

Sharia Banking Internal Auditors' Perceptions Regarding the Influence of Auditors' Sharia Knowledge Education on the Effectiveness of Sharia Compliance Inspections

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ABSTRACT

Islamic banks need to ensure that their operations comply with sharia principles to increase loyalty and satisfaction of sharia bank customers. Internal audit has one of the functions of ensuring sharia compliance has been fulfilled in sharia banking by carrying out sharia compliance checks. One of the challenges in internal audit in carrying out its function is the lack of qualified sharia auditors who have adequate sharia knowledge. In this context, education in sharia science for auditors becomes very relevant. This research aims to identify the influence of formal and non-formal sharia education for auditors on increasing the effectiveness of auditing compliance with sharia principles in sharia banking according to the perception of internal auditors. The method used is a quantitative method by distributing questionnaires to internal auditors in conventional commercial banks that have Sharia Business Units. Based on the results of this research, the variable perception of formal sharia science education does not have a significant effect on the effectiveness of sharia compliance checks, the perception of non-formal sharia science education has a significant effect on the effectiveness of sharia compliance checks. Furthermore, simultaneously the variables of perception of formal sharia education and non-formal sharia science education have a significant effect on the effectiveness of sharia compliance.

Keywords: sharia banking, internal auditors, sharia science education, sharia compliance

INTRODUCTION

The Islamic banking industry has experienced significant growth in recent decades, especially in countries with large Muslim populations. At its core, Islamic banking is a banking system that operates in accordance with the principles of Islamic sharia, which prohibits the use of interest and promotes fairness. Islamic banking, which operates its financial services in accordance with Islamic sharia principles, has attracted interest not only in countries with a majority Muslim population but also in the global market. Research from Hafasnuddin & Majid (2022) found that it is important for the Islamic banking industry to offer more spiritual benefits to increase customer satisfaction and loyalty. To this end, Islamic banks must ensure that their operations, products and services are aligned with sharia principles (shariah compliance).

The Sharia Supervisory Board (DPS), which is supposed to ensure sharia compliance in sharia banking, is experiencing problems, so internal audit and compliance functions are important in overcoming this problem (Puspitasari & Handayani, 2020). Internal audit has an important role in controlling and directing the operations of sharia financial institutions. They are responsible for ensuring Islamic banks' compliance with Islamic Sharia rules and also ensuring the security of Islamic financial products offered to customers. Internal auditors have a positive influence on sharia financial products, because through their audits they can ensure that the product is in accordance with sharia principles (Abdullah & Hassan, 2022).

The implementation carried out by internal audit has several challenges. The main challenges in implementing sharia audits include the lack of a sharia audit framework and standards which causes disputes among practitioners of sharia financial institutions, the lack of qualified sharia auditors who have adequate sharia knowledge and are well trained, sharia audits are considered to create inefficiency problems (Tuzzahroh & Laela, 2022).

In this context, education in sharia science for auditors becomes very relevant. An in-depth introduction to sharia law helps auditors make proper assessments of bank products and operations from a sharia perspective. Research by Ethics et al., (2022) states that auditor education has a significant effect on the quality of sharia audits. This shows that there is a positive correlation between sharia education and the effectiveness of sharia compliance audits. However, there are different results of research conducted by Farida and Dewi (2018) where auditor competency has no effect on sharia audit practices. Therefore, this research aims to identify influences

Formal and non-formal sharia education for auditors increases the effectiveness of auditing compliance with sharia principles in sharia banking according to the perception of internal auditors.

RESEARCH METHODS

Place, Population and Sample Method

This research was conducted at a Conventional Bank that has a Sharia Business Unit, by distributing questionnaires to internal auditors using Google Form. The research implementation time was carried out in November 2023. The population used in this research was internal auditors at 3 (three) Conventional Banks that have Sharia Business Units in Indonesia, totaling 185 auditors. According to Suharsimi (2020) explained that if the population is quite large, for example more than 100 people, then the number of samples that can be taken is 10-15% or 20-25%, depending on the researcher's ability and the homogeneity of the data. But according to Sugiyono (2018) The minimum sample size is 30 because it can produce a low error rate and by referring to statistical measurements such as averages or proportions. Therefore, using a cluster random sampling technique, a minimum sample of 30 internal auditors was taken.

The tool used is a questionnaire prepared using a Likert scale. According to Sugiyono (2018) The Likert scale is a scale used to measure the attitudes, opinions and perceptions of a person or group of people about social phenomena. With a Likert scale, the variables to be measured are translated into indicator variables. Then these indicators are used as a starting point for compiling instrument items which can be in the form of statements or questions. The following is an explanation of the 5 point Likert scale (Sugiyono, 2018): 1 = Strongly Disagree (STS); 2 = Disagree (TS); 3 = Undecided (R); 4 = Agree (S); 5 = Strongly Agree (SS).

Operational Definition of Variables

1) Effectiveness of Sharia Compliance Checks (Y)

The effectiveness of Sharia Compliance Inspections is an important aspect in the world of Sharia banking and finance. This audit aims to ensure that all financial operations and transactions comply with sharia principles. The following are several indicators related to the effectiveness of sharia compliance audits, including auditor competency, understanding sharia principles, understanding sharia banking regulations and auditing sharia compliance programs using 6 (six) statement items.

2) Perception of Formal Sharia Science Education (X1)

Perceptions of formal education background in sharia science are related to how Internal Auditors, especially in professional contexts such as in the sharia banking sector, view the importance of formal education in sharia science for Auditors in the practice and application of sharia principles in carrying out sharia compliance checks. The indicators cover several aspects including the auditor's formal education such as bachelor's, master's, doctoral degrees related to sharia science. Indicators include desires, needs and benefits in viewing the importance of formal sharia education for auditors using 7 (seven) statement items.

3) Perception of Non-Formal Education in Sharia Science (X2)

Perceptions of non-formal education background in sharia science are related to how Internal Auditors, especially in professional contexts such as in the sharia banking sector, view the importance of non-formal education in sharia science for auditors in the practice and application of sharia principles in carrying out sharia compliance checks. Covers several aspects including non-formal auditor education such as training, seminars and expertise certification related to sharia science. Indicators include desires, needs and benefits in viewing the importance of non-formal sharia education for auditors using 7 (seven) statement items.

Data analysis technique

This research uses the multiple linear regression analysis method using the IBM SPSS (Statistical Package for Social Sciences) Statistics Version 29 application program. Before carrying out the multiple linear regression analysis, the data quality is first checked, including validity and reliability tests. According to Ghozali Imam (2021) Validity testing is used to find out how feasible a measurement instrument (questionnaire) is to measure something desired. A survey is considered valid if the questions in it reveal what the survey can measure. The validity test in this research was carried out using correlated item values, namely by considering the number of correlated items obtained from each question as many as there were questions. A question item or indicator is said to be valid if the calculated r value is greater than table r and the value has a positive sign. Where in this study the sample was 31 so the r table with a significance level of 5% was 0.355.

Reliability is a questionnaire measuring tool that consists of variable indicators or constructs (Ghozali Imam, 2021). Reliability testing is the degree of stability of a measuring instrument when measuring symptoms or events. The higher the reliability of the instrument, the more stable the instrument, however the reliability of the research instrument in this study was tested using the Cronbach's alpha coefficient. A variable is said to be reliable if the Cronbach's alpha

results are > 0.70 (Ghozali Imam, 2021). After carrying out validity and reliability tests, it is then continued with classical assumption testing including normality tests, multicollinearity tests and heteroscedasticity tests.

Multiple Linear Regression Analysis

Multiple regression analysis has more than one independent variable, aiming to analyze the influence between two variables, namely the independent variable and the dependent variable (Rochaety et al., 2019). Researchers use two independent variables and one dependent variable with the following regression equation:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

- Y : Effectiveness of Sharia Compliance Inspections
- a : Constant Value
- b : Regression Coefficients
- X1 : Perceptions of Formal Sharia Science Education
- X2 : Perception Non-Formal Education in Sharia Science
- e : Standard Error

F Statistical Test (Model Feasibility Test)

The F test is carried out to determine whether the independent variables used are suitable or not as explanatory or predictor variables (Ghozali Imam, 2021). The model in research is said to be feasible if the significance probability value is < 0.50.

Statistical Test t

The t test is used to partially test the influence of the independent variable on the dependent variable (Ghozali Imam, 2021). The t test can be seen from the large significant values in the coefficients table from the SPSS results with the following test criteria:

- a. If the significant value is ≤ 0.05 then the independent variable has a significant effect on the dependent variable.
- b. If the significant value is > 0.05 then the independent variable has no significant effect on the dependent variable.

RESULTS AND DISCUSSION

Based on a questionnaire using Google Form which was distributed to internal auditors of 3 (three) conventional commercial banks that have Sharia Business Units, 31 questionnaires were returned. The results and discussion based on the 31 questionnaires are as follows:

Validity and Reliability Test

Based on the results of the validity test, it shows that all the questionnaire statement items in this study are valid because all statement items from the variables of perception of formal education in sharia science, perception of non-formal education in sharia science, and effectiveness of sharia compliance checks have a correlation coefficient value > r table (0.355). Based on the results of the reliability test, it shows that the instrument used in this research is reliable because the Cronbach's alpha value for each variable in this research is > 0.7.

Classic assumption test

1) Normality test

Based on the normality test results in table 1, the results of the One-Sample Kolmogorov-Smirnov test have a significance value of > 0.05, namely 0.200. Therefore, it can be concluded that the data used in this research is normally distributed

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residuals	
N		31	
Normal Parameters, b	Mean	.0000000	
	Std. Deviation	1.92471141	
Most Extreme Differences	Absolute	.101	
	Positive	.101	
	Negative	-.076	
Statistical Tests		.101	
Asymp. Sig. (2-tailed)c		.200d	
Monte Carlo Sig. (2-tailed) e	Sig.	.564	
	99% Confidence Interval	Lower Bound	.551
		Upper Bound	.577

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: Processed data, 2023

2) Multicollinearity Test

Based on the results of the multicollinearity test in table 2, it was found that the variables perception of formal education in sharia science (X1) and perception of non-formal education in sharia science (X2) had a VIF value smaller than 10 and a Tolerance value greater than 0.10. Therefore, it was concluded that there was no multicollinearity in all independent variables in this study.

Table 2. Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Perception of Formal Sharia Science Education (X1)	0.873	1,145	Multicollinearity does not occur
Perception of Formal Sharia Science Education (X2)	0.873	1,145	Multicollinearity does not occur

Source: Processed Data, 2023

3) Heteroscedasticity Test

Based on the results of the heteroscedasticity test in table 3, it was found that the significant values for all independent variables were greater than 0.05. Therefore, it is concluded that there is no heteroscedasticity in all independent variables.

Table 3. Heteroscedasticity Test Results

Variable	Sig.	Conclusion
Perception of Formal Sharia Science Education (X1)	0.440	Multicollinearity does not occur
Perception of Formal Sharia Science Education (X2)	0.106	Multicollinearity does not occur

Source: Processed Data, 2023

Multiple Linear Regression Analysis

Based on table 4, the results of the multiple linear regression analysis test show that the multiple linear regression equation is as follows:

$$Y = 12.136 + 0.087 X1 + 0.438 X2 + e$$

The positive constant value of 12.136 in the multiple linear regression equation explains that which means that if the perception of formal education in sharia science and the perception of non-formal education in sharia science are equal to zero, then the effectiveness of sharia compliance checks is 12.136. The regression coefficient value The regression coefficient value

Table 4. Multiple Linear Regression Analysis Test Results Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	12,136	3,035		3,999	<.001
Formal Sharia Science Education (X1)	,087	,082	,152	1,064	,296
Non-Formal Education in Sharia Science (X2)	,438	,098	,639	4,477	<.001

a. Dependent Variable: Effectiveness of Sharia Compliance Checks (Y)

Source: Processed Data, 2023

F Statistical Test (Model Feasibility Test)

Based on Table 5, it is found that the variables perception of formal education in sharia science and perception of formal education in sharia science have a significance value of 0.001 (smaller than 0.05). This shows that the regression model is feasible or fit, so it can be used to determine the influence on the effectiveness of sharia compliance checks.

Table 5. Results of the F Statistical Test (Model Feasibility Test)

Model	ANOVAa				
	Sum of Squares	df	Mean Square	F	Sig.
Regression	111,639	2	55,819	14,063	<.001b
Residual	111.135	28	3,969		
Total	222,774	30			

- a. Dependent Variable: Effectiveness of Sharia Compliance Checks (Y)
b. Predictors: (Constant), Non-Formal Education in Sharia Science (X2), Formal Education in Sharia Science (X1)

Statistical Test t

Based on Table 6, it is found that the variable perception of formal sharia education (X1) has no influence on the effectiveness of sharia compliance checks (Y). This can be seen from the significance value of $0.296 > 0.05$. The variable perception of non-formal sharia education (X2) has a positive effect on the effectiveness of sharia compliance checks (Y). This can be seen from the regression coefficient value of 0.438 and the significance value of $0.001 < 0.05$.

Table 6. Results of the t statistical test Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	12,136	3,035		3,999	<.001
Formal Sharia Science Education (X1)	,087	,082	,152	1,064	,296
Non-Formal Education in Sharia Science (X2)	,438	,098	,639	4,477	<.001

- a. Dependent Variable: Effectiveness of Sharia Compliance Checks (Y)

Discussion of Research Results

- 1) The Influence of Auditors' Perceptions of Formal Sharia Science Education on the Effectiveness of Sharia Compliance

The test results show that the variable perception of formal sharia education (X1) partially has no influence on the effectiveness of sharia compliance checks. This may be caused by several factors such as the curriculum in formal education may not fully cover practical aspects relevant to sharia audit tasks. This indicates the need for further alignment between the theory taught and existing practice in the field. Even though auditors have a formal educational background in sharia science, there may be gaps in the application of this knowledge in the context of sharia auditing, indicating a need for more focused training or professional development.

- 2) The Influence of Auditors' Perceptions of Non-Formal Education in Sharia Science on the Effectiveness of Sharia Compliance

The test results show that the variable perception of non-formal education in sharia science (X2) partially has a positive effect on the effectiveness of sharia compliance checks.

This can be explained as follows: Non-formal education often prioritizes a practical and applied approach, which helps auditors understand and apply sharia principles more effectively in audit practice. Programs such as workshops, seminars and special training provide opportunities for auditors to explore real cases and practical applications of sharia knowledge, improving their abilities in sharia compliance audits.

CONCLUSIONS

Conclusion

Based on the results of this research, the variable perception of formal sharia science education does not have a significant effect on the effectiveness of sharia compliance checks, the perception of non-formal sharia science education has a significant effect on the effectiveness of sharia compliance checks. Furthermore, simultaneously the variables of perception of formal sharia education and non-formal sharia science education have a significant effect on the effectiveness of sharia compliance.

Suggestion

Regarding the development of formal education curricula, formal education institutions need to review and possibly revise their curricula to include more applicable and practical content relevant to sharia audits. Regarding the

integration of non-formal training in professional development, audit organizations can encourage or provide more non-formal training opportunities for their auditors, such as workshops and seminars that focus on the practical application of sharia science in auditing. Regarding further research, further research is needed to identify specific aspects of formal and non-formal education that are most effective in increasing sharia compliance in audits.

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