

THE ROLE OF SHARI'AH BOARD IN ISLAMIC BANKS: COMPRATIVE STUDY BETWEEN OMAN AND MALAYSIA

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Abstract

This study examines the role of the Shari'ah Supervisory Board, SSB, in Islamic banks through a comparative analysis between Oman and Malaysia. It highlights how both countries have institutionalized Shari'ah governance frameworks, yet exhibit notable differences in regulatory structures, board composition, and implementation. While Malaysia has a long-established centralized Shari'ah authority under Bank Negara Malaysia, (SAC), Oman has recently developed its High Shari'ah Supervisory Authority, (HSSA), under the Central Bank of Oman. The paper explores SSB appointment procedures, member qualification, role, tenure, and transparency. Using regulatory documents and recent academic studies, the research evaluates the operational independence and effectiveness of SSBs in both jurisdictions. Findings reveal that although Malaysia's model is more prescriptive and mature, Oman's adherence to AAOIFI standards and the recent evolution of its HSSA represent considerable progress toward robust Shari'ah governance. The study recommends harmonization of disclosure practices, enhanced internal Shari'ah audit functions, and capacity building to ensure consistency and accountability in Shari'ah compliance.

Keywords: Shari'ah Supervisory Board, Islamic Banking, Shari'ah Governance, AAOIFI, SAC, HSSA.

1. INTRODUCTION

Islamic banking and finance are considered one of the most important aspects of the new universal financial system. The industry of Islamic banking and finance has grown rapidly in the last decades to become a significant force on the global scale. Moreover, the Islamic banking industry has succeeded in developing ways to facilitate its integration into the universal financial industry (Hassan, 2014).

The Sultanate of Oman is the most recent country among the six-nation Gulf Cooperation Council (GCC) to introduce Islamic finance (Ginena & Hamid, 2015). The Islamic banking experience in Oman is recent compared to other Gulf countries. The operation of the finance and banking remains limited to commercial banks in the Sultanate. The legislations and laws do not allow Islamic banks to operate in the Sultanate until late 2012 when the Sultan issued significant amendments to the Banking Law promulgated by Royal Decree 114/2000. This opened the way for Islamic banks and the Islamic "windows" of conventional banks to operate in Oman (Vizcano, 2014).

2. PROBLEM STATEMENT

The rapid growth of the Islamic finance industry has brought to the forefront the need for effective Sharia governance frameworks, particularly in ensuring Sharia compliance and maintaining public trust in Islamic financial institutions (IFIs) (Musibah & Alfattani, 2014; Aji Haqqi, 2014). Central to this governance is the Sharia Supervisory Board (SSB) which plays a critical role in overseeing financial activities, issuing fatwas, and guiding product development to align with Islamic principles, (Hasan & Sabirzyanov, 2015; Garas &

Pierce, 2010). However, the structure, appointment, qualifications, and powers of SSBs vary significantly across jurisdictions, influencing their effectiveness and operational independence.

Despite global standards by bodies such as AAOIFI (2015), jurisdictions like Oman and Malaysia exhibit distinct approaches. Malaysia, a pioneer in Islamic finance, has developed a centralized and mature Shari'ah governance system through its Shari'ah Advisory Council (SAC) under Bank Negara Malaysia (BNM, 2010), while Oman has only recently institutionalized its High Sharia Supervisory Authority (HSSA) under the Central Bank of Oman, (CBO,2010). Studies highlight that while Malaysia excels in transparency and strategic use of SSBs (Abdul Rahim et al., 2023; Abdul Aziz, 20212), Oman is still evolving, facing challenges in internal sharia audits and expertise gaps, (Al-Nofli & Engku Ali, 2019; Al-Mashefri, 2021).

This discrepancy raises important comparative questions. To what extent do regulatory frameworks, board composition and operational practices influence the effectiveness of SSBs in Oman and Malaysia? And how can jurisdictions like Oman improve their governance models to match global best practices without compromising their contextual identity?

Hence, this study seeks to critically compare the roles, structures, and regulatory practices governing SSBs in both countries, identifying best practices and offering policy recommendations for strengthening sharia governance in emerging Islamic finance markets.

3. STUDY OBJECTIVES

a) This study aims to compare the role and structure of Shari'ah supervisory boards (SSBs) and Islamic banks in Oman and Malaysia. It focuses on key elements such as board appointment, qualifications, responsibilities, and regulatory oversight with the goal of assessing their effectiveness in ensuring Shari'ah compliance and alignment with international standards like AAOIFI.

4. LITERATURE REVIEW

Performance (Malaysia vs GCC)- 2023 Study, Abdul Rahim et al. (2023) compared the level of Shari'ah governance disclosure in Islamic banks between Malaysia and GCC countries, including Oman, analysing its impact on financial performance. Results indicated that Malaysian banks outperform their GCC counterparts in Shari'ah governance transparency. The study found that SSB-related indicators had the strongest influence on financial performance, highlighting the board's strategic role. It recommends that Islamic banks improve Shari'ah-related disclosures in annual support to reflect stronger governance frameworks.

Perceptions on Shari'ah Governance Framework in Oman- 2019 Al-Nofli and Enku Ali (2019) Investigated the regulatory and institutional aspects of Shari'ah governance in Oman from the perspective of regulators, Shari'ah advisors, and bankers. The study found that Oman's regulatory framework is robust, particularly with the establishment of a Central Shari'ah Authority, HSSA, but identified gaps in practical application, including lack of expertise and weak internal Shari'ah review functions.

Shari'ah Governance and Bank Efficiency in Oman - 2021 Case Study Al-Mashefri, (2021), conducted a case study on Islamic banks in Oman, highlighting the SSB's essential role in preventing non-compliant operations and strengthening bank efficiency. Using Muzan Islamic Bank as a model, the study affirmed that SSBs serve as the supreme authority in reviewing contracts, policies, and products. It emphasized the need for continued updates to governance frameworks based on AAOIFI standards and stronger internal Shari'ah audit systems.

SSB and Bank Performance in Malaysia- 2018 Study Masruki et al., (2018), conducted a quantitative study on Malaysian Islamic banks to assess how SSB characteristics influence financial performance. They created a governance index composed of five components, SSB characteristics, risk management, Shari'ah audit, Shari'ah review, and disclosure. Results showed that transparency and SSB credibility had the strongest positive impact, on bank profitability.

Evolution of Shari'ah Governance in Malaysia -2024 Study: on Anwarul Haq and Ghalia (2024) analysed the evolution of Malaysia's Shari'ah governance model, with a special focus on the role of the Central Shari'ah Advisory Council (SAC) and the impact of the 2019 updated governance standard. The study credited Malaysia's political will, phased implementation, and educational investment as key success factors. It encourages emerging markets to emulate Malaysia's approach through centralized authority, structured capacity building, and innovation within Shari'ah parameters.

5. METHODOLOGY

The study uses a quantitative, comparative approach based on document analysis. It reviews regulatory guidelines, Shari'ah governance frameworks, and academic literature from both Oman and Malaysia. The

comparison is structured around core governance themes, supported by recent empirical findings and institutional case studies.

6. SHARI'AH GOVERNANCE

The concept and practice of corporate governance has been modified to suit the specificities of Islamic jurisdictions whereby the corporate movement is tailored towards achieving its targets to duly serve the stakeholders' interests (Abdul Aziz, 2012). Shari'ah governance is an extension of corporate governance. The function of Shari'ah governance is not only to serve the stakeholders' interests but also to guarantee that all operations of the IFIs are compliant to the tenets, conditions, and principles espoused by Shari'ah. An effective corporate and Shari'ah governance will bring trust by the people in the financial markets and the credibility of Islamic finance activities (BNM, 2010).

The industry of Islamic banking and finance showed a rapid growth in last few decades globally. Therefore, this advancement needs to be regulated by such arrangements in form of Shari'ah governance system to ensure the Shari'ah compliance in IFIs (Aji Haqqi, 2014). Shari'ah governance is presently turning out to be more distinctive and progressive in parallel with the advancement of the Islamic finance industry around the world. In view of the high development and advancement of Islamic finance, Shari'ah governance of this quickly advancing industry has demonstrated its significance (Musibah and Alfattani, 2014).

As a component of the corporate governance system in Islamic banks, Shari'ah governance has a fundamental role in building and promoting the confidence of the shareholders that all operations, practices, and activities are in accordance with the requirement of Shari'ah (Hasan and Sabirzyanov, 2015). Moreover, Ginena and Hamid (2015) point out those Islamic banks would not be successful without implementing a proper Shari'ah governance. Effective Shari'ah governance will enhance the confidence of the shareholders and the public that all the products and activities are in line with the Shari'ah rules.

AAOIFI GS-1 para (2) (2015) defines Shari'ah Supervisory Board as "an independent body of specialized jurists in *fiqh Al-mu'amalat*." Moreover, AAOIFI added that the Shari'ah Supervisory Board might add a member who is an expert in the field of Islamic finance and knowledge of Islamic commercial jurisprudence. The primary duties of the Shari'ah Supervisory Board are reviewing, directing, and supervising the transactions of the IFIs to ensure that they are in line with Shari'ah rules. Members of Shari'ah supervisory board will select one of them to be a supervisor to assist the board in performing its duties. The definition of AAOIFI of SSB emphasizes more on the process and procedure of SSB work and the requirements of SSB's members as well.

Abu Ghudda (2001) defines the term of Shari'ah supervision as "... a process of review, investigation and analysis of all works, actions and behaviours that are conducted by the institution to ensure its compliance with Shari'ah. To do so, the SSB uses appropriate tools and approaches to detect errors, provide legitimate solutions for these errors, and submit its reports to the relevant parties, including Shari'ah opinion, decisions, recommendations, and guidance for generating legitimate profits (Halal) and improvements in the future. The definition of Abu Ghudda focused more on the duties and responsibilities of SSB members in the IFIs unlike the definition of AAOIFI which, focused more on the process and requirement of appointing SSB member.

However, the definition of Abu Ghuddah, (2001) failed to mention the requirements of SSB such as expert in *fiqh and usul al-fiqh* and so on. Another suitable definition given by Majma'al-Fiqh al-Islami (Islamic Fiqh Academy) in Jeddah which says "Hay'at al-Raqabah al-Shari'yyah is a group of specialized scholars in Islamic law specifically in law of transactions, whose number is not less than three. They possess scholarly competence and practical knowledge to issue fatāwā (formal legal opinions) and review all transactions of the institution to ensure they are in conformity with the rulings and principles of Shari'ah. Their reports are submitted to the general assembly, and its resolutions are mandatory upon the institution" (Majma' al-Fiqh al-Islami, 2009).

This definition is more comprehensive than previous two definitions including three main elements which are competency, roles, and composition of SSB. Garas and Pierce (2010) try to wider the definition of SSB in different elements. Therefore, they define the term as "the preventive, remedial and complementary process of control, review and analysis of all the IFI's activities, products, contracts and transactions starting from the incorporation of the IFI onwards to ensure compliance with Islamic Shari'ah for the purposes of generating legitimate profits (halal) and improving in the IFI's performance. This definition of SSB includes more elements of SSB duties such as reviewing and analysis of all transactions and products of IFIs from early stage until the end. However, this definition failed to mention about the necessary qualification and requirement of SSB which were mentioned by other definitions.

This study tried to build its own definition of SSB which is "comprehensive organs include review,

investigation, and evaluation of all products, transaction, activities, and business conducted by the IFIs to ensure the Shari'ah compliance. This responsibility done by qualified experts and Shari'ah scholars who possess appropriate tools and vested knowledge.

7. ROLE OF A SHARI'AH BOARD

The main role of Shari'ah board is to enhance the credibility of the IFIs to issue *fatwa* by collective *ijtihad* (Hasan, 2011). As presented by Briston and El-Ashker (1986), the Shari'ah board has an authority to supervise and monitor the operations and transactions of IFIs by maintaining Shari'ah compliance as well as ensuring the payment of *zakat*. Dawud (1996) and Garas & Pierce (2010) state that the function of Shari'ah board is to set the policies and regulations in the IFIs based on Shari'ah rules by approving the financial transactions and by reviewing the contracts for future transactions according to Shari'ah principles. (Al-Nofli & Engku Ali, 2020).

In term of an auditor's perspective, Banaga et al. (1994) mention that the Shari'ah board has the responsibilities in issuing legal opinions, answering inquiries, and reviewing all business and operations of IFIs for Shari'ah compliance. Abdalla (1994) point out that the Shari'ah board should play a proactive role rather than reactive role by setting up the accounting policies and ensuring that the formula used in distributing the profit between shareholders and clients is Shari'ah compliance. DeLorenzo (2007) and (Garish and Pellegring, 2006) present that the role of a Shari'ah board in IFIs should be started from the early stage of a product such as the development of the product and structuring, certifying products via issuing *fatwa* as well as assuring that the life cycle of the financial product is following Shari'ah principles.

A recent literature presents that, the primary role of Shari'ah board can be summarized as, supervising and overseeing the activities, operations, and transaction of the IFIs according to Shari'ah rules and principles. Moreover, the role of Shari'ah board can be classified into two types of namely macro level and micro level (ISRA, 2016).

8. SHARI'AH BOARD IN OMAN

8.1 Appointment of the SSB

The IBRF requires all Islamic banks to establish SSB for Shari'ah compliance. In line with AAOIFI guidelines, the appointment of SSB members is to be made by the shareholders during the AGM with the recommendation of the BOD. The shareholders of Islamic banks may authorize the BOD to fix the remuneration of SSB. By way of comparison, in Malaysia, the appointment of Shari'ah board members is made by the BOD upon recommendations of its nomination committee with prior written approval of BNM, (BNM, 2010). This guideline could help to ensure the independence of the SSB members because the management has no authority to appoint or dismiss any member of the board.

8.2 Requirements of the SSB

The IBRF stipulates that members of the SSB must be Muslim individuals. This condition is important nowadays because many of non-Muslims are interested to learn Islamic banking and finance and get international degree in this field. Therefore, there is a possibility for an expert of non- Muslims to be a member in SSB (Amanullah, 2015). Therefore, this condition is very important to prevent them from becoming a member of SSB in the future. IBRF did not mention the gender of SSB member in the requirements, which opens the door for the qualified female to be a member of SSB in the future.

Moreover, members of SSB with Shari'ah background shall at least hold academic qualifications in the field of Shari'ah bachelor's degree that study *usul ul fiqh* and *fiqh al muamalat*. SSB may involve members who are not specialized in Islamic commercial jurisprudence but possess experience in Islamic finance or other related fields such as finance, economy and law. This guideline could allow SSB to obtain benefit from other experts and help them to understand the deliberated issues from different sides. Especially when they are dealing with issues, it requires deep understanding of other aspects. For example, Members of the SSB should be able to understand issues in finance and banking in general and Islamic finance and banking in particular. Another requirement provides that the Shari'ah advisor must have an overall experience of 10 years or more in teaching, research, *fatwa* issuance to be a member of the SSB. The idea behind this is that member of SSB in many times deal with deep issues of *fiqh al muamalat*.

Therefore, they supposed to be able to understand and discuss these issues deeply and come up with *fatwa*. The Shari'ah advisor must have a respectable character and be of good conduct, particularly in terms of integrity and reputation. Moreover, IBRF states that the SSB members shall be appointed for a maximum of three years, which can be renewed for another three-year term. An SSB member can be a member of two consecutive terms in an institution. However, a member of the SSB cannot be on the SSB of more than one

competing institutions in Oman. He can be a member of SSB or more than one non-competing institution such as Takaful company or an Islamic fund management company, etc. Overall, members of SSB cannot be on SSBs of more than four institutions in Oman (CBO, 2012).

8.3. Remuneration

The shareholders of Islamic banks may authorize the BOD to fix the remuneration of SSB.

8.4. Resignation and Dismissal of the SSB

- If a member of SSB fails to be an individual of good character and reputation.
- If a member of SSB did not attend a substantial number of the meetings (at least 75%).
- If an SSB member joins any illegal or unethical activity.
- If a member of SSB is convicted of any criminal offense.
- If a member of SSB had been rejected in the ability of employee from any institution, or corporation because of cheat or falsification.
- If an SSB member participates in two or more SSB of competing financial institutions in Oman.
- If an SSB member uses confidential information illegally.

8.5. Roles and Responsibilities of the SSB

The primary objective of setting up the Shari'ah supervisory board is to advise the IFIs in any issues relating to Shari'ah and to ensure that all activities and business of IFIs are in line with Shari'ah rules and principles (Hasan, 2006).

In Oman, the SSB has the ultimate authority over all Shari'ah related matters. The responsibilities of the SSB under IBRF shall include the following (CBO, 2012):

- Advise the BOD and management on any issue related to Shari'ah matters.
- Endorse all the policies and procedures, products, processes, systems, contracts and agreements for their Shari'ah compliance.
- Endorse and validate product documentation.
- Review and approve the work conducted by Shari'ah compliance and Shari'ah audit units.
- Assist related parties on Shari'ah matters.
- Provide written Shari'ah opinion.
- Submit a report to the BOD to be published as part of the annual report.

9. SSB IN MALAYSIA

9.1. Appointment of the SSB

Based on Shari'ah Governance Framework, the appointment of the Shari'ah Committee has two steps. First, the board shall, upon the recommendation of its Nomination Committee, nominate the appointment of the members of the Shari'ah Committee. And then, the appointment and reappointment of a Shari'ah Committee member shall obtain prior written approval of the Bank and the SAC. In approving the appointment and reappointment, the bank may impose necessary conditions it deems fit in addition to the requirements in the Framework. In the case of the Shari'ah the Yang di-Pertuan Agong or King, on the recommendation of the finance minister pursuant to the Central Bank of Malaysia Act 2009 (ISRA, 2011, p. 715), appoints board of Bank Negara Malaysia.

If we refer to the annual reports from CIMB Islamic, Maybank Islamic, RHB Islamic, Hong Leong Islamic and Standard Chartered Bank Malaysia, these banks do not disclose the process of appointment of the SAC. Unlike the appointment of the Board of Directors, Islamic bank has the discretion to disclose this information. Only Standard Chartered informs through the website that the SAC was chosen by BOD's mandate.

9.2. Requirements of the SSB

There are some criteria regarding the qualification of the shari'ah committee according to Shari'ah Governance Framework BNM which are: (1) a member of a Shari'ah committee shall be a muslim individual;

(2) the majority of members in the Shari'ah committee shall at least hold bachelor's degree in Shari'ah, which includes study in Usul Fiqh or Fiqh Muamalat; (3) it is reasonable to expect that the majority members of the Shari'ah committee should be able to demonstrate strong proficiency and knowledge in written and verbal Arabic, and have good understanding in Bahasa Malaysia and the English language; (4) the Shari'ah committee may comprise of experts from relevant backgrounds such as finance and law; (5) the Shari'ah Committee preferably shall comprise members of diverse backgrounds in terms of qualification, experience and knowledge (SGF, p.30).

All the five Islamic banks selected have already published the profile of each SAC member on their website and annual reports. The profiles of the members fulfill the requirements by SGF BNM from education background, experience as shari'ah board and others.

9.3. Remuneration

Internal Shari'ah board or Shari'ah advisory gets remuneration from Islamic banks. Islamic banks disclose the amount of remuneration for Shari'ah board. Meanwhile, for centralized Shari'ah board there is no explicit information regarding this. (BNM, 2010).

9.4 Disqualification

An IFI shall notify the Bank of any resignation or dismissal of a member of the Shari'ah Committee within fourteen (14) days of the date of resignation or dismissal, stating the reasons of such resignation or dismissal. 2. The resignation or dismissal will only take effect upon approval from the Bank and the SAC.

The members of the Shari'ah Committee shall be people of acceptable reputation, character and integrity. The Bank together with the approval from BNM/RH/GL_012_3 Islamic Banking and Takaful Department Shari'ah Governance Framework for Islamic Financial Institutions Page 31/48 the SAC, reserves the right to disqualify any member who fails to meet the requirements. In particular, any member may be disqualified due to any of the following breaches: i) acted in a manner which may cast doubt on his fitness to hold the position as a Shari'ah Committee member; ii) failed to attend 75% of the Shari'ah Committee meetings in a year without reasonable excuse; iii) declared a bankrupt or a petition under bankruptcy laws is filed against him; iv) found guilty for any serious criminal offence or any other offence punishable with imprisonment of one (1) year or more; or v) subject to any order of detention, supervision, restricted residence or banishment. 2. If a Shari'ah Committee member becomes subject to any ground of disqualification or otherwise becomes unfit to hold such an appointment as provided in the Framework, and/or in the letter of approval from the Bank and SAC, the IFI shall terminate the appointment of the Shari'ah Committee member. (BNM, 2010).

9.5. Roles and Responsibilities of the SSB

Whereas the functions of SSB members are (BNM, 2010; Hasan and Sabirzyanov, 2015) Abdallah, 1994)

- Providing advice to management of IFI pertaining business operation to guarantee that all transactions and activities are in accordance with Shari'ah principles.
- Taking the responsibility and accountability of all Shari'ah decision issued by the members of SSB.
- Endorsement of Shari'ah policies and procedures of IFI
- Approval of documentations pertaining to business or activities of IFI.
- Evaluation of work made by Shari'ah audit, review, and research departments of IFI.
- Supporting of auditors, consultants, or legal counsel by delivering opinions pertaining to Shari'ah principles.

9.6. Resignation and Dismissal of the SSB

An IFI shall notify the Bank of any resignation or dismissal of a member of the Shari'ah Committee within fourteen (14) days of the date of resignation or dismissal, stating the reasons of such resignation or dismissal. 2. The resignation or dismissal will only take effect upon approval from the Bank and the SAC. (BNM, 2010).

10. COMPARATIVE ANALYSIS OF OMAN AND MALAYSIA, ON THE ISSUE OF SSB

A comparative analysis between the Shari'ah Supervisory Board frameworks in Oman and Malaysia reveals significant alignment in structure, regulatory philosophy, and operational standards, though each jurisdiction maintains certain contextual distinctions.

10.1 Centralized Shari'ah Oversight

Both Oman and Malaysia have established centralized Shari'ah authorities within their central banks. Malaysia's SAC under Bank Negara Malaysia and Oman's HSSA High Shari'ah Supervisory Authority under the Central Bank of Oman perform similar functions. They issue binding Shari'ah resolutions to guide Islamic financial institutions. This centralized model enhances uniformity, consistency, and mitigates Shari'ah arbitrage. The existence of the HSSA positions Oman among the few jurisdictions with institutionalized Shari'ah governance frameworks akin to Malaysia.

10.2. Appointment and Independence of SSB Members

In both systems, independence of SSB members is prioritized. Oman requires SSB members to be appointed by shareholders upon the recommendation of the Board, while Malaysia mandates the BOD's nomination committee and requires BNM and BNM's prior written approval. Both models seek to ensure insulation from management influence, though Malaysia applies a more hands-on regulatory filter at the appointment stage.

10.3. Qualifications and Composition

Both Oman and Malaysia mandate that SSB members must be Muslim and have a strong academic background in Shari'ah, particularly Usul al-Fiqh and Fiqh al-Mu'malat. Malaysia adds language proficiency and encourages diverse professional backgrounds. Oman's regulations also allow for the inclusion of non-Shari'ah experts to enrich deliberation, though language criteria are not emphasized.

10.4. Tenure and Multiple Memberships

Oman limits SSB members from serving on competing financial institutions and caps the total number of institutions per member to four, which reduces conflicts of interest and enhances Malaysia allows wider cross-institutional participation, but subjects appointments and reappointments to central approval, preserving regulatory control.

10.5. Remuneration and Disclosure

Malaysian Islamic banks tend to disclose SSB profiles and remuneration in annual reports, promoting transparency and accountability. In Oman, while the remuneration process is clearly outlined BOD can be authorized by public disclosure practices are relatively limited.

10.6. The Functional Responsibilities of SSBS in Both Countries Are Broadly Similar

Endorsement of products, contracts, policies, and Shari'ah auditing oversight. However, Malaysia's Shari'ah governance framework outlines these roles in greater operational detail, including specific interactions with audit, legal and compliance, and governance. However, the structure of the Shari'ah governance framework isn't as comprehensive as the one legal and compliance departments Omani SSB operate within the guidance of HSSA and CBO ensuring similar effectiveness despite fewer prescriptive details.

10.7. Shari'ah Report

In IFIs, every SSB is expected to submit a report on the business and activities of the institution. This Shari'ah report in Malaysia must include information on contracts, transactions, and dealings, as well as profit allocation and loss charges for investment accounts, calculation of zakat, and finally, the opinion of the SSB on whether the operations and business of the institution are following Shari'ah rules or not. The SSB report, like that of Oman, must include their opinion on whether the IFIs conduct their transactions and activities in accordance with Shari'ah principles. Moreover, the Shari'ah report must consist of an SSB opinion on the distribution of funds, weight ages, profit sharing ratios, profits, and loss charges (if applicable) linked to investment accounts that comply with the SSB's basis in Shari'ah principles. (BNM, 2010) (CBO.2012).

11. CONCLUSION

Both Oman and Malaysia have institutionalized centralized Shari'ah governance models led by their respective central banks Malaysia's SAC and Oman's HSSA ensure system-wide consistency and alignment with Shari'ah principles while Malaysia's framework offers more prescriptive detail Oman's model reflects strong adherence to AAOIFI standards with sufficient regulatory sophistication the continued development of Oman's HSSA reinforces its position as a robust jurisdiction in the Islamic finance landscape

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