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The Role of Audit in Maintaining the Stability of the Islamic Banking System (BRK): A Literature Review

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Abstract

This study aims to analyze the role of Sharia audit in maintaining the stability of the Islamic banking system through a literature review approach. The research employs a qualitative method using a library research technique, drawing data from academic journals, books, and other relevant publications. The findings indicate that Sharia audit plays a strategic role in ensuring compliance with Islamic principles (sharia compliance), strengthening sharia governance, and enhancing the effectiveness of internal control systems and risk management. Furthermore, Sharia audit contributes to improving transparency, accountability, and public trust in Islamic banks, which ultimately supports the overall stability of the banking system. It also plays a role in enhancing institutional resilience to economic crises, improving operational efficiency, and supporting continuous evaluation within Islamic banking systems. However, the implementation of Sharia audit still faces several challenges, including limited auditor competence, the absence of integrated audit standards, and the suboptimal utilization of digital technology. Therefore, strengthening efforts are required through improving the quality of human resources, developing regulatory frameworks, and integrating technology into the audit process. This study is expected to contribute to the development of more effective Sharia audit practices in supporting the sustainable stability of the Islamic banking system.

Keywords: Sharia audit, banking stability, Islamic banking, sharia governance, risk management

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INTRODUCTION

The development of the Islamic banking industry over the past few decades has shown significant growth in various countries, including Indonesia. The Islamic banking system has emerged as an alternative financial system that is not solely profit-oriented but also emphasizes the principles of justice, transparency, and sustainability in accordance with Islamic values. In this context, the stability of the Islamic banking system becomes a crucial aspect in ensuring the sustainability of the industry and maintaining public trust in Islamic financial institutions.

The stability of the Islamic banking system is influenced not only by economic and financial factors but also by the level of compliance with Islamic principles (sharia compliance). Unlike conventional banking, Islamic banks must ensure that all operational activities are free from elements of riba (usury), gharar (uncertainty), and maysir (gambling). Therefore, a supervisory mechanism is required that focuses not only on financial aspects but also on compliance with sharia principles. In this regard, Sharia audit plays a highly crucial role in maintaining the stability of the Islamic banking system (Karim & Shetu, 2020).

Sharia audit is a systematic process aimed at assessing and ensuring that all operational activities of Islamic financial institutions comply with Islamic principles. This audit includes the examination of contracts, products, operational procedures, and the implementation of transactions in banking practices. The literature shows that Sharia audit has a significant contribution to strengthening sharia governance and improving the quality of internal supervision in Islamic banks (Mishref & Sa'ad, 2024).

Furthermore, Sharia audit plays an important role in maintaining banking system stability through strengthening risk management and preventing sharia non-compliance. Non-compliance with sharia principles not only affects reputational aspects but may also create systemic risks that disrupt the stability of financial institutions. Studies indicate that effective

Sharia audits are capable of reducing financing risks and enhancing the financial stability of Islamic banks (Minaryanti et al., 2026).

In addition, Sharia audit contributes to increasing the trust of stakeholders, which is a key factor in maintaining the stability of the banking system. Public trust in Islamic banks largely depends on confidence that the bank's operations comply with sharia principles. In this context, Sharia audit functions as an assurance mechanism that guarantees the compliance and integrity of the Islamic financial system (Algabry et al., 2020).

Nevertheless, the implementation of Sharia audit in various countries still faces several challenges, such as the lack of uniform audit standards, limited competent human resources, and the increasing complexity of Islamic financial products. Moreover, the lack of optimal integration between Sharia audit and risk management systems also becomes an obstacle in maintaining the overall stability of Islamic banking (Mustika et al., 2025).

Based on the explanation above, this study aims to comprehensively examine the role of Sharia audit in maintaining the stability of the Islamic banking system through a literature review approach. By reviewing various previous studies, this research is expected to provide a deeper understanding of the contribution of Sharia audit in strengthening the stability of the Islamic financial system, as well as identifying the challenges and opportunities for its future development.

METHOD

This study employs a qualitative approach using the literature review method, which aims to systematically examine previous studies related to the role of audit in maintaining the stability of the Islamic banking system. This approach was chosen because it provides a comprehensive understanding of concepts, theories, and empirical findings relevant to the research topic through the analysis of various published scientific sources.

The literature review method is a research technique conducted by identifying, evaluating, and synthesizing the results of previous studies in order to obtain a comprehensive understanding of a particular phenomenon (Karim & Shetu, 2020). In the context of this study, this method is used to analyze the contribution of Sharia audit to the stability of the Islamic banking system, including aspects of sharia compliance, risk management, and the governance of financial institutions.

RESULTS AND DISCUSSION

Based on the results of the literature review that has been conducted, it can be concluded that Sharia audit plays a very important role in maintaining the stability of the Islamic banking system. The stability of the Islamic banking system refers to a condition in which financial institutions are able to perform their intermediation functions optimally, maintain public trust, and possess resilience against various economic shocks and financial risks. In an increasingly complex modern financial system, stability is determined not only by financial aspects but also by the quality of governance, compliance with regulations, and the operational integrity of financial institutions. In this context, Sharia audit serves as a supervisory mechanism that is not merely administrative in nature, but also strategic in ensuring the sustainability and credibility of Islamic banking.

Sharia audit has characteristics that differ from conventional audit. While conventional audit focuses primarily on financial aspects and compliance with accounting standards, Sharia audit encompasses a broader dimension, namely ensuring that all operational activities are in accordance with Islamic principles. These principles include the prohibition of riba (interest/usury), gharar (excessive uncertainty), and maysir (speculation or gambling). Therefore, Sharia audit functions not only as a monitoring tool but also as an instrument for maintaining ethical and moral values in economic activities. This makes Sharia audit an essential element in building a financial system that is fair, transparent, and sustainable.

One of the main findings in the literature is that Sharia audit plays a role in ensuring compliance with Islamic principles (sharia compliance). Such compliance is the primary foundation of the Islamic banking system, as public trust in Islamic banks largely depends on the extent to which these banks consistently implement Islamic principles. When deviations from sharia principles occur, the impact is not limited to legal and operational aspects but may also create significant reputational risks. These reputational risks can lead to declining customer trust, which may ultimately disrupt the financial stability of the bank itself.

In practice, Sharia audit conducts comprehensive examinations of various operational aspects of the bank, ranging from the contracts used, products offered, to the implementation of daily transactions. Every contract applied must comply with the provisions of fiqh muamalah, such as murabahah, mudharabah, musyarakah, ijarah, and other contracts. Sharia audit ensures that these contracts are not only formally correct but are also substantively implemented in accordance with Islamic principles. For example, in a murabahah contract, the auditor ensures that the transaction is genuinely based on a sale and purchase agreement rather than merely a financing arrangement resembling an interest-based system.

In addition, Sharia audit also plays a role in identifying and mitigating sharia risk. Sharia risk refers to risks arising from non-compliance with Islamic principles, which may affect legal, reputational, and financial aspects. In this regard, Sharia audit serves as a line of defense that assists management in detecting potential deviations at an early stage. Through an effective audit mechanism, banks can take corrective actions promptly before issues develop into larger crises.

The role of Sharia audit is also closely linked to the implementation of good corporate governance. Within the Islamic banking structure, Sharia audit usually collaborates with the Sharia Supervisory Board (SSB), which is responsible for issuing fatwas and supervising sharia compliance. The synergy between Sharia auditors and the SSB is crucial in ensuring that all bank policies and operations remain within the boundaries of Islamic principles. With proper governance, Islamic banks are not only able to improve operational efficiency but also strengthen stakeholder trust, including that of customers, regulators, and society at large.

Furthermore, Sharia audit contributes to enhancing transparency and accountability within Islamic financial institutions. Transparency is one of the key factors in maintaining financial system stability, as it enables stakeholders to obtain accurate and reliable information. Through Sharia audit, financial reports and operational activities of banks can be verified not only from a financial perspective but also from the aspect of sharia compliance. This provides additional assurance to customers that the funds they deposit or invest are managed in accordance with Islamic principles.

In a broader context, the existence of Sharia audit also supports macro-level financial system stability. When all Islamic banks consistently implement Islamic principles and are supervised through effective audits, the potential for harmful practices can be minimized. This differs from the conventional system, which is sometimes vulnerable to excessive speculation. Through the application of prudential principles and the prohibition of speculative activities, Islamic banking tends to be more stable in facing economic crises. Sharia audit ensures that these principles are genuinely implemented in practice, thereby strengthening the resilience of the Islamic financial system.

Moreover, Sharia audit also has an educational role, both for internal bank stakeholders and the public. For internal bank personnel, the audit process serves as a learning mechanism to improve understanding of Islamic principles and their implementation in daily operations. Meanwhile, for society, the existence of Sharia audit provides assurance that Islamic banks consistently adhere to Islamic principles. As public literacy and trust increase, the growth potential of the Islamic banking industry will also become greater.

Nevertheless, the effectiveness of Sharia audit still faces various challenges. One of the main challenges is the limited availability of human resources who possess competencies in both auditing and a deep understanding of fiqh muamalah. In addition, the still-developing standards of Sharia audit also pose obstacles to creating uniform practices across financial institutions. Therefore, continuous efforts are required to improve the quality of Sharia auditors through education, training, and the development of more comprehensive standards.

Thus, it can be concluded that Sharia audit has a highly strategic role in maintaining the stability of the Islamic banking system. Its role is not limited to supervision functions but also includes aspects of compliance, risk management, governance, transparency, and education. Through effective Sharia audit, the integrity of the Islamic financial system can be maintained, public trust can be enhanced, and resilience against economic crises can be strengthened. Therefore, strengthening the Sharia audit function is one of the main keys to supporting the future development and sustainability of the Islamic banking industry.

In the context of financial system stability, the role of Sharia audit can also be observed in efforts to prevent systemic risk. Systemic risk may occur when the failure of one financial institution affects the entire banking system. Effective Sharia audit is capable of minimizing this risk by ensuring that every Islamic bank operates in accordance with established standards (Yusuf et al., 2023; Minaryanti et al., 2026). In addition, audit also helps improve transparency and accountability, which are important factors in maintaining financial system stability (Hasan et al., 2022). High transparency enables stakeholders to obtain accurate and reliable information, thereby reducing uncertainty and increasing confidence in the banking system.

The literature also indicates that Sharia audit plays an important role in enhancing public trust in Islamic banks. Trust is a key factor in maintaining banking system stability, as the financial system heavily depends on public confidence in the security and integrity of financial institutions. Sharia audit provides assurance that Islamic banks operate in accordance with Islamic principles, thereby improving the credibility and reputation of these institutions (Hasan et al., 2022; Algabry et al., 2020). As public trust increases, the stability of the banking system will also become stronger.

However, the implementation of Sharia audit in various countries, including Indonesia, still faces numerous challenges. One of the primary challenges is the limited number of human resources who possess expertise in Sharia auditing. Sharia auditors are required to have an in-depth understanding of fiqh muamalah as well as modern banking practices (Mustika et al., 2025). In addition, the absence of uniform Sharia audit standards also poses obstacles to effective audit implementation (Karim & Shetu, 2020). Differences in standards and audit practices among financial institutions may create inconsistencies in supervision and potentially disrupt banking system stability.

In today's digital era, technological developments present both challenges and opportunities for the implementation of Sharia audit. The digitalization of banking systems requires innovation in audit processes in order to keep pace with technological advancement. The use of technologies such as big data, artificial intelligence, and blockchain can improve audit efficiency and accuracy while enabling real-time supervision (Dewi et al., 2025). However, the implementation of these technologies still faces obstacles, such as limited infrastructure and the readiness of human resources. Therefore, appropriate strategies are needed to integrate technology into the Sharia audit system to support future banking stability.

Beyond technical aspects, Sharia audit also has an important social dimension in maintaining the stability of the Islamic banking system. Islamic banks function not only as financial institutions but also as instruments for achieving socio-economic goals, such as equitable welfare distribution and poverty alleviation. Sharia audit ensures that banking activities are not only financially beneficial but also provide positive impacts on society (Sianipar, 2023). Thus, Sharia audit contributes to creating a financial system that is not only stable but also fair and sustainable.

Overall, the results of the literature review indicate that Sharia audit has a broad and strategic role in maintaining the stability of the Islamic banking system. Sharia audit functions not only as a supervisory tool but also as an instrument for improving governance, risk management, transparency, and public trust (Mishref & Sa’ad, 2024; Minaryanti et al., 2026). However, to optimize this role, continuous efforts are needed to improve the quality of human resources, develop comprehensive audit standards, and integrate technology into the audit process (Mustika et al., 2025). Thus, Sharia audit can become a major pillar in creating a stable, sustainable Islamic banking system capable of facing future challenges.

CONCLUSION

Based on the results of the literature review, it can be concluded that sharia audit has a highly strategic and multidimensional role in maintaining the stability of the Islamic banking system. Sharia audit not only functions as a supervisory tool to ensure compliance with sharia principles (*sharia compliance*), but also serves as an important mechanism in strengthening sharia governance, improving the quality of internal control systems, and supporting risk management in Islamic banks. Through a systematic and continuous audit process, potential deviations from sharia principles can be minimized, thereby maintaining the integrity and credibility of Islamic financial institutions.

In addition, sharia audit has also proven to contribute to enhancing transparency and accountability, which are the main factors in building public trust in the Islamic banking system. A high level of public trust will directly impact the stability of the financial system, as trust is the primary foundation for the sustainability of banking institutions. In this context, sharia audit functions as an *assurance mechanism* that provides assurance that the operations of Islamic banks are conducted in accordance with sharia principles and applicable standards.

Furthermore, sharia audit also plays an important role in supporting stability through the strengthening of risk management, including financing risk, operational risk, and systemic risk. Audit enables the early identification of potential risks and provides recommendations for improvement that can enhance the resilience of Islamic banks in facing various economic pressures. Therefore, sharia audit is not only reactive in nature but also proactive in maintaining the stability of the Islamic banking system.

However, the implementation of sharia audit still faces several challenges, such as the limited availability of competent human resources, the absence of globally integrated sharia audit standards, and the suboptimal utilization of digital technology in the audit process. These challenges need to be addressed through improving auditor quality, developing more comprehensive regulations, and integrating technology into the audit system to enhance the effectiveness and efficiency of supervision.

Thus, it can be affirmed that sharia audit is one of the main pillars in maintaining the stability of the Islamic banking system. Optimizing the role of sharia audit through strengthening governance, improving competencies, and utilizing technology is expected to create an Islamic banking system that is not only stable but also sustainable, transparent, and just. Therefore, the future development of sharia audit has become a necessity in supporting the growth of the increasingly complex and dynamic Islamic financial industry.

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