

# Islamic Corporate Governance and Financial Statements Fraud: A Study of Islamic Banks

*by* Hasan Mukhibad

---

**Submission date:** 31-May-2023 08:46AM (UTC+0700)

**Submission ID:** 2105642930

**File name:** 22\_Islamic\_Corporate\_Governance\_and\_Financial.pdf (884.19K)

**Word count:** 7339

**Character count:** 40023

# ISLAMIC CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS FRAUD: A STUDY OF ISLAMIC BANKS

Hasan Mukhibad<sup>\*</sup>, Prabowo Yudo Jayanto<sup>\*\*</sup>, Indah Anisykurlillah<sup>\*\*</sup>

<sup>\*</sup> Corresponding author, Accounting Department, Faculty of Economics, Universitas Negeri Semarang, Semarang, Indonesia  
Contact details: Accounting Department, Faculty of Economics, Universitas Negeri Semarang, Building L2 Kampus Sekaran, Gunungpati, 50229 Semarang, Indonesia

<sup>\*\*</sup> Accounting Department, Faculty of Economics, Universitas Negeri Semarang, Semarang, Indonesia



## Abstract

**How to cite this paper:** Mukhibad, H., Jayanto, P. Y., & Anisykurlillah, I. (2021). Islamic corporate governance and financial statements fraud: A study of Islamic banks [Special issue]. *Journal of Governance & Regulation*, 10(2), 361–368. <https://doi.org/10.22495/jgrv10i2siart16>

Copyright © 2021 The Authors

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). <https://creativecommons.org/licenses/by/4.0/>

ISSN Print: 2220-9352  
ISSN Online: 2306-6784

Received: 22.04.2021  
Accepted: 18.06.2021

JEL Classification: M41, M42, M48, G32  
DOI: 10.22495/jgrv10i2siart16

Financial statement fraud (FSF) in Islamic banks is unethical because it generates incorrect information for the stakeholders (Anisykurlillah, Jayanto, Mukhibad, & Widyastuti, 2020; Obid & Demikha, 2011). We identify some institutional factors, specifically corporate governance, as factors that can control FSF. Using the sample of Islamic banks in Indonesia, we found that the attributes of the bank's Sharia Supervisory Board (SSB), such as its expertise, the number of members, and the number of meetings it holds, can reduce FSF. Besides, the number of audit committee members, and the reputation of the external auditors, can also help control FSF. This research does not find any influence of the board of commissioners' structure toward FSF. Another finding is that of the three SSB attributes used in this research, the most decisive influence for controlling FSF is each SSB's expertise in accounting, finance, or economics. We suggest that every SSB should have experts in those fields to complement the expertise in Islamic legal fields.

**Keywords:** Fraudulent Financial Reporting, Sharia Supervisory Board, Expertise, Audit Committee, Auditor's Reputation

**Authors' individual contribution:** Conceptualization — H.M. and I.A.; Methodology — H.M.; Validation — P.Y.J.; Formal Analysis — H.M.; Investigation — I.A.; Resources — P.Y.J.; Data Curation — H.M.; Writing — H.M.; Visualization — H.M. and I.A.; Supervision — I.A.; Project Administration — P.Y.J.

**Declaration of conflicting interests:** The Authors declare that there is no conflict of interest.

**Acknowledgements:** We are grateful to Universitas Negeri Semarang for funding this research.

## 1. INTRODUCTION

Lately, many articles have concluded that there is no difference between Islamic and conventional banks, including the conclusion that fraud can occur in both conventional and Islamic banks. This finding is inconsistent with Sharia principles because Islamic banks follow Islamic law which promotes honesty, fairness, and accountability. Fraud cases in Islamic banks are shown in a study conducted by Yusuf, Ahmad, Shahril, and Ahmad (2016) and Rahman and Anwar (2014a), including fraud in the South African Islamic Bank, Ikhlas Finance House, Dubai Islamic

Bank (Yusuf et al., 2016; Mukminin, 2018); Islamic Bank of Malaysia Berhad (BIMB) (Rahman & Anwar, 2014a); Taqwa Bank, Faisal Islamic Bank, Kuwait Finance House, and International Islamic Bank of Denmark (Awang & Ismail, 2018). Fraud in Islamic banks also occurs in Indonesia, such as the case of Bank Syariah Mandiri, Bank Jateng Syariah (Mukhibad, 2017) and Bank Syariah Jabar Banten (Astuti, Rozali, & Cakhyaneu, 2019).

Occupational fraud can be in the form of fraudulent financial reporting, asset misappropriation, or corruption (CPA Australia, 2011; Awang & Ismail, 2018). Occupational fraud is

a severe problem because, based on the Global Fraud Survey, banking and financial services accounted for 16.7 percent of the reported 1,388 occupational fraud cases. Occupational fraud case caused a median loss of \$232,000, which meant the banking and financial services industry incurred the fifth-highest median loss due to fraud (Awang & Ismail, 2018).

The fact that there is fraud in Islamic banks is very ironic (Anisykurlillah et al., 2020). Islamic banks are banks that apply Islamic law as their source of bank operating activities. Islamic law strongly denounces fraud. It means the Islamic regulations that are used as the basis for Islamic banks' operations should make them more secure from fraud than conventional banks.

Besides, solutions to occupational fraud in these Islamic banks must be sought immediately because a bank's business is based on trust. Moreover, Islamic banks promote honesty and openness because they use a profit-sharing system. Declining bank trust will also reduce the stakeholders' trust (N'Guilla Sow, Basiruddin, Mohammad, & Abdul Rasid, 2018) and decrease the number of customers investing in Islamic banks. If this occurs, it will cause their performance to decline.

Fraud is an act committed by people for their own benefit (Bales & Fox, 2011). Fraud can be in the form of the misappropriation of assets, fraudulent financial reporting, or corruption (CPA Australia, 2011). Of the three types of fraud above, Rahman and Anwar (2014a) assessed that financial statement fraud (FSF) is the type of fraud most often found in Islamic banks. FSF can be done by manipulating financial statements to mislead the users of the reports (Awang & Ismail, 2018).

Our investigation of the previous research explaining fraud in Islamic banks shows it is still limited. Rahman and Anwar (2014b) used 146 Islamic bank employees in Malaysia as their research subjects and found that fraud was caused by greed, weak control, and vast opportunities. Simply changing passwords can be a control for fraud (Rahman & Anwar, 2014a). Meanwhile, Fathi, Ghani, Said, & Puspitasari (2017) found that gender, age, position, and religiosity are the causes of the misappropriation of assets. Hamdani and Albar (2016) considered that confident leaders who have positions related to the distribution of financing in Islamic banks have weak control and subsequently, the potential to commit fraud.

Other previous researchers used an institutional approach, the structure of corporate governance, as a factor for fraud. For example, Suryanto and Ridwansyah (2016) found that compliance with auditors' standards and competencies influences fraud prevention, and the banks' Sharia Supervisory Boards (SSBs) had no effect on fraud prevention. Meanwhile, Ngumar, Fidiana, and Retnani (2019) explained that directors, internal controls, and the banks' SSBs can influence fraud, but the board of commissioners cannot.

From some previous studies, we can distinguish two points of view in identifying the factors that influence fraud, namely the perspective of the actors (attitude, religiosity, ethics, financial pressure, etc.) and the institutional point of view (corporate governance, internal

control, each SSB). In this research, we use the institutional perspective to explain fraud because this factor is the most feasible to explain FSF. Rahman and Anwar (2014a) stated that FSF is the type of fraud that often occurs in Islamic banks.

Also, we will use the attributes of the banks' SSBs, which are more complete than those attributes used by previous studies, which were limited to the use of proxy composite value assessments conducted by the Islamic banks themselves (Suryanto & Ridwansyah, 2016). We use the proxies of education level, cross membership, and each SSB's expertise in economics. The reason for using more of the SSBs' attributes is that each SSB has to consult with and supervise the behavior and performance of its bank's management (Almutairi & Quttainah, 2017). Quttainah & Almutairi (2017) considered that the consultations carried out by each SSB involved Islamic compliance and management ethics for managing and running a bank.

We present this article in several sections. Section 1 is an introduction that explains the reasons for this research. Section 2 is the literature review and hypothesis development. In this section, we present the role of corporate governance (CG) in Islamic banks toward FSF. We also present the previous research used to develop the hypotheses. Section 3 is the method. Section 4 is the result of the research and discussion. Section 5 is discussion. The final Section 6 presents conclusions and recommendations for regulators and further research.

## 2. LITERATURE REVIEW

### 2.1. Corporate governance mechanism in Islamic banks

Islamic banks are those banks that apply Islamic law as the basis for their operations. To guarantee that the banks have applied Islamic law properly, each bank has an SSB. The Law of the Republic of Indonesia No. 21 of 2008, Article 32 paragraph 3 explains that SSB has to provide advice and suggestions to the directors as well as to supervise its bank's activities under Islamic principles. The principles referred to in Article 32 include the compatibility of banking operations with the *fatwa* issued by those institutions that have the authority to determine *fatwa* in the Sharia sectors.

However, each bank's SSB has a broader function. The demands of the Islamic community, as the users of Islamic banks, regarding the management of the banks are not only about the banks' conformity with Islamic law but also include their managements' ethics. In addition to having the duty to provide consulting and supervisory services, each SSB must also evaluate the bank managements' ethics with regard to Islam (Quttainah & Almutairi, 2017).

The importance of Islamic ethics for Islamic banks has led some researchers to disclose the compliance of Islamic banks toward Islamic ethics. Haniffa and Hudaib (2007) and Quttainah and Almutairi (2017) developed ethics using some indicators obtained from the banks' annual reports, and the Ethical Identity Index (EII). This is different

from Haniffa and Hudaib (2007), who used earning management practices to reveal the Islamic ethics within Islamic banks, and the result was that the Islamic banks have better Islamic ethics than conventional banks, and those that have regular supervision by their SSBs have better Islamic ethics than those without regular supervision.

Other groups of researchers, such as Astuti et al. (2019), Fathi et al. (2017), Hamdani and Albar (2016), Rahman and Anwar (2014a, 2014b), Suryanto and Ridwansyah (2016), Ngumar et al. (2019), and Yusuf et al. (2016) used the tendency of fraud (both fraud committed by the management and employees) in assessing the Islamic ethical compliance of Islamic banks. The main reason is that Islam forbids fraud. Islam emphasizes that people should be trustworthy. This will generate a paradigm that all human attitudes have an accountability value regarding their accountability to their stakeholders, society, and God (Triyuwono, 2004). If they are associated with fraud, then their trustful nature (in the broader sense of Islamic ethics) may prevent the fraud (Salin, Kamaluddin, & Manan, 2011; Ahmad, 2004).

We use fraud to identify the ethics in Islamic banking, especially the fraudulent financial statements. Implementing corporate governance is a solution for preventing fraud (Eferakeya, Enaibre, & Offor, 2016; Farber, 2005; Halbouni, Obied, & Garbou, 2016; Salin, Ab Manan, Kamaluddin, & Nawawi, 2017). Farber (2005), using a sample of companies involved in manipulating financial statements found that the companies that manipulated their financial statements had bad corporate governance.

## 2.2. Hypothesis development

An organ within the corporate governance system that has a role in the implementation of Islamic ethics by management is the SSB (Quttainah & Almutairi, 2017). Quttainah and Almutairi (2017) and Quttainah, Song, and Wu (2013) have proven that each SSB has an essential role in supervising the ethical behavior of its bank's management so it complies with Islamic law. FSF is an act that violates the Sharia rules (Anisykurillah et al., 2020; Obid & Demikha, 2011). Each SSB functions to ensure that its Islamic bank operates in accordance with Islamic law, so the role of an SSB is very important in preventing FSF.

Previous research used various indicators to measure the effectiveness of each SSB in carrying out its role, such as its number of members, their expertise, and a number of meetings it held (Mukhibad & Setiawan, 2020; Anisykurillah et al., 2020; Almutairi & Quttainah, 2017; Nomran, Haron, & Hassan, 2017). Anisykurillah et al. (2020) found that the SSB's expertise in finance/accounting had a negative effect on fraud. This finding is supported by Mersni and Ben Othman (2016) who found that the SSBs' expertise in accounting was also able to reduce earnings management (EM). Alam, Ramachandran, and Nahomy (2020) and Quttainah et al. (2013), using loan loss provisions (LLP) as an EM indicator, found that the number of SSB members could reduce EM in Islamic banks. Anisykurillah et al. (2020) argue that there are at least five reasons why each SSB has a role in controlling FSF, namely 1) SSB is a unique item in

the Islamic banking system; 2) each SSB plays an important role in implementing Islamic law in its bank; 3) each SSB is an independent party; 4) an SSB reduces agency problems; and 5) FSF occurs because of agency problems. Thus, the following hypothesis can be developed:

*H1: An SSB has a negative influence on FSF.*

The FSF undertaken by banks' directors may be due to agency problems. The agency conflict in Islamic banks can be reduced through the presence of an SSB (Al-Nasser Mohammed & Muhammed, 2017). In addition to the SSB, an independent audit committee can also prevent conflict. The conflict caused by information asymmetry can be avoided using quality financial statements. A vital organ within a company that has a role in improving the quality of financial statements is the audit committee.

Independent audits, the management, and the auditor committee have a role in generating good financial statements to reduce information asymmetry. Management is responsible for preparing the financial statements, establishing and maintaining adequate internal control over the financial statements, and evaluating them. The independent auditor is responsible for expressing opinions about the reasonableness of the financial statements and presenting, in all material respects, the bank's financial position, the results of its operations, and cash flows under the standards set (Deloitte, 2018). The audit committee must work together with the management, the internal and the independent auditors to obtain the knowledge needed to provide appropriate oversight for this field (Deloitte, 2018).

The audit committee has to prevent fraud, including FSF, asset misappropriation, and corruption (Deloitte, 2018). Denziana (2015) has proven that the quality of the audit committee and the objectivity of the internal auditors have an impact on preventing fraudulent financial reporting. The results of this study were corroborated by Kusumawati and Hermawan (2013), who found that the effectiveness of audit committees can reduce the possibility of fraud. Thus, the following hypothesis can be developed:

*H2: The number of audit committee members has a negative influence on FSF.*

Like each SSB, the commissioners also have the task of providing advice and supervising the management in any actions that prioritize the interests of the directors. The commissioners are chosen by the owner at the annual meeting and allow the owner to choose himself as a commissioner. If this happens, it is possible that the commissioners' performance is less effective and some form of independent control is required. The existence of independent commissioners is needed to prevent fraud because they are not affiliated in any way with the main shareholders, members of the board of directors, and/or board of commissioner members. The board can more effectively carry out its duties to protect the interests of the shareholders (especially the minority ones) if there are many independent boards (Chen, Firth, Gao, & Rui, 2006). Beasley (1996) and Uzun, Szweczyk, & Varma, (2004) found that the percentage of independent boards can reduce financial fraud. Thus, the following hypotheses can be developed:

<sup>21</sup> H3: The number of commissioners members has a negative influence on FSF.

H4: Independent commissioners have a negative influence on FSF.

Good quality audits can prevent fraud. A low level of fraud occurs in the companies audited by the Big Four auditors (Farber, 2005). The assumption is that the big auditors (the Big Four) provide better quality audits (Farber, 2005) which can detect fraud immediately. In his research, Suyanto (2009) showed that the Big Four auditors have a significant relationship with the detection of fraud. External auditors are considered to be "supervisors" who closely monitor a company's financial reporting processes (Park, 2017). Thus, the following hypothesis can be developed:

H5: Big Four auditors have a negative influence on FSF.

### 3. METHOD

The sample we used consisted of 11 commercial Islamic banks in Indonesia with the period of observation being from 2015 to 2018. The reason we used Islamic banks in Indonesia is that Indonesia has the largest Muslim population in the world, but has a low share of the Islamic banking market, which is only 5.3 percent per year (Mukhibad, Muthmainah, & Andraeny, 2020). Even though Muslims are the main market for Islamic banks (Alam & Seifzadeh, 2020) and the establishment of Islamic banks is a necessity for Muslims as they permit them to conduct banking transactions according to Islamic law (interest-free). Our data were obtained using partial least square (PLS). The same method was also used by Mukhibad and Setiawan (2020) and Purbawangsa, Solimun, Fernandes, and Rahayu (2020).

FSF is the deliberate and intentional disclosure of incorrect information in financial statements that misleads the users of those statements. To identify the possibility of FSF, we used the proxy assumption adopted by Mersni and Ben Othman (2016) and Anisykurlillah et al. (2020), who measured profit management using the concept of discretionary loan loss provisions (DLLP). DLLP is the flexibility bank managers have in managing and evaluating the value of the LLP, or the value of the current year loss. LLP is the primary accrual value in the banking sector which becomes both non-discretionary and discretionary LLP:

$$DLLP = \text{discretionary LLP} + \text{non-discretionary LLP} \quad (1)$$

$$LLP_{it} = \beta_0 + \beta_1 NPL_{it-1} + \beta_2 \Delta NPL_{it} + \beta_3 \Delta TL_{it} + \varepsilon_{it} \quad (2)$$

where,

- $LLP_{it}$  = total allowance for loans, investment in *musharaka* (participating finance), *mudaraba* (trust financing), and *murabaha* (cost plus trade financing) for bank *i* in year *t*;

- $NPL_{it-1}$  = initial balance of problem loans for bank *i* in year *t*;

- $\Delta NPL_{it}$  = changes in the value of problem loans for bank *i* in year *t*;

- $\Delta TL_{it}$  = changes in the total value of loans for bank *i* in year *t*.

The DLLP's score shows that there is a possibility of fraud if the score approaches zero (this could be a positive or negative score). To make this DLLP score be one-way, we eliminated negative numbers using the following formula:

$$SQRTDLLP = \sqrt{DLLP^2} \quad (3)$$

<sup>19</sup> The SSBs' attributes (SSB) used three indicators: the number of members of the SSB, the ratio of the SSBs' members who had a background in the fields of accounting/finance/economics, and the number of SSB meetings held within one year (Mukhibad & Setiawan, 2020; Anisykurlillah et al., 2020; Almutairi & Quttainah, 2017; Nomran et al., 2017). Independent board (INDBOARD) was the ratio of independent commissioners to all the commissioners (Farber, 2005). Board size (BOARDSIZE) was taken from the number of commissioners (Inya, Psaros, & Seamer, 2018). Audit committee (AUDIT) was determined based on the number of audit committee members (Anichebe, Agbomah, & Agbagbara, 2019). Auditor's reputation (AUDITREPUTATION) was measured by a dummy variable, which was one if the bank had been audited by one of the Big Four auditors and zero otherwise (Jamal, Liu, & Luo, 2018). The amount of assets, measured by LogAsset (ASSETS) was used as a control variable.

Data were analyzed using structural equation modeling (SEM) using PLS. In this model, we used the SSBs' indicators such as the number of members of each SSB, the ratio of SSB members having expertise in accounting, finance, and economics, and the number of SSB meetings held as indicators for establishing the SSBs' variables. We referred to a model from previous research by Mukhibad and Setiawan (2020). In this model, we have six latent variables, namely SSB, INDBOARD, AUDIT, AUDITREPUTATION, ASSETS, and FSF. We also used average path coefficient (APC) values, average R-squared (ARS), average adjusted R-squared (AARS), average block VIF (AVIF), average full collinearity VIF (AFVIF), Symptom's paradox ratio (SPR), R-squared contribution ratio (RSCR), statistical suppression ratio (SSR), and non-linear bivariate causality direction ratio (NLBCDR) as a test fitness model. This method is recommended by Solimun, Fernandes, and Nurjannah (2017).

### 4. RESULTS

In this descriptive analysis, we present the minimum, maximum, average, and standard deviation of the variables used in this research. Table 1 shows that the average DLLP value is 3.48 percent, with a minimum value of 0.25 percent. A DLLP score approaching zero indicates that the bank is less likely to conduct FSF, and conversely, the higher DLLP value indicates the bank is doing FSF. The difference in the average value of DLLP, with the highest value being 12.71 indicates that the Islamic banks have low FSF levels. The average of SSB members owned by the Islamic banks in Indonesia is 2.25. This value provides evidence that each Islamic bank has more than the minimum number of SSB members required. Also, the Indonesian SSBs have held meetings an average of 13.66 times a year. This is higher than the minimum standard required (12 times a year).

Table 1. Descriptive analysis results

	DLLP	Number of SSB members	SSB expertise	Number of SSB meetings	Number of audit committee members	Independent board ratio	Number of commissioners	External auditor quality	Asset (IDR)
Min	0.25	2	0	9	2	0.33	2	0	6.62E+11
Max	12.71	3	1	26	7	1.5	6	1	9.83E+13
Means	3.48	2.25	0.57	13.66	3.70	0.71	3.75	0.55	2.08E+13
St. dev.	2.95	0.44	0.50	3.33	1.17	0.25	0.94	0.50	2.47E+13

Notes: \* Indonesian Rupiah.

The number of Islamic bank audit committee members is greater than the number of members of each bank's SSB, 3.70 people on average, and the number of independent commissioners is greater than the minimum required. More than 50 percent of the Islamic banks in Indonesia have also used independent auditors affiliated with the Big Four auditors. The achievement of the average value of the variables, which is higher than the minimum standard, supports the implementation of the performance of more accountable Islamic banks, especially in preventing the practice of FSF.

Table 2. Results of hypotheses testing

Independent variable	Alpha	Sig.	R <sup>2</sup>	Conclusion
SSB	-0.260	0.031*		Accepted
AUDIT	-0.275	0.024*		Accepted
BOARDSIZE	-0.100	0.246		Rejected
INDBOARD	-0.005	0.487	0.50	Rejected
AUDITREPUTATION	-0.297	0.016*		Accepted
ASSETS	-0.571	< 0.001**		Accepted

Notes: \*\* Sig. 1%; \* Sig. 5%.

Table 2 above shows that DLLP is negatively affected by an SSB, the audit committee, and the external auditor's quality. Three indicators measure each SSB's attributes; the number of SSB meetings, the number of SSB members, and the SSB members' expertise in accounting/finance/economics. The results of the most vital indicators for measuring the SSBs are shown in the following table:

Table 3. Combined loading and cross-loading of SSB

Indicator of SSB	Combined loading
Number of SSB meetings	0.662
Number of SSB members	0.794
SSB expertise	-0.828

Table 3 shows that of the three indicators measuring the SSBs attributes, the one with the highest combined loading and cross-loading value (0.828) is SSB expertise, followed by the number of SSB members, and the lowest one is the number of SSB meetings. This fact indicates that each SSB's expertise in accounting, finance and economic issues is required to prevent its banks' management conducting FSF. Each SSB's expertise in these fields complements their expertise in the fields of jurisprudence and Islamic law.

## 5. DISCUSSION

Each bank's SSB has the primary duty of providing consulting services to the bank's management relating to the Sharia aspects of all their operational

business aspects. Sharia compliance consultations can be carried out before a bank releases a new product. The Islamic bank's management will ask its SSB to assess whether the new product has met the requirements in Islamic law or not. When an SSB provides services, it must know the purpose of the product in question, and it may assess the product's feasibility and acceptance by the customers. The SSB might also carry out an evaluation by looking at established *fiqh* laws and taking into account the development of transactions and the rapidly changing needs of the public. The SSB does this consideration in carrying out its duties. The capabilities of an SSB's members in the fields of Islamic law, accounting, finance, and economics are needed to carry out the SSB's duties (Rahman & Bukair, 2013; Elamer, Ntim, Abdou, Zalata, & Elmagrhi, 2019; Farook, Kabir Hassan, & Lanis, 2011; Almutairi & Quttainah, 2017).

Another of an SSB's attributes for carrying out its duty is the number of SSB members. A larger number of SSB members will be able to minimize the behavior of its bank's managers and stop them from producing FSF. The management will avoid its profit management behavior as their bank's SSB becomes more effective in conducting surveillance. Quttainah and Almutairi (2017) found that each SSB, in addition to supervising the suitability of Islamic banking products, also supervised the ethics of its bank's directors, in accordance with Islamic ethics. Regulators in Indonesia require all Islamic banks to have an SSB consisting of two or three people. Our findings indicate that Islamic banks in Indonesia already have SSBs with a greater number of people than the minimum required amount. Thus, the banks in Indonesia can guarantee that they are performing in accordance with Islamic law by having more people employed by their SSBs than the minimum specified.

Besides the number of SSB members, we also find that each SSB is more effective if it often holds meetings. The meetings between the SSB and its bank's directors show that the consultation and supervision services have been carried out well. Through these meetings, an SSB can conduct discussions with its bank's directors regarding the evaluation of the Sharia aspects of any new banking products. Through these meetings, each SSB and its bank's directors can also jointly develop the employees' ethics in accordance with Islamic teachings. What is more, our results also show that the SSBs have conducted an average of 13.66 meetings within one year. This meeting frequency is higher than the minimum standard, which is only 12 times a year. The three attributes that we used in assessing the SSBs show that the SSBs have a negative influence on FSF. Our findings corroborate Quttainah and Almutairi (2017) and Quttainah et al. (2013).

Table 2 shows that the role of independent commissioners has not been proven to reduce FSF. Islamic banks in Indonesia already have a large percentage of independent directors. However, our results show that the independent commissioners have no influence on the occurrence of FSF. This finding is not in line with the findings of Beasley (1996) and Uzun et al. (2004). Our findings indicate that there is a possibility that the independent commissioners have not yet seen any form of supervision of the behavior of the directors conducting FSF. It is also possible that the commissioners do not, as yet, have adequate capabilities and knowledge to detect FSF.

In addition to the independent commissioners, the number of commissioners makes no difference to controlling FSF. This finding might confirm that the commissioners at Islamic banks in Indonesia have not effectively prevented FSF. Another indication might be due to the limited ownership of Islamic banks in Indonesia, where the conventional banks are the controlling shareholders of the Islamic banks. The history of Islamic banks in Indonesia, which were originally established by the conventional banks, has had the consequence of them being block-holders. This less widespread ownership sometimes results in the absence of agency conflict, resulting in the malfunctioning of the board of commissioners when controlling a bank's performance. The block-holder can directly obtain information from the directors without going through the information provided in the bank's annual reports (El-Halaby & Hussainey, 2015).

Table 2 provides evidence that the number of audit committee members has an influence in controlling FSF. Together with the internal and external auditors, the audit committee has the task of making sure that the financial statements presented by the management are true (Deloitte, 2018). To carry out this task, the audit committee can carry out an audit. Through this audit activity, some actions that cause poor quality financial statements, such as irregularities in transactions, asset theft, measurement errors and recognition, can be minimized, so that it can be said directly that the audit committee can prevent the occurrence of FSF (Deloitte, 2018). The results of this research reinforce the findings of Denziana (2015) and Kusumawati and Hermawan (2013) who found that an audit committee's effectiveness can reduce the occurrence of fraud.

An exciting result in our findings is the role of the external auditor's reputation in reducing the occurrence of FSF. We used the Big Four audit firms as reputable external auditors, and our results show that the Big Four firms can reduce the occurrence of FSF. Through their knowledge, understanding and experience of conducting audits, the Big Four auditors can identify and even prevent FSF. This condition is undoubtedly ideal. After all, the external auditors also have to prevent material misstatements and fraud through their final decisions or opinions after carrying out the audit, because they conduct strict supervision of the financial reporting process (Park, 2017).

High-quality audits are very helpful in preventing the directors from carrying out FSF (Farber, 2005). This finding also links with another opinion by Farber (2005), who stated that the Big Four auditors offer better quality audits than other auditors do, which also corroborates the findings of Suyanto (2009) who has also proved that the Big Four auditors have a significant effect on fraud.

## 6. CONCLUSION

FSF committed by Islamic banks is unethical behavior because it produces misinformation for their stakeholders. Besides, FSF will also cause the profit-sharing calculations to be incorrect. Our results from Islamic banks in Indonesia show that the banks' SSBs have an influence on FSF. Of the three indicators, we use to measure each SSB (the number of members, the number of meetings and the members' expertise), the one that has the strongest influence for preventing FSF is the SSB members' expertise in accounting, finance or economics. This means that FSF can be reduced by enhancing the attributes of each SSB, such as increasing the ratio of SSB members with an adequate understanding of accounting, finance, and economics, in addition to their understanding of Islamic law, and increasing the number of members of each SSB (within certain limits) and the number of SSB meetings.

In addition, the results of this study indicate that the number of members of each audit committee and the external auditor's quality have a negative effect on FSF. The number of commission members and the independent board's ratio have no effect on FSF. FSF can also be controlled through the role of the audit committee and the use of reputable external auditors, such as the Big Four auditors. The role of the number of commissioners and the ratio of independent commissioners in preventing FSF has not been shown in this research.

The implication of this research is for an Islamic bank to appoint people to its SSB who have expertise in accounting/finance/economics in addition to expertise in Islamic law. In addition, it is necessary to improve the quality of the audit committee as well as the external auditors, to control FSF.

The limitation of this research lies in looking at FSF in the institutional structure so that the identification of factors that influence the fraud uses the institutional factors, such as an SSB, the structure of the commissioners, the audit committee, and the external auditors. Similar studies should look at the fraudulent behavior of individual offenders, so we suggest further researchers use this variable. Also, we measure fraudulent behavior based on the tendency for FSF to occur when using the DLLP method. This method can only view the fraud and may differ between the tendency and the actual event, so future researchers should then use a proxy for the number of cases of fraud (objective evidence) as an indicator for measuring the fraud (not based on the tendency).

## REFERENCES

1. Ahmad, I. (2004). Islam, commerce, and business ethics. Paper presented at the *International Ecumenical Conference*. Retrieved from <https://www.minaret.org/islamcommercebusinessethics.pdf>
2. Alam, I., & Seifzadeh, P. (2020). Marketing Islamic financial services: A review, critique, and agenda for future research. *Journal of Risk and Financial Management*, 13(1), 12. <https://doi.org/10.3390/jrfm13010012>
3. Alam, N., Ramachandran, J., & Nahomy, A. H. (2020). The impact of corporate governance and agency effect on earnings management — A test of the dual banking system. *Research in International Business and Finance*, 54, 101242. <https://doi.org/10.1016/j.ribaf.2020.101242>
4. Almutairi, A. R., & Quttainah, M. A. (2017). Corporate governance: Evidence from Islamic banks. *Social Responsibility Journal*, 13(3), 601–624. <https://doi.org/10.1108/SRJ-05-2016-0061>
5. Al-Nasser Mohammed, S. A. S., & Muhammed, J. (2017). The relationship between agency theory, stakeholder theory and Shariah supervisory board in Islamic banking: An attempt towards discussion. *Humanomics*, 33(1), 75–83. <https://doi.org/10.1108/H-08-2016-0062>
6. Anichebe, A. S., Agbomah, D. J., & Agbagbara, E. O. (2019). Determinants of financial statement fraud likelihood in listed firms. *Journal of Accounting and Financial Management*, 5(2), 1–9. Retrieved from <https://iardpub.org/get/JAFM/VOL.%205%20NO.%202%2019/Determinants%20of%20financial.pdf>
7. Anisykurlillah, I., Jayanto, P. Y., Mukhibad, H., & Widyastuti, U. (2020). Examining the role of Sharia Supervisory Board attributes in reducing financial statement fraud by Islamic banks. *Banks and Bank Systems*, 15(3), 106–116. [https://doi.org/10.21511/bbs.15\(3\).2020.10](https://doi.org/10.21511/bbs.15(3).2020.10)
8. Astuti, M. A., Rozali, R. D. Y., & Cakhyaneu, A. (2019). Prevention of fraud in Sharia banking in Indonesia through implementation of Sharia corporate governance. In *The 2nd International Conference on Islamic Economics, Business, and Philanthropy (ICIEBP)* (pp. 183–202). <https://doi.org/10.18502/kss.v3i13.4205>
9. Awang, Y., & Ismail, S. (2018). Determinants of financial reporting fraud intention among accounting practitioners in the banking sector: Malaysian evidence. *International Journal of Ethics and Systems*, 34(1), 32–54. <https://doi.org/10.1108/IJOES-05-2017-0080>
10. Bales, K., & Fox, T. L. (2011). Evaluating a trend analysis of fraud factors. *Journal of Finance and Accountancy*, 5. Retrieved from <https://www.aabri.com/manuscripts/10495.pdf>
11. Beasley, M. S. (1996). An empirical analysis of the relation between the board of director composition and financial statement fraud. *The Accounting Review*, 71(4), 443–465. Retrieved from <https://www.jstor.org/stable/248566>
12. Chen, G., Firth, M., Gao, D. N., & Rui, O. M. (2006). Ownership structure, corporate governance, and fraud: Evidence from China. *Journal of Corporate Finance*, 12(3), 424–448. <https://doi.org/10.1016/j.jcorpfin.2005.09.002>
13. CPA Australia. (2011). *Employee fraud: A guide to reducing the risk of employee fraud and what to do after a fraud is detected*. Retrieved from <https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/tools-and-resources/business-management/employee-fraud.pdf?rev=03ebc413dec34472b1c6f94ae3769fc2&download=true>
14. Deloitte. (2018). *The role of the audit committee*. Retrieved from <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/center-for-board-effectiveness/us-audit-committee-resource-guide-section-2.pdf>
15. Denziana, A. (2015). The effect of audit committee quality and internal auditor objectivity on the prevention of fraudulent financial reporting and the impact on financial reporting quality (A survey on state-owned company in Indonesia). *International Journal of Monetary Economics and Finance*, 8(2). <https://doi.org/10.1504/IJMEF.2015.070784>
16. Eferakeya, I., Enaibre, I. F., & Offor, N. T. (2016). The relationship between corporate governance and fraud prevention in Nigeria: A perceptual view. *Journal of Social and Management Sciences*, 11(3), 1–18. Retrieved from <http://universityjournals.org/journal/JSMS/article-full-text-pdf/25D3F111>
17. Elamer, A. A., Ntim, C. G., Abdou, H. A., Zalata, A. M., & Elmagrhi, M. (2019). The impact of multi-layer governance on bank risk disclosure in emerging markets: The case of the Middle East and North Africa. *Accounting Forum*, 43(2), 246–281. <https://doi.org/10.1080/01559982.2019.1576577>
18. El-Halaby, S., & Hussainey, K. (2015). The determinants of social accountability disclosure: Evidence from Islamic banks around the world. *International Journal of Business*, 20(3), 202–223. Retrieved from <https://core.ac.uk/download/pdf/52406463.pdf>
19. Farber, D. B. (2005). Restoring trust after fraud: Does corporate governance matter? *The Accounting Review*, 80(2), 539–561. <https://doi.org/10.2308/accr.2005.80.2.539>
20. Farook, S., Kabir Hassan, M., & Lanis, R. (2011). Determinants of corporate social responsibility disclosure: The case of Islamic banks. *Journal of Islamic Accounting and Business Research*, 2(2), 114–141. <https://doi.org/10.1108/17590811111170539>
21. Fathi, W. N. I. W. M., Ghani, E. K., Said, J., & Puspitasari, E. (2017). Potential employee fraud scape in Islamic banks: The fraud triangle perspective. *Global Journal Al-Thaqafah*, 7(2), 79–93. <https://doi.org/10.7187/GJAT122017-3>
22. Halbouni, S. S., Obied, N., & Garbou, A. (2016). Corporate governance and information technology in fraud prevention and detection: Evidence from the UEA. *Managerial Auditing Journal*, 31(6–7), 589–628. <https://doi.org/10.1108/MAJ-02-2015-1163>
23. Hamdani, R., & Albar, A. R. (2016). Internal controls in fraud prevention effort: A case study. *Jurnal Akuntansi dan Auditing Indonesia*, 20(2), 127–135. <https://doi.org/10.20885/jaai.vol20.iss2.art5>
24. Haniffa, R., & Hudaib, M. (2007). Exploring the ethical identity of Islamic Banks via communication in annual reports. *Journal of Business Ethics*, 76(1), 97–116. <https://doi.org/10.1007/s10551-006-9272-5>
25. Inya, P., Psaros, J., & Seamer, M. (2018). The relevance of Western corporate governance in mitigating management misconduct in Thailand. *Emerging Markets Finance and Trade*, 54(6), 1425–1441. <https://doi.org/10.1080/1540496X.2017.1307102>
26. Jamal, K., Liu, Q., & Luo, L. (2018). Do Big 4 firms benefit or suffer losses when another Big 4 firm fails to detect fraud? *Asia-Pacific Journal of Accounting & Economics*, 25(1–2), 1–20. <https://doi.org/10.1080/16081625.2016.1230506>



27. Kusumawati, S. M., & Hermawan, A. A. (2013). The influence of board of commissioners and audit committee effectiveness, ownership structure, bank monitoring, and firm life cycle on accounting fraud. *Jurnal Akuntansi dan Keuangan Indonesia*, 10(1), 20-39. <https://doi.org/10.21002/jaki.2013.02>
28. Mersni, H., & Ben Othman, H. (2016). The impact of corporate governance mechanisms on earnings management in Islamic banks in the Middle East region. *Journal of Islamic Accounting and Business Research*, 7(4), 318-348. <https://doi.org/10.1108/JIABR-11-2014-0039>
29. Mukhibad, H. (2017). Maintaining employees' morality to improve internal control in the Sharia microfinance institution. *Walisongo: Jurnal Penelitian Sosial Keagamaan*, 25(2), 507-528. <https://doi.org/10.21580/ws.25.2.1924>
30. Mukhibad, H., & Setiawan, D. (2020). Could risk, corporate governance, and corporate ethics enhance social performance? Evidence from Islamic banks in Indonesia. *Indian Journal of Finance*, 14(4), 24-38. <https://doi.org/10.17010/ijf/2020/v14i4/151706>
31. Mukhibad, H., Muthmainah, M., & Andraeny, D. (2020). The role of corporate social responsibility disclosure in improving financial performance (Case study in Indonesian Islamic bank). *Al-Uqud: Journal of Islamic Economics*, 4(2), 162-173. <https://doi.org/10.26740/al-uqud.v4n2.p162-173>
32. Mukminin, K. (2018). How close Islamic banks are to global fraud — Learnings from Dubai Islamic bank in the time of sub-prime crisis. *European Journal of Islamic Finance*, 11, 1-9. <https://doi.org/10.13135/2421-2172/2762>
33. N'Guilla Sow, A., Basiruddin, R., Mohammad, J., & Abdul Rasid, S. Z. (2018). Fraud prevention in Malaysian small and medium enterprises (SMEs). *Journal of Financial Crime*, 25(2), 499-517. <https://doi.org/10.1108/JFC-05-2017-0049>
34. Ngumar, S., Fidiana, F., & Retnani, E. D. (2019). Implications of Islamic governance on Islamic bank fraud. *Jurnal Reviu Akuntansi dan Keuangan*, 9(2), 226-239. <https://doi.org/10.22219/jrak.v9i2.8735>
35. Nomran, N. M., Haron, R., & Hassan, R. (2017). Bank performance and Shari'ah supervisory board attributes of Islamic banks: Does bank size matter? *Journal of Islamic Finance*, 6(Special Issue), 174-187. <https://doi.org/10.12816/0047348>
36. Obid, S. N. S., & Demikha, L. (2011). Earnings management: Islamic perspective. *Asia Pacific Journal of Accounting and Finance*, 2(1), 77-89. Retrieved from [https://accounting.feb.ui.ac.id/apjaf/pub/pub3/6\\_paper%204\\_normala.pdf](https://accounting.feb.ui.ac.id/apjaf/pub/pub3/6_paper%204_normala.pdf)
37. Park, S. (2017). Audit quality and accrual quality: Do Big 4 auditors indeed enhance accrual quality of 'powerful' clients? *Journal of Applied Business Research*, 33(2), 343-350. <https://doi.org/10.19030/jabr.v33i2.9908>
38. Purbawangsa, I. B. A., Solimun, S., Fernandes, A. A. R., & Rahayu, S. M. (2020). Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (Comparative study in Indonesia, China and India Stock Exchange in 2013-2016). *Social Responsibility Journal*, 16(7), 983-999. <https://doi.org/10.1108/SRJ-08-2017-0160>
39. Quttainah, M. A., & Almutairi, A. R. (2017). Corporate ethics: Evidence from Islamic banks. *Journal of Management and Governance*, 21(4), 815-840. <https://doi.org/10.1007/s10997-016-9360-6>
40. Quttainah, M. A., Song, L., & Wu, Q. (2013). Do Islamic banks employ less earnings management? *Journal of International Financial Management & Accounting*, 24(3), 203-233. <https://doi.org/10.1111/jifm.12011>
41. Rahman, A. A., & Bukair, A. A. (2013). The influence of the Shariah supervision board on corporate social responsibility disclosure by Islamic banks of Gulf Co-Operation Council countries. *Asian Journal of Business and Accounting*, 6(2), 65-104. Retrieved from <https://ajba.um.edu.my/article/view/2678>
42. Rahman, R. A., & Anwar, I. S. K. (2014a). Effectiveness of fraud prevention and detection techniques in Malaysian Islamic banks. *Procedia — Social and Behavioral Sciences*, 145, 97-102. <https://doi.org/10.1016/j.sbspro.2014.06.015>
43. Rahman, R. A., & Anwar, I. S. K. (2014b). Types of fraud among Islamic banks in Malaysia. *International Journal of Trade, Economics and Finance*, 5(2), 176-179. <https://doi.org/10.7763/IJTEF.2014.V5.365>
44. Salin, A. S. A. P., Ab Manan, S. K., Kamaluddin, N., & Nawawi, A. (2017). The role of Islamic ethics to prevent corporate fraud. *International Journal of Business and Society*, 18(S1), 113-128. Retrieved from [https://www.academia.edu/34450080/THE\\_ROLE\\_OF\\_ISLAMIC\\_ETHICS\\_TO\\_PREVENT\\_CORPORATE\\_FRAUD](https://www.academia.edu/34450080/THE_ROLE_OF_ISLAMIC_ETHICS_TO_PREVENT_CORPORATE_FRAUD)
45. Salin, A. S. A. P., Kamaluddin, N., & Manan, S. K. A. (2011). Unstoppable fraud, scandals and manipulation — An urgent call for an Islamic-based code of ethics. In *2011 International Conference on Sociality and Economics Development (IPEDR)* (Vol. 10, pp. 474-478). Retrieved from [https://www.academia.edu/2496380/Unstoppable\\_Fraud\\_Scandals\\_and\\_Manipulation\\_An\\_Urgent\\_Call\\_for\\_an\\_Islamic\\_based\\_Code\\_of\\_Ethics?auto=download](https://www.academia.edu/2496380/Unstoppable_Fraud_Scandals_and_Manipulation_An_Urgent_Call_for_an_Islamic_based_Code_of_Ethics?auto=download)
46. Solimun, Fernandes, A. A. R., & Nurjannah. (2017). *Metode statistika multivariat: Pemodelan persamaan struktural (SEM). Pendekatan WarpPLS* (2nd ed.). Malang, Indonesia: UB Press.
47. Suryanto, T., & Ridwansyah, R. (2016). The Shariah financial accounting standards: How they prevent fraud in Islamic banking. *European Research Studies Journal*, 19(4), 140-157. <https://doi.org/10.35808/ersj/587>
48. Suyanto, S. (2009). Fraudulent financial statement: Evidence from Statement on Auditing Standard No. 99. *Gadajh Mada International Journal of Business*, 11(1), 117-144. <https://doi.org/10.22146/gamaijb.5539>
49. Triyuwono, I. (2004). Trust (Amanah), the divine symbol: Interpretations in the context of Islamic banking and accounting practices. Paper at the *Fourth Asia Pacific Interdisciplinary Research in Accounting Conference*. Retrieved from <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.586.3782&rep=rep1&type=pdf>
50. Uzun, H., Szcwcyk, S. H., & Varma, R. (2004). Board composition and corporate fraud. *Financial Analysts Journal*, 60(3), 33-43. <https://doi.org/10.2469/faj.v60.n3.2619>
51. Yusuf, A. D., Ahmad, U., Shahril, M., & Ahmad, B. (2016). A conceptual study on Islamic corporate governance model in curtailing bank's fraud. *International Journal of Economics, Finance and Management Sciences*, 4(6), 357-361. <https://doi.org/10.11648/j.ijefm.20160406.17>

# Islamic Corporate Governance and Financial Statements Fraud: A Study of Islamic Banks

## ORIGINALITY REPORT

15%

SIMILARITY INDEX

10%

INTERNET SOURCES

10%

PUBLICATIONS

6%

STUDENT PAPERS

## PRIMARY SOURCES

1	Branka Mraović. "Editorial: Practical implications of governance and regulation", <i>Journal of Governance and Regulation</i> , 2021 Publication	1%
2	Submitted to University of Portsmouth Student Paper	1%
3	Hugh Grove, Mac Clouse. "Contemporary financial reporting and intangible resources: Implications for corporate governance", <i>Corporate Governance and Organizational Behavior Review</i> , 2019 Publication	1%
4	<a href="http://alyviaroleach.blogspot.com">alyviaroleach.blogspot.com</a> Internet Source	1%
5	<a href="http://mgesjournals.com">mgesjournals.com</a> Internet Source	1%
6	Submitted to Universitas Islam Indonesia Student Paper	<1%
7	<a href="http://etheses.whiterose.ac.uk">etheses.whiterose.ac.uk</a>	

---

Internet Source

<1 %

---

8

[studentsrepo.um.edu.my](https://studentsrepo.um.edu.my)

Internet Source

<1 %

---

9

Submitted to University of Bolton

Student Paper

<1 %

---

10

Muhammad Hamzah Idris, Djabir Hamzah, Indrianty Sudirman, Nurdjanah Hamid. "The Relevance of Financial and Non-Financial Compensation on Professionalism and Lecturers Performance: Evidence from Makassar Private Universities (Indonesia)", *Journal of Asian Development*, 2017

Publication

<1 %

---

11

[eudl.eu](https://eudl.eu)

Internet Source

<1 %

---

12

Rita Friyani, Haryadi Haryadi, Afrizal Afrizal, Enggar Diah Puspa Arum. "The effect of the performance of the audit committee, internal audit, and manager religion on the implementation of good corporate governance and their implications on fraud", *Jurnal Perspektif Pembiayaan dan Pembangunan Daerah*, 2022

Publication

<1 %

---

13

[journal.iainkudus.ac.id](https://journal.iainkudus.ac.id)

Internet Source

<1 %

---

14	<a href="http://muqtasid.iainsalatiga.ac.id">muqtasid.iainsalatiga.ac.id</a> Internet Source	<1 %
15	<a href="http://parahita.web.id">parahita.web.id</a> Internet Source	<1 %
16	Submitted to Hong Kong Baptist University Student Paper	<1 %
17	Abdul Rohman, Hasan Mukhibad, Ahmad Nurkhin. "Religiosity and misuse of school aid funds: The development of the fraud theory", International Journal of Evaluation and Research in Education (IJERE), 2023 Publication	<1 %
18	Submitted to Aspen University Student Paper	<1 %
19	Journal of Islamic Accounting and Business Research, Volume 2, Issue 2 (2012-08-06) Publication	<1 %
20	Studies in Economics and Finance, Volume 31, Issue 1 (2014-03-28) Publication	<1 %
21	<a href="http://archive.conscientiabeam.com">archive.conscientiabeam.com</a> Internet Source	<1 %
22	<a href="http://journal2.uad.ac.id">journal2.uad.ac.id</a> Internet Source	<1 %
23	<a href="http://www.ukm.my">www.ukm.my</a> Internet Source	<1 %

- 
- 24 KURT HESS. "Credit Losses in Australasian Banking", Economic Record, 09/2009 <1 %  
Publication
- 
- 25 [www.set.or.th](http://www.set.or.th) <1 %  
Internet Source
- 
- 26 Hasan Mahmud, Joyashree Roy. "Barriers to Overcome in Accelerating Renewable Energy Penetration in Bangladesh", Sustainability, 2021 <1 %  
Publication
- 
- 27 Paolo Saona, Md. Abul Kalam Azad. "Examining Managerial Misbehavior in Asian Banks through Loan Loss Provisions\*☆", Asia-Pacific Journal of Financial Studies, 2020 <1 %  
Publication
- 
- 28 Submitted to University of Glamorgan <1 %  
Student Paper
- 
- 29 [footlocker-inc.gcs-web.com](http://footlocker-inc.gcs-web.com) <1 %  
Internet Source
- 
- 30 [derivative.credit-suisse.com](http://derivative.credit-suisse.com) <1 %  
Internet Source
- 
- 31 Submitted to Universitas Muhammadiyah Yogyakarta <1 %  
Student Paper
- 
- 32 Yunita Awang, Abdul Rahim Abdul Rahman, Suhaiza Ismail. "The influences of attitude, <1 %

subjective norm and adherence to Islamic professional ethics on fraud intention in financial reporting", Journal of Islamic Accounting and Business Research, 2019

Publication

33

[bircu-journal.com](http://bircu-journal.com)

Internet Source

<1 %

34

[ejssh.uitm.edu.my](http://ejssh.uitm.edu.my)

Internet Source

<1 %

35

"Islamic Development Management", Springer Science and Business Media LLC, 2019

Publication

<1 %

36

Submitted to Mount Kenya University

Student Paper

<1 %

37

Submitted to Universiti Malaysia Terengganu UMT

Student Paper

<1 %

38

[jurnal.narotama.ac.id](http://jurnal.narotama.ac.id)

Internet Source

<1 %

39

[www.bus.lsu.edu](http://www.bus.lsu.edu)

Internet Source

<1 %

40

Hasan Mukhibad, Indah Anisykurlillah, Ahmad Nurkhin, Prabowo Yudo Jayanto. "Can Social Performance Improve Financial Performance and Increase Customers' Trust?", International Journal of Financial Research, 2019

Publication

<1 %

---

41 Hussein M. Abdeltawab, Yasser A. I. Mohamed. "Distributed Battery Energy Storage Co-Operation for Renewable Energy Sources Integration", Energies, 2020  
Publication <1 %

---

42 Nooraisah Katmon, Zam Zuriyati Mohamad, Norlia Mat Norwani, Omar Al Farooque. "Comprehensive Board Diversity and Quality of Corporate Social Responsibility Disclosure: Evidence from an Emerging Market", Journal of Business Ethics, 2017  
Publication <1 %

---

43 Ridwan Ridwan, Yossi Diantimala. "The positive role of religiosity in dealing with academic dishonesty", Cogent Business & Management, 2021  
Publication <1 %

---

44 repository.uwtsd.ac.uk  
Internet Source <1 %

---

45 ssbfnet.com  
Internet Source <1 %

---

46 www.credit-suisse.com  
Internet Source <1 %

---

Exclude bibliography On

# Islamic Corporate Governance and Financial Statements Fraud: A Study of Islamic Banks

---

## GRADEMARK REPORT

---

FINAL GRADE

**/0**

GENERAL COMMENTS

**Instructor**

---

PAGE 1

---

PAGE 2

---

PAGE 3

---

PAGE 4

---

PAGE 5

---

PAGE 6

---

PAGE 7

---

PAGE 8

---