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QUALITATIVE ANALYSIS OF THE IMPLEMENTATION OF SHARIA AUDIT IN MAINTAINING COMPLIANCE IN BANK SYARIAH INDONESIA

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ABSTRACT

This study aims to analyze the implementation of risk-based Sharia audit in maintaining compliance within Bank Syariah Indonesia using a qualitative approach through a library research method. Data were collected from credible academic sources, including international journals, books, and institutional reports, and analyzed using content analysis to obtain a comprehensive understanding. The findings reveal that risk-based Sharia audit has evolved from a purely administrative function into a strategic mechanism for identifying, evaluating, and mitigating compliance risks more effectively. This approach enables auditors to prioritize high-risk areas, thereby improving the efficiency and quality of supervision. In addition, the synergy between internal auditors, the Sharia Supervisory Board, and the implementation of sound Sharia governance strengthens the overall control system in ensuring adherence to Islamic principles. However, several challenges remain, including limited auditor competencies, lack of independence, and suboptimal utilization of digital technology in the audit process. Therefore, strengthening efforts are needed through improving human resource quality, developing technology-based audit systems, and enhancing management commitment so that Sharia audit can function optimally in maintaining compliance and ensuring the sustainability of the Islamic banking industry.

Keywords: Sharia audit, risk-based audit, compliance risk, Islamic banking, Sharia governance

INTRODUCTION

In recent years, the Islamic banking industry has experienced significant growth both globally and nationally. This development is driven not only by demographic factors such as the increasing Muslim population but also by rising public awareness of the importance of a financial system that emphasizes ethics, transparency, and justice. Core principles of Islamic finance, such as the prohibition of riba (interest), gharar (excessive uncertainty), and maisir (speculation), serve as the foundation for all operational activities in Islamic financial institutions. Therefore, the success of Islamic banks is not only measured by financial performance but also by their consistency in maintaining compliance with Sharia principles (IFSB, 2020; Laldin, 2019).

In Indonesia, the development of Islamic banking has been further strengthened by regulatory support and the active role of supervisory authorities such as the Financial Services Authority (OJK). Institutional transformation and innovation in Islamic financial products have increased the competitiveness of this industry globally. However, this rapid growth is accompanied by increasing operational complexity, including product development, digital services, and financial technology integration. This complexity increases exposure to various risks, particularly compliance risk arising from inconsistencies between operational practices and Sharia principles or applicable regulations (Otoritas Jasa Keuangan, 2022; Milania, 2024).

Compliance risk in Islamic banking is more complex than in conventional banking because it involves two dimensions simultaneously: regulatory compliance and Sharia compliance. Failure to comply with either aspect can result in serious consequences, including legal, financial, and reputational damage. In the Islamic financial industry, reputation is a critical asset closely linked to public trust. Therefore, compliance risk management is essential to maintaining the stability and sustainability of Islamic banking operations (Lahsasna, 2016; Nugroho, 2023).

To address these challenges, a comprehensive and integrated supervision mechanism is required. In this context, Sharia audit serves as a strategic instrument to ensure that all operational activities comply with established Islamic principles. Unlike conventional audits, which focus primarily on financial and administrative compliance, Sharia audits have a broader scope, including transaction substance, contract (akad) compliance, and the implementation of Islamic ethical values in business practices (Rahman, 2018; Yaacob & Donglah, 2019).

Furthermore, Sharia audit is an integral part of the Sharia governance system, involving internal auditors, compliance units, risk management functions, and the Sharia Supervisory Board (SSB). Synergy among these elements is crucial for creating an effective and sustainable supervisory system. Good governance not only functions as a control mechanism but also enhances decision-making quality and institutional integrity (Grassa, 2018; Ginena, 2019).

As risks in Islamic finance become increasingly complex, traditional audit approaches are considered insufficient. Therefore, risk-based audit approaches have been adopted as a more adaptive and efficient method. This approach emphasizes risk identification, analysis, and prioritization, allowing auditors to focus on high-risk areas. Consequently, risk-based audit improves supervisory effectiveness and accelerates the detection of potential Sharia violations (Kamaruddin & Hanefah, 2017; Snyder, 2019).

However, the implementation of risk-based Sharia audit in Indonesia still faces several challenges, including limited auditor competence in both auditing and Islamic jurisprudence (fiqh muamalah), lack of independence in audit execution, and suboptimal use of digital technology. In addition, audits that remain focused on administrative aspects rather than substantive evaluation also hinder supervisory effectiveness (Tuzzahroh & Laela, 2022; Maghfiroh et al., 2024).

METHODS

This study uses a qualitative approach with a library research method to obtain a comprehensive understanding of the implementation of risk-based Sharia audit in maintaining compliance at Bank Syariah Indonesia. The qualitative approach was chosen because the study does not focus on numerical measurement or statistical testing but rather on in-depth understanding through descriptive and contextual interpretation. In this approach, the researcher acts as the primary instrument in collecting, processing, and interpreting data to produce holistic meaning. This approach also allows flexible exploration of Sharia audit concepts in line with existing literature developments (Creswell, 2018).

The library research method was selected because it enables access to various relevant academic sources without field data collection. Through this method, the researcher systematically reviews theories, concepts, and prior studies related to Sharia audit, compliance risk, and risk-based audit approaches. It also helps integrate multiple perspectives to produce richer and deeper analysis while identifying research gaps and developing conceptual frameworks (Snyder, 2019).

Data sources in this study are secondary data obtained from high-credibility academic references, including national and international journal articles, textbooks, research reports, and official publications from regulatory and Islamic financial institutions. Selection criteria include relevance, publication quality, and recency (preferably within the last ten years). Reputable journals and publishers were prioritized to ensure validity (Maghfiroh et al., 2024).

Data collection was conducted through systematic literature search using databases such as Google Scholar, ScienceDirect, SpringerLink, and accredited national journal portals. Keywords used include “Sharia audit,” “risk-based audit,” “Sharia compliance,” “compliance risk,” and “Islamic banking.” Literature was then filtered using inclusion and exclusion criteria such as relevance, methodological clarity, and contribution to knowledge development (Arrazi, 2021).

Data analysis used content analysis, involving data reduction, categorization into themes (Sharia audit implementation, compliance risk factors, and audit effectiveness), and interpretation to synthesize findings from various sources. This process helps identify patterns, relationships, and trends across literature (Krippendorff, 2018).

Data validity was ensured through source triangulation by comparing findings across multiple references. Critical evaluation of methodology, arguments, and consistency was also conducted to reduce bias and ensure objectivity. Thus, the study is expected to provide valid and reliable contributions to Sharia audit literature, particularly in compliance risk management in Islamic banking (Nugroho, 2023).

RESULTS AND DISCUSSION

1. Risk-Based Sharia Audit Implementation in Bank Syariah Indonesia

Findings show that risk-based Sharia audit in Bank Syariah Indonesia has developed progressively alongside increasing operational complexity. The audit function has shifted from administrative inspection to a strategic mechanism for identifying, analyzing, and controlling risks affecting Sharia compliance. This approach improves efficiency by focusing on high-risk areas and enhances institutional reputation (Kamaruddin & Hanefah, 2017; Nugroho, 2023; Maghfiroh et al., 2024).

Technically, implementation includes risk identification, assessment, Sharia compliance testing, and recommendation development. Auditors examine all business lines, including funding, financing, and digital services. Audit procedures refer to Sharia Supervisory Board fatwas and AAOIFI standards. This approach improves preventive control rather than merely detecting errors (AAOIFI, 2017; Rahman, 2018).

The Sharia Supervisory Board plays a crucial role in strengthening audit effectiveness by ensuring implementation of audit recommendations.

Collaboration between internal auditors and the DPS creates a comprehensive governance system integrating technical and Sharia perspectives (Ginena, 2019).

Risk-based Sharia audit also improves transparency and accountability, enabling early detection of deviations and strengthening public trust, which is essential for Islamic banking sustainability (Maghfiroh et al., 2024; IFSB, 2020).

2. Complexity of Compliance Risk in Islamic Banking

Compliance risk in Islamic banking is more complex than in conventional banking because it includes both regulatory and Sharia compliance dimensions. Failure in either dimension leads to legal, financial, and reputational consequences (Hasan, 2010; Milania, 2024).

Risk sources include internal factors such as weak internal control and limited human resource competencies, and external factors such as regulatory changes and technological developments (Snyder, 2019; OJK, 2022).

In Bank Syariah Indonesia, risk complexity increases due to institutional integration of multiple banks, requiring harmonization of systems, policies, and organizational culture. Digital transformation also adds new challenges in monitoring Sharia compliance in digital transactions (IFSB, 2020).

3. Effectiveness of Sharia Audit in Minimizing Compliance Risk

Risk-based Sharia audit is effective in minimizing compliance risk by enabling early risk detection and preventive control. It enhances governance quality and integrates audit with risk management systems (Yaacob & Donglah, 2012).

Audit effectiveness depends on auditor competence, Sharia understanding, and continuous training. Advanced methodologies such as data analytics and continuous auditing further improve audit accuracy and efficiency (IFSB, 2020).

Management support and compliance culture are also crucial. Without strong commitment, audit results may remain procedural rather than impactful (Tuzzahroh & Laela, 2022).

Effective audit increases stakeholder trust, which is a key asset in Islamic banking (Farook et al., 2011).

4. Challenges and Strengthening Strategies of Sharia Audit

Key challenges include limited competent human resources, lack of auditor independence, and suboptimal use of technology. Emerging financial products also require continuous skill upgrading (IFSB, 2020). Strategic improvements include enhancing auditor competencies, strengthening Sharia governance, improving regulatory frameworks, and optimizing digital technology such as AI and big data analytics (OJK, 2022).

CONCLUSION

The implementation of risk-based Sharia audit at Bank Syariah Indonesia plays a strategic role in ensuring Sharia and regulatory compliance. It has evolved into a preventive and strategic control mechanism that enhances risk identification and mitigation. Its effectiveness is influenced by auditor competence, governance quality, management commitment, and DPS synergy. However, challenges remain, including limited expertise, independence issues, and technological constraints. Therefore, continuous improvement is required through capacity building, governance strengthening, and technological adoption. Ultimately, risk-based Sharia audit serves as a key pillar in strengthening transparency, accountability, public trust, and the sustainability of the Islamic banking industry at both national and global levels.

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