance remains relatively consistent under both low and high levels of problematic financing. Women's tendency to emphasize prudence, ethical conduct, and independence in carrying out supervisory responsibilities continues to support the implementation of Sharia principles regardless of changes in financing risk. Therefore, gender diversity within the SSB remains an important factor in enhancing the quality of Sharia governance.

The findings also indicate that Non-Performing Financing does not moderate the relationship between Sharia Supervisory Board meeting frequency and the Maqashid Sharia Index. This suggests that the effectiveness of SSB meetings is determined more by the quality of supervisory activities than by the level of problematic financing. A high frequency of meetings enables the SSB to effectively perform its evaluation, coordination, and advisory functions, thereby preserving the positive impact of meeting frequency on the achievement of *maqashid sharia* objectives across varying levels of financing risk.

Among the control variables, only the Operating Expenses to Operating Income ratio (BOPO) has a negative and statistically significant effect on the Maqashid Sharia Index. This finding indicates that lower operational efficiency reduces a bank's ability to achieve *maqashid sharia* objectives because a larger proportion of organizational resources must be allocated to covering operating expenses. In contrast, the Capital Adequacy Ratio (CAR), Return on Assets (ROA), bank size (SIZE), Gross Domestic Product (GDP), and inflation do not have statistically significant effects on the Maqashid Sharia Index. These findings suggest that the achievement of *maqashid sharia* is influenced more by the effectiveness of Sharia governance—particularly the characteristics of the Sharia Supervisory Board—than by financial indicators or macroeconomic conditions during the study period.

CONCLUSION

This study aims to analyze the effect of Sharia Supervisory Board characteristics, proxied by Sharia Supervisory Board tenure (SBTN), female representation on the Sharia Supervisory Board (SBWN), and Sharia Supervisory Board meeting frequency (SBMT), on the Maqashid Sharia Index (MSI), with Non-Performing Financing (NPF) serving as a moderating variable in Islamic Commercial Banks in Indonesia. The findings indicate that all three Sharia Supervisory Board characteristics have a positive and statistically significant effect on the Maqashid Sharia Index. These results suggest that the experience of Sharia Supervisory Board members, gender diversity within the board structure, and the frequency of board meetings are important factors that enhance the effectiveness of Sharia supervision and contribute to the achievement of *maqashid sharia* objectives.

The moderation analysis reveals that Non-Performing Financing moderates only the relationship between Sharia Supervisory Board tenure and the Maqashid Sharia Index, with a negative moderating effect. This finding indicates that an increase in problematic financing reduces the positive contribution of the Sharia Supervisory Board's experience to the achievement of *maqashid sharia* objectives. In contrast, Non-Performing Financing is not found to moderate the relationships between either female representation or Sharia Supervisory Board meeting frequency and the Maqashid Sharia Index.

Overall, this study confirms that the characteristics of the Sharia Supervisory Board constitute an important aspect of strengthening Sharia governance and enhancing the achievement of *maqashid sharia* objectives in Islamic Commercial Banks in Indonesia. Nevertheless, the effectiveness of this role remains influenced by financing quality, as reflected in the level of Non-Performing Financing. Therefore, strengthening Sharia governance should be accompanied by effective financing risk management to ensure the sustainable achievement of both the economic and social objectives of Islamic banking.

REFERENCES

AAOIFI. (2015). *Shariah standards*. Accounting and Auditing Organization for Islamic Financial Institutions.

Abdullah, M. (2015). *Metode penelitian kuantitatif*. Yogyakarta: Aswaja Pressindo.

Abdullah, W. A. W., Percy, M., & Stewart, J. (2020). Shariah governance structures and Islamic banks' performance. *Journal of Business Ethics, 162*(2), 409–428.

Abedifar, P., Ebrahim, M. S., Molyneux, P., & Tarazi, A. (2015). Islamic banking and finance: Recent empirical literature and directions for future research. *Journal of Economic Surveys, 29*(4), 637–670.

Abedifar, P., et al. (2021). Islamic banking and financial stability: Empirical evidence. *Journal of Financial Stability, 54*, 100872.

Abu Zahrah, M. (2005). *Maqashid al-shariah*. Cairo: Dar al-Fikr al-'Arabi.

Adams, R. B., & Ferreira, D. (2009). *Women in the boardroom and their impact on governance and performance*. Journal of Financial Economics, 94(2), 291–309.

Al-Ghifari, A., Hasan, Z., & Haron, R. (2020). Measuring Islamic bank performance based on maqasid al-shariah. *Journal of Islamic Accounting and Business Research, 11*(1), 1–19.

Antonio, M. S. (2001). *Bank syariah: Dari teori ke praktik*. Jakarta: Gema Insani.

Antonio, M. S., Sanrego, Y. D., & Taufiq, M. (2021). An analysis of Islamic banking performance based on maqashid al-shariah approach. *International Journal of Islamic and Middle Eastern Finance and Management, 14*(1), 1–20.

Ariningsih, P. S. (2017). Pengaruh pengungkapan CSR terhadap legitimasi perusahaan. *Jurnal Akuntansi dan Keuangan, 19*(1), 1–15.

Beck, T., Demirgüç-Kunt, A., & Merrouche, O. (2013). Islamic vs. conventional banking: Business model, efficiency and stability. *Journal of Banking & Finance, 37*(2), 433–447.

Beck, T., et al. (2020). Financial stability and Islamic banking. *World Bank Economic Review, 34*(S1), S1–S15.

Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). *Corporate governance, board diversity, and firm value*. Financial Review, 38(1), 33–53.

Chapra, M. U. (2000). *The future of economics: An Islamic perspective*. Leicester: Islamic Foundation.

Chapra, M. U. (2008). *The Islamic vision of development in the light of maqasid al-shariah*. Jeddah: IRTI-IDB.

Darmadi, S. (2011). *Board diversity and firm performance: The Indonesian evidence*. Corporate Ownership and Control, 8(2), 450–466.

Donaldson, L. (2001). *The contingency theory of organizations*. Thousand Oaks, CA: Sage Publications.

DSN-MUI. (2018). *Himpunan fatwa Dewan Syariah Nasional MUI*. Jakarta: DSN-MUI.

Farook, S., Hassan, M. K., & Lanis, R. (2011). Determinants of CSR disclosure: The case of Islamic banks. *Journal of Islamic Accounting and Business Research, 2*(2), 114–141.

Fatah, A., et al. (2022). Karakteristik DPS dan kinerja maqashid syariah bank syariah. *Jurnal Akuntansi Syariah, 5*(2), 98–115.

Ghozali, I. (2018). *Aplikasi analisis multivariate dengan program IBM SPSS*. Semarang: UNDIP.

Grassa, R. (2016). *Corporate governance and credit rating in Islamic banks: Does Sharia governance matter?* Journal of Management & Governance, 20(4), 875–906. https://doi.org/10.1007/s10997-015-9322-4

Gujarati, D. N. (2007). *Basic econometrics*. New York: McGraw-Hill.

Hasan, Z. (2011). A survey on Shariah governance practices. *ISRA International Journal of Islamic Finance, 3*(2), 15–31.

Hasan, R., & Aliyu, S. (2020). Islamic finance and legitimacy theory. *Journal of Islamic Finance, 9*(1), 1–12.

Iqbal, M., & Mirakhor, A. (2021). *Ethical dimensions of Islamic finance*. Singapore: Wiley.

Karim, A. A. (2010). *Bank Islam: Analisis fiqh dan keuangan*. Jakarta: RajaGrafindo Persada.

Mohammed, M. O., Razak, D. A., & Taib, F. M. (2008). The performance measures of Islamic banking based on the maqasid framework. *IIUM International Accounting Conference*.

Mohammed, M. O., et al. (2020). Operationalizing maqasid al-shariah for performance measurement. *Journal of Islamic Accounting and Business Research, 11*(2), 1–18.

Mollah, S., & Zaman, M. (2015). *Shariah supervision, corporate governance and performance: Conventional vs. Islamic banks*. Journal of Banking & Finance, 58, 418–435.

Nomran, N. M., Haron, R., & Hassan, R. (2018). *Sharia supervisory board characteristics and Islamic bank performance: Evidence from Malaysia*. International Journal of Bank Marketing, 36(2), 290–304.

Nomran, N. M., & Haron, R. (2020). *Sharia supervisory board's size, independence and performance of Islamic banks*. International Journal of Islamic and Middle Eastern Finance and Management, 13(1), 1–20.

Nomran, N. M., Haron, R., & Hassan, R. (2021). Shariah board attributes and bank performance. *Journal of Financial Reporting and Accounting, 19*(1), 1–25.

Otoritas Jasa Keuangan. (2023). *Statistik perbankan syariah Indonesia*. Jakarta: OJK.

Priadana, M. S., & Sunarsi, D. (2021). *Metode penelitian kuantitatif*. Tangerang: Pascal Books.

Purba, J. H. V., et al. (2021). *Metode penelitian ekonomi*. Medan: Yayasan Kita Menulis.

Rahman, A. A., & Bukair, A. A. (2013). *The influence of the Sharia Supervisory Board on corporate social responsibility disclosure by Islamic banks*. Asian Journal of Business and Accounting, 6(2), 65–104.

Sakti, I. (2018). *Analisis regresi data panel*. Jakarta: FE UI.

Sugiyono. (2013). *Metode penelitian kuantitatif, kualitatif, dan R&D*. Bandung: Alfabeta.

Suprapto, E., & Susilo, D. (2020). Teori legitimasi dalam akuntansi sosial. *Jurnal Akuntansi Multiparadigma, 11*(3), 468–482.

Vafeas, N. (1999). *Board meeting frequency and firm performance*. Journal of Financial Economics, 53(1), 113–142. https://doi.org/10.1016/S0304-405X(99)00018-5

Wahyuningsih, S., et al. (2024). Analisis kinerja maqashid syariah bank syariah Indonesia. *Jurnal Keuangan Syariah, 12*(1), 33–50.

Yuliantini, T., et al. (2024). Karakteristik dewan dan kinerja bank syariah. *Jurnal Akuntansi Syariah, 8*(1), 15–30.