

Role and Effectiveness Supervision of the Sharia Supervisory Board in Guard Sharia Compliance of Islamic Banking in Indonesia

Linda Puspita Sari ^{1*}, May Santi ²

¹ Sekolah Tinggi Islam Muhammadiyah 1 Tulungagung, Indonesia

Email : lindaaaapuspita14@gmail.com

² Sekolah Tinggi Islam Muhammadiyah 1 Tulungagung, Indonesia

Email : mci.11051987@gmail.com

* Corresponding Author : lindaaaapuspita14@gmail.com

Abstract: This study examines the role and effectiveness of the Sharia Supervisory Board (SSB) in maintaining Sharia compliance within Islamic banking operations in Indonesia. The discussion focuses on the strategic role of the SSB, supervisory mechanisms over Islamic banking products and operations, challenges affecting supervisory effectiveness, and efforts to strengthen Sharia governance in Islamic banks. This research employs a qualitative descriptive approach using a library research method. Data were collected from scientific journals, official regulations, DSN-MUI fatwas, and relevant literature published between 2020 and 2025. The findings reveal that the SSB plays a significant role in ensuring Sharia compliance through product evaluation, contract review, compliance audits, periodic supervision, and coordination with internal and external auditors. However, the effectiveness of SSB supervision is still influenced by several challenges, including limited human resource competency, institutional independence, non-standardized supervisory procedures, and the growing complexity of Islamic financial products. To improve supervisory effectiveness, Islamic banks need to strengthen SSB capacity through continuous training, professional certification, standardized Sharia audit systems, transparency in supervisory reporting, and the integration of digital-based supervisory technologies. This study concludes that effective SSB supervision is essential for strengthening Sharia governance, maintaining institutional integrity, and enhancing public trust in the Islamic banking industry in Indonesia.

Keywords: Islamic Banking; Sharia Compliance; Sharia Governance; Sharia Supervisory Board; Supervisory Effectiveness.

Received: May 21, 2026

Revised: May 30, 2026

Accepted: June 20, 2026

Published: June 30, 2026

Curr. Ver.: June 30, 2026



Copyright: © 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>)

1. Introduction

Banking in Indonesia shows significant developments in a number of decade last . As system based finance principle Islamic law , all activities and products mandatory Islamic banking comply Sharia provisions . Prohibition practice usury , restrictions investment in sectors that are classified as haram, as well as demands For guard business in accordance religious principles become foundation its operations as arranged in Constitution Islamic Banking . Growth need public to service Islamic finance encourages birth regulations specifically regulating organization banking sharia- based in Indonesia. Potential big This the more reinforced by facts that majority the Indonesian population is Muslim, so make Islamic banking as one of the instrument strategic in support economy national based Islamic values (Hartini et al ., 2021) .

The existence of the Sharia Supervisory Board (DPS) in the institution Islamic finance does not only just fulfil provision regulation , but also constitutes form moral and spiritual accountability . DPS functions as bodyguard sharia principles that ensure every products and services finance No only comply law positive , but also in line with maqashid sharia, namely goals sublime from implementation Islamic law . With Thus , DPS holds role important in

guard trust public to integrity institution Islamic finance (Alfian Widiyanto & Dini Selasi, 2024) .

In maintaining sharia compliance in operations Islamic banking , the existence of the Sharia Supervisory Board (DPS) has a very important and strategic position (Dianto et al ., 2025b) . DPS does not only functioning as complement formal regulations , but also become form moral and spiritual accountability in ensure all over products , services , and activities Islamic banking operations are running in accordance sharia principles and maqashid sharia (Syamtion et al ., 2025) . DPS plays a role as supervisor independent that provides advice , recommendations , and evaluation to implementation sharia principles in activity operational institution Islamic finance . With Thus , the existence of DPS becomes factor main in guard integrity , transparency , and trust public to Islamic banking (Alfian Widiyanto & Dini Selasi, 2024).

Although Thus , the effectiveness DPS supervision in in practice Still face various challenges . Some common problems appear covering limitations competence source Power human , independence DPS institutions , differences standard supervision between institutions , as well as Not yet optimally utilization technology in the process of sharia supervision (Septyani et al., 2025) . Conditions the cause sharia supervision in several institution Islamic finance is still tend nature administrative and not yet fully preventive in detect potential violation sharia principles (BESUKI, tt) . If the conditions This No strengthened , then can influence quality sharia compliance and lowering level trust public to system Islamic banking (Jailani, 2025) .

Study previously generally more Lots discuss role normative Sharia Supervisory Board in institution Islamic finance . However , the study about effectiveness DPS supervision in guard operational sharia compliance Islamic banking in Indonesia is still relatively limited , especially those discussing challenge implementation supervision and governance strengthening strategies sharia supervision in general comprehensive . Therefore that , research This important done For give greater understanding deep about effectiveness DPS supervision in practice operational Islamic banking .

Based on background behind said , research This aim For analyze role and effectiveness supervision of the Sharia Supervisory Board in guard sharia compliance of Islamic banking in Indonesia, as well as identify challenges and strengthening strategies sharia supervision for increase quality of governance more Islamic banking transparent , accountable , and sustainable .

2. Literature Review

This section serve runway theoretical and research study relevant previous with role and effectiveness supervision of the Sharia Supervisory Board (DPS) in guard Sharia compliance of Islamic banking in Indonesia. Review library This used For build framework conceptual regarding sharia governance , functions DPS supervision , effectiveness sharia supervision , as well as mechanism mitigation risk sharia compliance in operational sharia banking . Apart from that , research literature this also aims identify gap research (research gap) from studies previously so that can strengthen contribution study to development system greater sharia supervision effective , transparent , and adaptive to development industry modern Islamic finance . The details are as follows about results studies literature the described in bullet points following .

Theoretical Framework of Sharia Governance

Sharia governance is the primary foundation that differentiates Islamic banking from conventional banking. According to the principles of Sharia Governance, all financial activities must not only comply with positive legal regulations but also meet Sharia compliance standards. The primary focus of this governance is to achieve the Maqasid Sharia (objectives of Islamic law), namely, safeguarding the welfare of the community through the protection of religion, life, intellect, descendants, and property (Ilyas, 2021) .

The concept of maqasid sharia places the welfare of the people as the primary objective of the Islamic economic system, encompassing the protection of religion, life, intellect, descendants, and property (Algifari & Andriani, 2024) . Therefore, the implementation of sharia governance is a crucial instrument to ensure that all sharia banking activities do not conflict with Islamic principles and continue to provide social and economic benefits to society.

Within the sharia governance structure, the Sharia Supervisory Board (SSB) acts as an independent body responsible for ensuring the consistent implementation of sharia principles in all operational activities of sharia banks (Santi & Putri, n.d.) . The SSB has a strategic function in supervising, providing advice, evaluating products, and auditing sharia compliance to minimize potential deviations from DSN-MUI fatwas and sharia banking regulations (Santi & Putri, n.d.). Thus, the effectiveness of the SSB is an important part of creating good sharia governance and increasing public trust in sharia financial institutions (Syach & Al Fatih, 2025).

Furthermore, sharia governance is closely related to the concept of Islamic Corporate Governance, a corporate management system based on Islamic principles that emphasizes the values of justice, trustworthiness, transparency, and social responsibility (Zein et al., 2026) . In this context, the Sharia Supervisory Board (SPS) holds a strategic position to ensure that all policies and operational activities of Islamic banks remain within the sharia framework and support the creation of a healthy and sustainable sharia financial system (Syamtion et al., 2025) .

Position and Function of the Sharia Supervisory Board (DPS)

Legally in Indonesia, the Sharia Supervisory Board (SSB) is strengthened through Law Number 21 of 2008 concerning Sharia Banking and Law Number 40 of 2007 concerning Limited Liability Companies. Within the organizational structure of Islamic banks, the SSB holds an equal position with the Board of Commissioners, thus empowering it to provide strategic recommendations to the board of directors regarding the implementation of Sharia principles in the bank's operations (Rahman et al., 2021) .

The Sharia Supervisory Board (SSB) has two main functions: advisory and oversight. The advisory function is carried out through providing guidance, recommendations, and evaluation of Islamic banking products and policies to ensure they comply with the DSN-MUI fatwas. Meanwhile, the oversight function is carried out through Sharia compliance audits, contract reviews, transaction evaluations, and regular oversight of bank operations. This function is crucial to prevent practices containing elements of usury, gharar (uncertainty), and maysir (speculation) that conflict with Sharia principles (Rahman et al., 2021) .

The effectiveness of DPS supervision is influenced by several important factors, including the competence of DPS members, institutional independence, the quality of the sharia audit system, and coordination with regulators and internal auditors (Yusra & Nurnarsrina, 2024) . Effective supervision enables Islamic banks to minimize the risk of sharia violations, maintain the institution's reputation, and increase public trust in Islamic financial products and services (Fitriani & Afsar, 2025) .

In addition to its supervisory role, the Sharia Supervisory Board (SSB) also has a moral responsibility to maintain the integrity of the Islamic financial system (Putri, 2025) . The SSB not only ensures formal compliance with regulations but also oversees the implementation of Islamic ethical values in Islamic banking operations (Aditya & Lestari, 2025) . Thus, the SSB is a crucial element in realizing transparent, accountable, and sustainable Islamic governance.

Effectiveness of Sharia Supervision

The effectiveness of sharia supervision is the ability of the Sharia Supervisory Board (SSB) to ensure that all operational activities of a sharia bank are carried out in accordance with sharia principles consistently and sustainably (Aditya & Lestari, 2025) . Supervisory effectiveness is measured not only by the success of the SSB in conducting audits or administrative examinations, but also by its ability to prevent potential sharia violations and provide solutions to problems that arise in the operations of a sharia bank (Yusra & Nurnarsrina, 2024) .

In the context of Islamic banking, the effectiveness of the Sharia Supervisory Board (SPS) supervision can be measured through several indicators, including the level of contract compliance with DSN-MUI fatwas, the quality of sharia audits, the independence of supervision, the transparency of supervisory reports, and the ability of the SPS to detect and mitigate sharia compliance risks (Syaifulloh, 2024) . Furthermore, the effectiveness of the SPS is also influenced by the quality of human resources, information technology support, and coordination with internal and external parties of the Islamic financial institution (Arianto & Izziyana, 2026) .

Effective supervision will improve the quality of sharia governance and strengthen public trust in Islamic financial institutions. Conversely, weak supervision can create reputational risks, reduce customer trust, and impact the operational stability of Islamic banks (Sholikhah et al., 2026) . Therefore, the Sharia Supervisory Board (SPS) is required to possess adequate competence in the fields of muamalah jurisprudence (fiqh muamalah), sharia audits, and an understanding of developments in the modern financial industry to optimally carry out its supervisory function (Jusri & Maulidha, 2020) .

Compliance Risk Monitoring and Mitigation Mechanisms

Previous research has shown that effective oversight mechanisms involve synergy between internal and external controls. The Sharia Supervisory Board (SSB) relies on reports from the internal Sharia audit function to review contracts and transactions (Afiska et al., 2021) . Furthermore, the SSB evaluates new products, operational procedures, and Sharia compliance reports to ensure all bank activities comply with DSN-MUI fatwas and applicable regulations.

Recent developments in the literature emphasize the importance of technology-based oversight (Digital Sharia Oversight) to address the complexity of modern financial products. Standardization of procedures (SOPs) and reporting transparency are key indicators for measuring the effectiveness of the Sharia Supervisory Board (SPS) in mitigating reputational and compliance risks that could threaten public trust (Nisrina Hasna & Detty Mulyanti, 2023).

Although sharia oversight mechanisms have been implemented through internal audits and periodic reporting, in practice, DPS supervision still faces various limitations, such as incompletely integrated data access, differences in supervisory standards between institutions, and limited use of digital technology (Sulthana & Kurniawati, 2025) . This condition results in sharia supervision at some Islamic banks remaining administrative in nature and not fully preventive in detecting potential violations of sharia principles (Maulana et al., 2025) .

Standardization of supervisory procedures (standard operating procedures/SOPs) and reporting transparency are important factors in increasing the effectiveness of DPS supervision (Azhima et al., 2026) . With uniform supervisory standards, the DPS can carry out its supervisory function more systematically, consistently, and accountably, thereby minimizing compliance risks and maintaining the integrity of Islamic banking (Syach & Al Fatih, 2025) .

Previous Research and Research Gaps

Various previous studies have discussed the role of the Sharia Supervisory Board in maintaining sharia compliance in Islamic financial institutions. Research by Lenap et al. (2021) emphasized the supervisory function of the Sharia Supervisory Board (SSB) in ensuring the implementation of sharia principles in Islamic banking operations (Lenap et al., 2021) . Meanwhile, Aziz (2021) explained the importance of the SSB in maintaining sharia compliance through its advisory function and sharia compliance audits. Other studies also highlight challenges for the SSB, such as limited competence, institutional independence, and suboptimal standardization of sharia supervision (Aziz, 2021) .

Research by Septyani and Aprianto (2025) explains the importance of optimizing DPS supervision through strengthening sharia audits and institutional coordination (Septyani & Aprianto, 2025) . Furthermore, research by Afiska et al. (2021) shows that the characteristics of the DPS influence the quality of supervision and performance of Islamic banks. This research demonstrates that the existence of the DPS plays a significant role in maintaining the integrity of the Islamic financial system.

However, most previous research has focused on the normative aspects and formal functions of the SSB. Studies on the effectiveness of SSB supervision in Islamic banking operational practices are still relatively limited, particularly those addressing the relationship between supervisory effectiveness, Islamic governance, transparency, and the use of digital technology to support Islamic supervision. Furthermore, research examining comprehensive strategies for strengthening SSB supervision within the context of the development of the modern Islamic financial industry is also limited.

Therefore, this study seeks to fill this research gap by analyzing the role and effectiveness of Sharia Supervisory Board supervision in maintaining Sharia compliance in Islamic banking in Indonesia in a more comprehensive manner. This study also emphasizes the importance of strengthening Sharia supervisory governance through improving Sharia

Supervisory Board competency, transparency of supervision, standardization of procedures, and the use of digital technology to enhance the quality of Sharia supervision in the Indonesian Islamic banking industry.

3. Proposed Method

Study This use method studies literature (library research) with approach descriptive qualitative For analyze role and effectiveness supervision of the Sharia Supervisory Board (DPS) in guard Sharia compliance of Islamic banking in Indonesia (Moleong , 2017) Research data obtained from journal scientific , books , regulations , reports official , DSN-MUI fatwa, as well as various document related sharia supervision and governance that is accessed through Garuda, Google Scholar, Neliti, and university e-journal portals. The literature used is publication Indonesian language for the period 2020–2025 with focus discussion about DPS supervision , sharia governance, sharia compliance , sharia audit, and effectiveness supervision of sharia banking . Data collection was carried out through keyword determination , selection literature based on relevance and credibility source , then analyzed use technique analysis thematic with grouping data into in themes main like role of DPS, mechanism supervision , effectiveness supervision , challenges , and strengthening strategies sharia supervision . For increase data validity , research This use technique triangulation source through comparison various results research and documents relevant official .

4. Results and Discussion

This section serve results analysis about role and effectiveness supervision of the Sharia Supervisory Board (DPS) in guard Sharia compliance of Islamic banking in Indonesia. Discussion focused on position DPS's strategic role in sharia governance , mechanisms supervision to sharia banking products and operations , various challenges that affect effectiveness supervision , as well as strengthening strategies sharia supervision for increase quality of governance more Islamic banking transparent , accountable , and adaptive to development industry modern Islamic finance . Description complete about bullet points the served in a way systematic in sub-chapter following This .

The Role of the Sharia Supervisory Board in Islamic Banking

Supervisory Board (DPS) is institution internal supervision that plays a role ensure all over activity operational Islamic banking is running in accordance with sharia principles and fatwas of the National Sharia Council- Indonesian Ulema Council (DSN-MUI). The existence of the DPS is part important in sharia governance system because functioning guard Sharia compliance in products , services and policies Islamic banking operations . In general institutionally , DPS was formed based on provision Constitution Number 21 of 2008 concerning Islamic Banking and has position strategic in organizational structure of Islamic banks (Ilyas, 2021) .

Supervisory Board (DPS) is institution internal supervision that plays a role ensure all over activity operational Islamic banking is running in accordance with sharia principles and fatwas of the National Sharia Council- Indonesian Ulema Council (DSN-MUI). The existence of the DPS is part important in sharia governance system because functioning guard Sharia compliance in products , services and policies Islamic banking operations . In general institutionally , DPS was formed based on provision Constitution Number 21 of 2008 concerning Islamic Banking and has position strategic in organizational structure of Islamic banks (Ilyas, 2021) .

In running function , DPS is tasked with give advice , recommendations , and evaluation to implementation sharia principles in activity bank operations . Functions supervision the covers review contract , evaluation product new , sharia compliance audits, as well supervision to practice operations to avoid from element usury , gharar , and maysir . In addition to playing a role as supervisors , DPS also contributes in increase understanding of sharia through training and mentoring to management and Islamic bank employees (Wulandari & Baidhowi, 2025) .

Effectiveness the role of DPS is greatly influenced by independence institutional , competence members , and support system adequate internal supervision . The DPS position is equivalent to with the Board of Commissioners show that sharia supervision has position

strategic in the governance of Islamic banks. Conditions This allows DPS to provide recommendation in a way objective to policy bank operations at once strengthen accountability sharia supervision (Santi & Putri, tt) .

In practice , the DPS is also supported by the internal sharia review function carried out by the internal auditors of Islamic banks. This assist DPS in carrying out evaluation to level compliance operational and become base in compilation report annual sharia supervision . With existence coordination between DPS and internal auditors, the monitoring process can done in a way more systematic and transparent so that capable increase integrity of sharia governance in sharia banking (Dianto) et al ., 2025a) .

The existence of DPS in Islamic banks is not only limited to fulfil demands regulation , but also an important pillar in guard integrity system Islamic finance . The presence of DPS functions as fortress main For prevent occurrence violation sharia principles at the level product and practice operational . The supervision carried out by DPS also form culture more work transparent , professional , and appropriate Islamic ethics so that customers gain a sense of security and trust to the products they use . DPS position placed equivalent with the Board of Commissioners give opportunity big For more firm in give recommendation and evaluation . With support authority and basis clear law , DPS can become equal partners for management in the process of taking decision strategic . Condition This No only strengthen sharia governance , but also improve Power Islamic banking competition in the midst of competition industry banking which is increasingly strict (Rafsanjani, 2021) .

Strengthening DPS capacity and competence are very necessary so that sharia supervision can be carried out running optimally. Training sustainable development system supervision based technology , and greater collaboration close with internal auditors is steps that are believed capable increase quality sharia supervision in the future . With strengthening this , DPS does not only play a role as supervisor , but also as a driving force sharia innovation in banking so that achieved objective more maqashid sharia wide for society (Syahrial , 2022) .

In a way Overall , DPS does not only functioning as formal supervisor , but also as instrument important in guard quality implementation sharia principles in industry Islamic banking . The existence of DPS becomes determining factors level sharia compliance , governance quality , and credibility institution Islamic finance in the midst increasing complexity products and services modern banking .

DPS Supervisory Mechanism for Sharia Bank Products and Operations

Mechanism DPS supervision is carried out in a way periodically through the evaluation process to products , contracts , and operations of Islamic banks. DPS has obligation convey report supervision to DSN-MUI at least twice One year as form accountability implementation function sharia supervision . Supervision process done through review documents , evaluation policy operational , inspection contract , and supervision to implementation Islamic banking products and services (Nurseha & Nisatasni, 2021) .

DPS supervision includes all over activity Islamic banking operations , starting from development product , application procedure operational , up to the institution's internal governance system . In this process , DPS ensures that all over banking activities have in accordance with the DSN-MUI fatwa and OJK regulations so that risk violation sharia principles can minimized . If found contract or products that have not been own clear basis for the fatwa , DPS can do consultation with DSN-MUI before product the applied to bank operations (Suhaimi, 2020) .

Apart from doing evaluation products , DPS also carries out sharia compliance audits through inspection transactions , reviews document operational and verification implementation contract in practice banking . The audit aim identify potential deviation from sharia in general more early at a time give recommendation repair to policy bank operations . Supervision carried out No only nature administrative , but also includes evaluation substantive to suitability practice operational with sharia principles (Nisa, 2024) .

Effectiveness mechanism DPS supervision also influenced by coordination with internal auditors and external auditors . Work The same the helps DPS obtain more data accurate and verified so that the monitoring process can done in a way more objective and comprehensive . Internal auditors play a role support the sharia review process, while the external auditor give evaluation independent to quality of sharia governance of institutions Islamic finance (Ibn Khaldun University Bogor Indonesia et al., 2022) .

In the middle development industry modern Islamic finance , DPS supervision has also begun directed at utilization digital technology . Use system information digital- based allows the process of monitoring sharia compliance to be carried out in a way more fast , scalable , and real-time. This step become important remember complexity products and transactions Islamic banking continues develop so that need system more supervision adaptive and integrated (Afiska et al ., 2021) .

Challenges to Sharia Supervisory Board Supervision

Effectiveness DPS supervision is still face various challenges that affect quality implementation sharia supervision of Islamic banking in Indonesia. One of them challenge main is limitations competence source Power humans , in particular in mastery jurisprudence muamalah , sharia audit, and practice modern banking . Conditions the causing the evaluation process products and supervision operational often need more time long as well as potential hinder innovation sharia products (Septyani & Aprianto, 2025) .

Apart from the aspect competence , independence of DPS also becomes challenge important in guard objectivity supervision . In practice , DPS can face pressure from bank management during the development process product business target oriented certain situations the potential influence quality recommendations and decisions supervision so that control risk sharia compliance is not walk optimally (Wulandari & Baidhowi , 2025) .

Challenge other related with Not yet his uniform audit standards and procedures supervision between institution Islamic finance . Differences fatwa interpretation and methods supervision causing DPS to have to do sufficient adjustment complex in each institution . Conditions This show that harmonization policies and standardization sharia supervision is still become need important in increase the effectiveness of sharia governance in Indonesia (Dianto et al., 2025a) .

For overcome limitations competence , independence , and uniformity standard supervision , DPS in various Islamic banks has started do strengthening capacity in a way systematic . This effort covers improvement quality source Power man through training intensive , certification professionals , and regular workshops that combine aspect jurisprudence transactions with practice modern banking . On the other hand independence , DPS strengthens code internal ethics , implementing mechanism supervision layered , as well as expand transparency recommendation so that No easy affected management pressure . Harmonization guidelines are also being intensified through more coordination close with DSN and regulators, for example through regular consultation forums or compilation higher sharia audit standards uniform cross institutions . Steps This help DPS maintain consistency evaluation products , speed up the approval process , and improve trust public to integrity sharia supervision (Abdul et al ., 2022) .

Various challenge the show that effectiveness DPS supervision is not only determined by formal regulations , but also influenced by readiness institutional , quality source Power human beings , and abilities adaptation to development industry modern Islamic finance . Therefore that , strengthening governance sharia supervision becomes step strategic For increase quality supervision and guarding integrity system Islamic banking .

Strengthening and Enhancement Strategy DPS Effectiveness

Strengthening DPS competency becomes step main in increase effectiveness sharia supervision . These efforts can done through training sustainable , certification professional and development capacity in the field jurisprudence muamalah , sharia audit, as well regulations modern Islamic finance . Improvement competence required for DPS to be able to respond development products and services Islamic banking is increasingly complex (Nisrina Hasna & Detty Mulyanti, 2023) .

In addition to the increase quality source Power human , standardization procedure supervision also becomes factor important in strengthen DPS effectiveness . Harmonization regulations between DSN-MUI, OJK, and institutions Islamic banking is needed For create system more supervision consistent and integrated . Standardization the covers sharia audit procedures , reporting supervision and evaluation compliance product so that the monitoring process can done in a way more systematic (Antiek Firdausi Putri, 2023) .

Transparency report sharia supervision also becomes part important in strengthen accountability institution Islamic finance . DPS needs compile report informative and easy supervision accessible to stakeholders interests so that the supervision process walk more open and accessible evaluated in a way sustainable (Afiska et al ., 2021) .

Strengthening DPS supervision is also required support digital technology and coordination cross institutions . Utilization digital- based monitoring system allows supervision done in real-time so that potential violation sharia principles can detected more fast . In addition , collaboration between DPS, internal auditors, regulators, and DSN-MUI to become step important in build system greater sharia supervision adaptive , transparent , and sustainable (Septyani & Aprianto, 2025) .

Comparison

Comparative Analysis of Research Results show that mechanism DPS supervision in Indonesia in general has walk in accordance with principles of sharia governance and regulations established by DSN-MUI and OJK. Findings This in line with research by Lenap et al (2021) and Aziz (2021) which states that DPS has role important in guard sharia compliance through compliance audits , evaluations contract and supervision Islamic banking operations .

However Thus , research This find that effectiveness DPS supervision is still face various challenges , especially related competence source Power human , independence institutional , and not yet optimally utilization digital technology in sharia supervision . Findings the strengthen results study Septyani and Aprianto (2025) who emphasized importance strengthening governance sharia supervision in face complexity industry modern Islamic finance .

Compared to with some countries such as Malaysia have apply centralized sharia governance system , system Sharia supervision in Indonesia is still tend decentralized so that coordination between institution supervision Not yet fully integrated . Therefore that , the increase standardization supervision , strengthening DPS competencies , and integration technology digital surveillance becomes step important in increase effectiveness sharia supervision in industry Islamic banking in Indonesia.

5. Conclusions

Research result show that the Sharia Supervisory Board (DPS) has role strategic in guard sharia compliance in operations Islamic banking in Indonesia. DPS does not only functioning as institution formal supervisor , but also plays a role in ensure that products , contracts and policies Islamic banking operations are running in accordance with sharia principles , DSN-MUI fatwas, and applicable regulations . Mechanism supervision done through evaluation products , sharia compliance audits , reviews agreement , coordination with internal and external auditors , as well as reporting supervision in a way periodically use minimize risk violation sharia principles .

Study this also shows that effectiveness DPS supervision is influenced by several factors factor important , such as competence source Power human , independence institutional , standardization procedure supervision and support digital technology . Challenges that still exist faced covering limitations DPS competency , not yet optimally harmonization standard supervision , as well as complexity development products and services modern Islamic finance . Conditions the show that strengthening governance sharia supervision becomes need important in increase quality supervision and guarding integrity system Islamic banking .

Therefore that , strengthening DPS capacity through training sustainable , certification professional , improvement transparency reports , sharia audit standardization , and utilization system supervision digital based is necessary Keep going developed . In addition , coordination between DPS, DSN-MUI, regulators, and internal auditors is also necessary strengthened so that sharia supervision can be walk more effective , adaptive , and sustainable . With strengthening mentioned , DPS is expected capable increase quality sharia compliance at the same time strengthen trust public to industry Islamic banking in Indonesia.

References

- Abdul, AR, Mandiri, DP, Astuti, W., & Arkoyah, S. (2022). CHALLENGES OF SHARIAH BANKING DEVELOPMENT IN INDONESIA. *Jurnal Tabarru': Islamic Banking and Finance* , 5 (2), 352–365. [https://doi.org/10.25299/jtb.2022.vol5\(2\).9505](https://doi.org/10.25299/jtb.2022.vol5(2).9505)
- Aditya, R., & Lestari, BC (2025). Synergy of Sharia Supervision and Challenges of Fintech Regulation in Strengthening Sharia Banking Governance in Indonesia. *JIMU: Multidisciplinary Scientific Journal* , 3 (02), 1177–1188.
- Afiska, L., Handayani, D.F., & Serly, V. (2021). The Influence of Sharia Supervisory Board (SSB) Characteristics on the Financial Performance of Sharia Commercial Banks Registered with the Indonesian Financial Services Authority (OJK). *JOURNAL OF ACCOUNTING EXPLORATION* , 3 (4), 784–798. <https://doi.org/10.24036/jea.v3i4.429>
- Alfian Widiyanto & Dini Selasi. (2024). The Strategic Role of the Sharia Supervisory Board in Realizing Ethics-Based Sharia Finance. *Journal of Business, Sharia Economics, and Taxation* , 1 (4), 73–80. <https://doi.org/10.61132/jbep.v1i4.663>
- Algifari, MA, & Andrini, R. (2024). Maqasid Sharia in Islamic Economic Development (Comprehensive Analysis and Implementation). *Journal of Sharia Economics Scholar (JoSES)* , 2 (3).
- Antiek Firdausi Putri. (2023). Supervision of the Sharia Supervisory Board (DPS) on Compliance with Sharia Principles in Sharia Banks. *Jurist-Diction* , 6 (1), 49–64. <https://doi.org/10.20473/jd.v6i1.43524>
- Arianto, D., & Izziyana, WV (2026). The Strategic Role of the Sharia Supervisory Board (SSB) in the Institutional Structure of Islamic Finance. *Ghanimah: Journal of Sharia Economics and Business* , 2 (1), 26–39.
- Azhima, NL, Ulfa, AF, & Aji, G. (2026). THE EFFECT OF COMPLIANCE WITH FINANCIAL SOPS AND INTERNAL AUDITOR SUPERVISION ON THE EFFECTIVENESS OF FUND USE AT KB NU MAYANGAN. *Scientific Journal of Management and Accounting* , 3 (2), 15–23.
- Aziz, A. (2021). Institutional Review of the Sharia Supervisory Board from the Aspects of Nomenclature, Position in Banking Institutions, and Remuneration. *TAWAZUN: Journal of Sharia Economic Law* , 4 (1), 32. <https://doi.org/10.21043/tawazun.v4i1.8736>
- BESUKI, PBNC (tt). *ANALYSIS OF HISBAH PRACTICES IN SUPERVISING COMPLIANCE OF SHARLA FINANCIAL REPORTS* .
- Dianto, I., Arif, M., & Majid, A. (2025a). The Role of the National Sharia Council of the Indonesian Ulema Council and the Sharia Supervisory Board in the Implementation of Sharia Contracts in Indonesian Islamic Banking. *Syarikat: Journal of the Sharia Economics Cluster* , 8 (1). [https://doi.org/https://doi.org/10.25299/syarikat.2025.vol8\(1\).22238](https://doi.org/https://doi.org/10.25299/syarikat.2025.vol8(1).22238)
- Dianto, I., Arif, M., & Majid, A. (2025b). The role of the National Sharia Council of the Indonesian Ulema Council and the Sharia Supervisory Board in the Implementation of Sharia Contracts in Indonesian Sharia Banking. *Syarikat: Journal of Sharia Economics* , 8 (1), 66–78.
- Fitriani, AS, & Afsar, AM (2025). Qualitative Analysis of the Role of Sharia Auditors in Ensuring Sharia Compliance in Islamic Financial Institutions: A Case Study of Audit Practices in Islamic Banks. *Journal of Sharia Economics Scholar (JoSES)* , 3 (1).
- Hartini, S., Rosyadi, AR, & Nurhayati, I. (2021). SUPERVISION OF THE SHARIA SUPERVISORY BOARD (SSB) OF SHARIA BANKS IN CREATING A HEALTHY BANKING SYSTEM IN INDONESIA. *DE'RECHTSSTAAT* , 7 (1), 91–107. <https://doi.org/10.30997/jhd.v7i1.3308>
- Ibn Khaldun University Bogor Indonesia, Aziz, UA, Mubarak, J., Ibn Khaldun University Bogor Indonesia, Susanto, H., & Ibn Khaldun University Bogor Indonesia. (2022). The Role of the Sharia Supervisory Board in the Implementation of Governance of Sharia Rural Banks. *Journal of Islamic Accounting and Finance* , 10 (2), 149–162. <https://doi.org/10.35836/jakis.v10i2.342>
- Ilyas, R. (2021). The Role of the Sharia Supervisory Board in Islamic Banking. *JPS (Journal of Islamic Banking)* , 2 (1), 42–53. <https://doi.org/10.46367/jps.v2i1.295>
- Jailani, M. (2025). OPTIMIZATION OF SHARIAH COMPLIANCE AND SERVICE QUALITY TO IMPROVE TRUST AND LOYALTY OF SHARIA BANK CUSTOMERS. *TAKAFUL: Journal of Islamic Economics and Banking* , 1 (2), 97–108.

- Jusri, APO, & Maulidha, E. (2020). The Role and Competence of Sharia Auditors in Supporting Sharia Banking Performance. *Journal of Sharia Accounting* , 4 (2), 222–241.
- Lenap, IP, Karim, NK, & Sasanti, EE (2021). Non-Halal Income, Zakat, Sharia Supervisory Board, and the Reputation of Islamic Banking in Indonesia. *JAS (Jurnal Akuntansi Syariah)* , 5 (1), 31–43. <https://doi.org/10.46367/jas.v5i1.312>
- Maulana, D., Ramanian, R., & Arifin, YA (2025). Banking Development and Supervision: Reconstruction of the Authority of Bank Indonesia and the Financial Services Authority in the National Financial Legal System. *Journal of Legal, Political, and Humanistic Inquiry* , 1 (2), 87–95.
- Moleong, LJ (2017). *QUALITATIVE RESEARCH METHODOLOGY* . PT Remaja Rosdakarya.
- Nisa, IM (2024). Analysis of Organizational Management in Islamic Banking Supervision in Indonesia. *JIEI: Scientific Journal of Islamic Economics* , 10. <https://doi.org/https://doi.org/10.29040/jiei.v10i2.13577>
- Nisrina Hasna & Detty Mulyanti. (2023). Analysis of Human Resource Development Strategy Through Training at Indonesian Sharia Banks. *MUQADDIMAH: Journal of Economics, Management, Accounting and Business* , 1 (2), 194–208. <https://doi.org/10.59246/muqaddimah.v1i2.233>
- Nurseha, MA, & Nisatasni, K. (2021). The Working Mechanism of the Sharia Supervisory Board and the DPS Reporting System at BPRS. *lab* , 5 (01), 37–44. <https://doi.org/10.33507/labatila.v4i02.386>
- Putri, RR (2025). The Role and Authority of the Sharia Supervisory Board in Supervising Transaction Activities at Sharia Financial Institutions in Indonesia. *JSE: Jurnal Sharia Economica* , 4 (1), 1–18.
- Rafsanjani, H. (2021). *THE ROLE OF THE SHARLA SUPERVISORY BOARD (SSB) IN SHARLA FINANCIAL INSTITUTIONS (Social Psychology Approach)* . 6 (2).
- Rahman, A., Madiang, B., & Makkawaru, Z. (2021). IMPLEMENTATION OF THE SUPERVISORY FUNCTION OF THE SHARIA SUPERVISORY BOARD IN SHARIA BANKS IN MAKASSAR CITY. *Indonesian Journal of Legality of Law* , 3 (1), 1–5. <https://doi.org/10.35965/ijlf.v3i1.228>
- Santi, M., & Putri, RR (dt). THE ROLE AND AUTHORITY OF THE SHARIA SUPERVISORY BOARD IN SUPERVISING TRANSACTION ACTIVITIES IN SHARIA FINANCIAL INSTITUTIONS IN INDONESIA. *JSE: Jurnal Sharia Economica* , 4 (1). <https://doi.org/https://doi.org/10.46773/jse.v4i1>
- Septyani, SD, & Aprianto, A. (2025). OPTIMIZATION OF SUPERVISION BY THE SHARIA SUPERVISORY BOARD (SSB) IN THE AUDIT OF SHARIA FINANCIAL INSTITUTIONS. *JAADI: Journal of Accounting, Auditing and Investment* , 5 (1). www.jurnal.akuntansi.upb.ac.id
- Septyani, SD, Aprianto, A., & Edirianto, S. (2025). Optimizing DPS (Sharia Supervisory Board) Supervision in Audits of Islamic Financial Institutions. *JIMU: Multidisciplinary Scientific Journal* , 3 (03), 1484–1493.
- Sholikhah, I., Marsela, L., Syailendra, NM, & Alifa, NL (2026). Strengthening Sharia Governance and Global Competitiveness through Regulation and Supervision. *JEIZA: Az-Zain Journal of Islamic Economics* , 2 (2), 16–30.
- Suhaimi, R. (2020). INDEPENDENCE OF THE SHARIA SUPERVISORY BOARD AS A SUPERVISORY OF SHARIA COMPLIANCE IN SHARIA FINANCIAL INSTITUTIONS. *Ar-Ribhu: Journal of Islamic Management and Finance* , 1 (2), 234–245. <https://doi.org/10.55210/arribhu.v1i2.493>
- Sulthana, NY, & Kurniawati, F. (2025). Optimizing the Sharia Supervisory Board (SSB) strategy in improving Islamic banking governance in Indonesia. *Sahmiyya: Journal of Economics and Business* , 400–408.
- Syach, NL, & Al Fatih, MH (2025). Analysis of the role of the sharia supervisory board in the implementation of good corporate governance (GCG) and sharia compliance audits. *SAKTI ECONOMIC JOURNAL (JES)* , 14 (2), 177–190.
- Syahrial, M. (2022). The Role of the Sharia Supervisory Board (SSB) in Sharia Compliance in Islamic Banking. *An-Nabl Journal* , 9 (1), 45–52. <https://doi.org/10.54576/annahl.v9i1.47>

- Syaifulloh, MR (2024). Optimizing the role of the sharia supervisory board in supervising Islamic banks. *Journal of Islamic Economics* , 1 (1), 151–176.
- Syamtion, HG, Puteri, HE, & Rahman, A. (2025). SUPERVISORY MECHANISM OF THE SHARIA SUPERVISORY BOARD (SSB) IN MAINTAINING THE INTEGRITY OF SHARIA CONTRACTS IN FINANCING PRODUCTS AT KSPPS BHAKTI HUSADA. *Journal of Applied Finance and Management* , 6 (4).
- Wulandari, AD & Baidhowi. (2025). Analysis of the Role of Sharia Supervisory Institutions in Guaranteeing the Integrity of Sharia Financial Transactions in Indonesia. *Indonesian Journal of Law and Justice* , 2 (4), 13. <https://doi.org/10.47134/ijlj.v2i4.4146>
- Yusra, Y., & Nurnarsrina, N. (2024). The effectiveness of the role of the sharia supervisory board in minimizing compliance risks in Islamic banks in Indonesia. *Socius: Journal of Social Sciences Research* , 2 (5).
- Zein, AW, Hasibuan, AM, Nur, LM, & Yusliani, Y. (2026). Implementation of Good Corporate Governance Principles in Indonesian Sharia Banks. *Current Research on Practice Economics and Sharia Finance (CAPITAL)* , 3 (4), 32–39.