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The Influence of Sharia Compliance, Bank Size and Complexity on Fraud in Sharia Banks

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Abstract

This research aimed to analyse the influence of Sharia compliance, size, and complexities on fraud in Sharia Banking. The method applied in this study was quantitatively associated. The research design is based on an associative quantitative approach. Data were collected during the Sharia banking period from to 2015-2019. The data analysis was completed using a panel information regression approach and processed using the Eviews 9 application. In this study, the compliance rate of Sharia banks was measured using the profit-sharing ratio (PSR), Islamic investment ratio (IIR), and Islamic income ratio (IsIR). Size is measured using the logarithm of natural (Ln) total assets and complexities are measured using the square root of the number of offices inside Sharia banks. The object of this analysis is Sharia banking in Indonesia. Sampling was performed using a specific purposive sampling procedure to obtain data from nine Syariah Banking from to 2015-2019. The results of this study indicate that Sharia compliance (PSR, IIR, and IsIR), size, and complexity simultaneously have a significant effect on fraud in Sharia banks with probability levels of 0.0002 and 0.0237. In part, size and complexity have significantly positive effects on fraud. Sharia banks have probability levels of 0.1056, 0.7866, and 0.3817 for compliance (PSR, IIR, and IsIR, respectively).

***Keywords**: Fraud, Sharia Banks, Sharia Compliance, Size, Complexity.*

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh Syariah compliance, size, dan complexities terhadap fraud di Perbankan Syariah. Metode yang diterapkan dalam penelitian ini adalah kuantitatif terkait. Desain penelitian didasarkan pada pendekatan kuantitatif asosiatif. Data dikumpulkan selama periode perbankan Syariah dari 2015-2019. Analisis data dilakukan dengan menggunakan pendekatan regresi informasi panel dan diolah menggunakan aplikasi Eviews 9. Dalam penelitian ini, tingkat kepatuhan bank syariah diukur dengan menggunakan rasio bagi hasil (PSR), rasio investasi syariah (IIR), dan rasio pendapatan syariah (IsIR). Ukuran diukur dengan menggunakan logaritma natural (Ln) total aset dan kompleksitas diukur menggunakan akar kuadrat dari jumlah kantor di dalam bank syariah. Objek analisis ini adalah perbankan syariah di Indonesia. Pengambilan sampel dilakukan dengan menggunakan prosedur purposive sampling untuk mendapatkan data dari sembilan Bank Syariah periode 2015-2019. Hasil penelitian ini menunjukkan bahwa kepatuhan Syariah (PSR, IIR, dan IsIR), ukuran, dan kompleksitas secara simultan berpengaruh signifikan terhadap fraud pada bank syariah dengan tingkat probabilitas 0,0002 dan 0,0237. Sebagian, ukuran dan kompleksitas memiliki efek positif yang signifikan terhadap penipuan. Bank syariah memiliki tingkat probabilitas kepatuhan sebesar 0,1056, 0,7866, dan 0,3817 (masing-masing PSR, IIR, dan IsIR).

Kata kunci*: Penipuan, Bank Syariah, Kepatuhan Syariah, Ukuran, Kompleksitas.*

INTRODUCTION

Fraud in Sharia banking is a fundamental problem today (Maharani, 2013). However, various issues remain to emerge and worsen (Muhammad et al., 2019), including fictitious credit score scandals (2013) and cash recreation. Fictitious financing scandals (Ngumar, Fidiana, and Retnani 2019), declaration and credit score card fraud (Rahman and Anwar 2014), economic malfeasance (Mukminin 2018), and clearing failure (Febrianto and Fitriana 2020) have grown to be common issues. Furthermore, this problem decreases customer and public trust (Mukminin 2018; Yuliar and Andraeny 2020), and disrupts purchaser loyalty (Falikhatun and Assegaf 2012). Financial and banking are the second most disadvantaged sectors after the government, accounting for 15.9% (ACFE Indonesia 2016). Furthermore, fraud is a latent hazard to Sharia banking entities (Ngumar et al., 2019).

Tuanakotta (2012) states that fraud refers to the manipulation of the law (Aminatun & Mukhibad, 2021) and fraudulent acts to gain profits. This implies financial or non-financial losses to other parties (Rahman and Anwar 2014). This problem arises due to pressure, opportunity, and rationalisation (Ngumar et al. 2019), hindering the increase in Sharia banking. Therefore, identifying the determinants which contribute to this would reduce risks related to Sharia banking. However, the dimension that causes fraud in Sharia banking is no longer entirely defined. The dialogue on its reasons in monetary statements (Aminatun and Mukhibad 2021; Febrianto and Fitriana 2020) primarily focuses on its prevention and monetary aspects (Robain 2020). However, a more complete description of this hassle would lessen the hazard and lead to appropriate company governance within Sharia banking (Ngumar et al., 2019).

Many studies on fraud in Sharia banking have been conducted in the United Arab Emirates (Rahman and Anwar 2014) and Indonesia. However, the studies conducted inside Indonesia are more concerned with prevention, e.q. Robain (2020), Ginanjar and Syamsul (2020), Amanda (2020), Anisykurlillah et al. (2020, Yuliar and Andraeny (2020), and Ghoniyah, Mutamimah, and Amilahaq (2020). Furthermore, most fraud analyses in Sharia banking explain this concept (Mujib 2017), including risk management (Nurapiah 2019). Similarly, a study covering the determinants that drive fraud tests more about the specific variable Sharia compliance, such as Hamzah, Aripin, and Aulia (2020), Najib and Rini (2019), and Akbar et al. (2017).

Tested variable sizes and complexities that have rarely been studied. This study aims to provide records of the factors that influence fraud in Sharia banking. These results could serve as a foundation for future research. Sharia banking and government authorities can use these results to overcome fraudulent problems and implement measures for early prevention. Therefore, this study tests and analyzes the factors that explain Sharia bank fraud by examining its compliance, size, and complexity.

LITERATURE REVIEW

Agency Theory

Agency theory was initially popularised by Jensen and Meckling (2019). This theory states that an agency relationship arises when one or more people (principals) hire another person (agent) to present a service and then delegate decision-making authority to the agent (Anggraeni, 2011). When the agent and critical are searching to maximise their respective software programs with unique desires and motivations, the agent (control) is no longer active in step with the important's wishes (shareholder). Different dreams, motivations, and software concerning the instrument and shareholders make the controlled act unethical for shareholders and cause accounting fraud (Wilopo, 2006).

Sharia Compliance

Sharia compliance remains the obedience of banks through the Sharia principles. It is a fundamental pillar of the construction of Sharia banks that differentiates them from the conventional banks. Based on Bank Indonesia Regulation Number 13/2/PBI/2011, Sharia compliance comprises values, behaviours, and actions supporting compliance, including Bank Indonesia regulations. This consists of Sharia ideas for business banks and enterprise units (Bank Indonesia 2011).

In the question and answer section of Bank Indonesia Regulation Number 13/2/PBI/2011, compliance performs preventive supervisory duties. It is necessary to manage and operate Sharia banks, capital markets, Sharia insurance and pawnshops, and non-bank Sharia financial institutions including financial service cooperatives. This ensures that Sharia banking policies, systems, and procedures follow the provisions, laws, regulations of Bank Indonesia and government regulations. Furthermore, Sharia banking operations must follow the provisions, laws, and regulations of Bapepam-LK, MUI Fatwa, legal stipulations of the IFSB international standards, AAOIFI, and the Sharia Supervisory Board (SSB) (Kian 2016).

Nathan and Scobell (2012) suggested that the Islamic Disclosure Index (IDI) provides Sharia bank agreements, including Sharia principles. In conclusion, Hameed developed an IDI based on Sharia disclosure indicators, namely corporate governance and Sharia compliance, including environmental and social disclosure. This Sharia compliance component was further developed with a financial index using six proxies, including profit-sharing and Islamic income, including Islamic investment (Lidyah 2018).

Based on the explanation of the theory, including previous research on Sharia compliance and its influence on fraud, the following research hypotheses were formulated:

H1: Profit Sharing Ratio negatively influences fraud inside Sharia banks.

H2: Islamic Investment Ratio negatively influences fraud inside Sharia banks.

H3: Islamic Income Ratio negatively influences fraud inside Sharia banks.

Company Size

Size refers to a company's value, measured using total assets, market capitalisation value, and average sales, including the number of employees (Amelia & Hernawati, 2016; Yanti, 2016). The size of a company affects its operational ability in various conditions and situations. Therefore, a more prominent company has more transactions and a higher possibility for fraud (Annisa and Andri 2012).

The following research hypothesis refers to the theory and previous research approaches concerning Sharia compliance, including its influence on fraud.

H4: Size positively influences fraud inside Sharia banks.

Bank Complexity

Bank complexity is closely correlated with transaction complexity, and requires good supervision, including internal controls. However, not all bank offices are audited annually because they face control of the internal audit unit (SKAI). In conclusion, it causes late fraud detection, which encourages its occurrence (Indriastuti and Ifada, 2011). According to the Bank Indonesia Regulation No. 5/8/PBI/2003, a bank has great business complexity when it fulfils various conditions. First, the bank holds the total asset of ten trillion rupiahs. Second, it is internationally active. Third, the bank has 30 or more branch offices. Fourth, the bank has fifty thousand customers or more. Fifth, banks remain highly diverse in their products.

The Circular Letter of Bank Indonesia No.13/28/DPNP states that banks should formulate and implement effective antifraud strategies. Banks must focus on approaching internal and external environments, ensuring that business activities are complex, considering potential fraud types and risks, and ensuring that the required resources are adequate.

H5: Bank complexity positively influences fraud in Sharia banks.

METHOD

This study uses quantitative and associative approaches. The tested Sharia enterprise banks were registered with Bank Indonesia. In addition, Shariah enterprise banks are registered with the Financial Services Authority (OJK). First, 14 banks recorded the sort of BUS, primarily approaching the complete record of the Sharia banking facts as of May 2020. This study examined the information used from 2015 to 2019. This sampling approach turned into done via way of means of purposive sampling. Secondary information remains from annual reviews describing the implementation of company governance during the 2015-2019 period.

The data were explained using panel data regression. The regression estimation model, which uses panel data, employs three approaches: standard, fixed, and random effects. The most suitable model for panel data processing was chosen by performing Chow, Hausman, and LM tests. The cow test chooses between a particular standard effect (CE) model and the best fixed effect (FE) model. The Hausman test selects the most appropriate fixed-or random-effects model, whereas the LM test determines whether the random-effects model is better than the common effects method. Hypothesis testing and panel data interpretation consisted of an F-test, t-test, and coefficient of determination test.

The operational definitions of specific variables are displayed inside Table 1.

Table 1. Operational Variables

Variable	Dimension	Item
Dependent Variable	Fraud	Natural logarithm of total fraud at Sharia Commercial Banks (Lidyah 2018; Najib and Rini 2019)
Independent Variable	Profit-Sharing Ratio (PSR)	The value concerning *mudharabah* and *musyarakah* financing with the total existing financing at Sharia Commercial Banks (Nathan and Scobell 2012)
	Islamic Investment Ratio (IIR)	The amount of investment by Sharia banks is halal and haram (Nathan and Scobell 2012)
	Islamic Income Ratio (IsIR)	Halal income with the total income of Sharia banks (Nathan and Scobell 2012)
	Size	Natural logarithm of total assets owned by the company (Yanti 2016)
	Complexity	The square root of the number of office networks (Wardhani and Raharja 2019)

Source: Various sources processed.

RESULT AND DISCUSSION

Following the previously defined approach, this phase describes the significance of record evaluation using panel records which includes three approaches: common, fixed, and random-impact models. First, model selection was performed using Chow and Hausman tests, including the LM test. This process is described in detail below.

Table 2. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.879669	(7,21)	0.1243
Cross-section Chi-square	16.539813	7	0.0206

Source: Chow Test Output Using Eviews 9

Based on these results, the opportunity fee of cross-phase F is 0.1243 > 0.05, which means that a specific satisfactory version is the common effect model (CEM).

Table 3. Common Effect Model Test Results

Dependent Variable: FRAUD
Method: Panel Least Squares
Date: 10/01/20 Time: 04:12
Sample: 2015 2019
Periods included: 5
Cross-sections included: 8
Total panel (unbalanced) observations: 34

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	22.50845	74.72171	0.301230	0.7655
PSR	-1.606886	0.960768	-1.672502	0.1056
IIR	-0.499643	1.827854	-0.273350	0.7866
ISIR	-68.59577	77.17697	-0.888811	0.3817
Size	1.674662	0.392054	4.271502	0.0002
Complexity	-0.172155	0.071957	-2.392474	0.0237

Based on regression testing using the common effect model, the regression equation was obtained as follows:

$$Y = 22.50845\ C - 1.606886\ X1 - 0.499643\ X2 - 68.59577\ X3 + 1.674662\ X4 - 0.172155\ X5$$

Information :

Y: Fraud
C: Constant
X1: Profit Sharing Ratio
X2: Islamic Investment Ratio
X3: Islamic Income Ratio
X4: Bank Size
X5: Complexity

Hypothesis testing

Table 4. Coefficient of Determination Test (R^2)

R-squared	0.606588
Adjusted R-squared	0.536336

Source: Coefficient of Determination Test Output Using Eviews 9

The coefficient of determination displays the number of versions of the established variable (Y), which can be defined using an unbiased variable (X) (Nachrowi & Usman, 2006). For instance, the R-rectangular cost of 0.606588 in Table 4.13 suggests that the particular impact percentage concerning PSR, IIR, IsIR, and Size, including the complexity variables for the fraud variable, is 60.6%. Sharia compliance, size, and complexity concerning Sharia banks influence fraud inside Sharia banks by 60.6%, whereas other variables outside the regression influence fraud by 39.4%.

Table 5. Simultaneous Significance Test (F-Statistical Test)

F-statistic	8.634438
Prob (F-statistic)	0.000048

Source: Coefficient of Determination Test Output Using Eviews 9

This test shows whether all independent variables utilised within the version simultaneously influence a particular dependent variable. For instance, the F-test results in Table 4.14 indicate that the Prob number (F-statistic) was 0.000048 < 0.05, meaning that H0 was rejected and H1 was accepted. Therefore, the profit-sharing ratio, Islamic investment ratio, Islamic income ratio, and size, including bank complexity, significantly influence fraud in banks in Sharia.

Table 6. Partial test (t-Statistical test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	22.50845	74.72171	0.301230	0.7655
PSR	-1.606886	0.960768	-1.672502	0.1056
IIR	-0.499643	1.827854	-0.273350	0.7866
ISIR	-68.59577	77.17697	-0.888811	0.3817
Size	1.674662	0.392054	4.271502	0.0002
Complexity	-0.172155	0.071957	-2.392474	0.0237

Source: Coefficient of Determination Test Output Using Eviews 9

The t-test shows the extent to which one independent variable explains the various dependent variables. In addition, it tests whether the parameters suspected for estimating the multiple regression equation are appropriate.

Table 6 shows that the t-count probability value of this independent variable, PSR, is 0.1056, which is higher than 0.05. This indicates that H0 was accepted, H1 was rejected, and the PSR variable had no significant effect on the fraud-dependent variable. Regarding the independent variable IIR, the t-count probability value of 0.7866 is higher than 0.05. Therefore, H0 was accepted, H1 was rejected, and the IIR variable had no significant effect on the fraud-dependent variable. Similarly, the probability value of the t-count for the independent variable IsIR was 0.3817, which is higher than 0.05. This implies that H0 is accepted, H1 is rejected, and that the IsIR variable has no significant influence on the fraud-dependent variable.

The possibility price of t-matter from the unbiased variable SIZE was 0.0002, which is less than 0.05. Therefore, H0 is rejected in the equal period as H1 is accepted, and the financial institution length variable substantially affects the fraud-based variable. Finally, the possible value of the t-matter of unbiased variable complexity was 0.0237, which was less than 0.05. Therefore, H0 is rejected, at the same time as H1 is accepted, and the financial institution complexity variable substantially impacts fraud in Sharia banks.

DISCUSSION

The Effect of the Profit-Sharing Ratio on Fraud in Sharia Banks

The intermediary function of Sharia banking is financing with no interest through the profit-sharing ratio. According to Hameed et al. (2004), profit-sharing is the primary goal of Sharia banking. Therefore, it is necessary to measure how Sharia banks achieved their goals. Therefore, profit sharing should account for a large portion of fund distribution and collection in Sharia banking. However, Indriatun and Violita (2012) find that the proportion of financing with a profit-sharing Sharia scheme is less than the total existing financing.

The hypothesis proposed in this analysis is that the profit-sharing ratio has a significant negative effect on fraud in Sharia banks. The regression evaluation outcomes show that this profit-sharing ratio variable has a coefficient value of -2.783595 and an importance value of 0.1056. These outcomes show that H0 is accepted and H1 is rejected, which is why the profit-sharing ratio (PSR) does not significantly affect fraud in Sharia banks.

The failure of this profit-sharing ratio to affect fraud is due to its minimal component in the Sharia business banks. Furthermore, profit-sharing-based financing, together with mudharabah and musharakah, could be volatile and lead to losses. Therefore, theoretically, profit-sharing has enhanced the core characteristics of activities in Sharia banks. However, the mechanism for profit-sharing merchandise is not excessive because of unsure returns, which complicates its implementation with the aid of banks in Sharia. Table 7 indicates the proportion of profit-sharing in comparison to additional financing, together with Murabaha or ijarah.

Table 7. The proportion of Sharia Bank Financing

Type of Financing	The Year				
	2015	2016	2017	2018	2019
Murabaha	122.111	139.536	150.276	154.805	158.725
	57.33%	56.26%	52.60%	48.35%	46.14%
Profit-sharing	75533	93.713	118.651	145.507	163.697
	35.46%	37.79%	41.53%	45.44%	47.59%
Other	15.352	14.758	16.768	19.880	21.578
	7.21%	5.95%	5.87%	6.21%	6.27%
Total	212.996	248.007	285.695	320.193	344.000

Source: Sharia Banking Statistics, processed (OJK 2020)

Table 7 shows that financing made based on buying and selling or murabahah is in the dominant category in the total financing carried out by Sharia banking . As an illustration, Murabaha is a financing scheme in buying and selling using a margin basis to generate substantial profits. Therefore, Murabaha dominates profit sharing and other bases.

Murabahah dominates, because profit-sharing financing has agency problems. There are differences in interests between the principal (Sharia Bank) and the agent (customer). Sarker in Kurniawansyah, 2016) found that profit-sharing financing positively affects companies' liquidity, financing, price, and operational risks. Profit-sharing-based financing emphasises trust. In this case, when profit-sharing financing occurs in a large Sharia bank, it is trustworthy to manage liquidity to reduce fraud in financial maintenance. However, when mudharabah and musyarakah financing are small, Sharia banks are still not trustworthy in managing their liquidity, which affects fraud.

The Effect of Islamic Investment Ratio on Fraud in Sharia Banks

Sharia principles prohibit transactions involving usury, gharars, gambling, and other determinant factors for one or both parties. At the same time, Islam encourages the implementation of halal trade. According to Hameed et al. (2004), Sharia banking must disclose the placement of funds through halal or haram investment. Investment is also a productive asset for the banking industry. Productive investment is an investment in financing, Sharia security, and SBIS.

This study hypothesises that Islamic funding ratio has a significantly negative impact on fraud. The multiple regression effects suggest that the Islamic Investment Ratio (IIR) variable has a coefficient price of -11,41878 with a significance level of 0.5442, which is more than 0.05. This indicates that H0 is accepted, and H1 is rejected. Therefore, the Islamic Investment Ratio (IIR) does not significantly negatively affect fraud in Sharia banks.

The average Sharia bank has a reasonably good investment of 0.9356054 or 94%. However, some fraud cases have no influence on Islamic investment in Syariah (IIR). This indicates that almost all investments received by Sharia banks come from lawful transactions that follow the Sharia principles. Therefore, halal income cannot reduce fraud among Indonesian commercial banks.

However, assets and investments are vulnerable to manipulation and fraud. Therefore, although they follow Sharia provisions, they cannot significantly reduce fraud in Indonesian banks. Furthermore, separating returns from investment risk is a challenging task. This is because an investment with a high return is inversely related to a high risk. Additionally, investing requires careful steps with complete calculations, courage to take risks, prudence, and professional business management to avoid significant losses.

Sharia banks bear equity investment risks when they bear customer business losses through profit-sharing-based financing. This risk arises when banks provide profit-sharing-based financing to their customers. Furthermore, there is a risk of losing the customer's business financed by the profit-and-loss-sharing approach. Investment in this region causes instability in bank earnings in Sharia. It also influences liquidity, credit, and market risks.

The Effect of Sharia Income Ratio on Fraud inside Sharia banking

Islamic income ratio (IsIR) was the variable used in this study. Therefore, halal and haram investment and income should be separated. This is because the income received by Sharia banks is the only income that comes from the halals. However, the Islamic Income Ratio (IsIR) shows that the income obtained by Sharia banks originates from non-halal transactions such as fines for negligent debtors and conventional bank interests. According to Aisjah and Hadianto (2013), the Islamic income ratio (IsIR) measures halal income and successfully applies the Sharia principles or compliance.

The third hypothesis is that Islamic income ratio (IsIR) negatively affects fraud in Sharia commercial banks. The regression analysis results show that the coefficient value of the Islamic income ratio variable is 253.4018 with a significance level of 0.8328, which is greater than 0.05. Therefore, IsIR does not have a significantly negative effect on fraud in Sharia commercial banks. Thus, the extent to which a bank applies for

Islamic income does not affect the decrease in fraudulent cases. The following graph compares the Islamic income ratio with fraud in Sharia commercial banks (BUS).

The lowest score for Sharia commercial banks in Indonesia had an income proportion of 0.989 (98.9%), with the highest value of 0.999 (99.9%). This indicates that almost all the income received by banks comes from lawful transactions that follow the Sharia principles. On the other hand, the average proportion of halal income among Sharia commercial banks was 99.8%. Therefore, the halal income received by Sharia commercial banks cannot reduce the fraud risk. This is because halal and non-halal income-dominated Sharia banks face the same fraud risk. Furthermore, according to Sula et al. (2014), Sharia banking practices earnings management involving income, leading to incorrect financial reporting.

The Effect of Size on Fraud in Sharia Banks

The fourth variable in this analysis is company size, proxied by total assets using the natural logarithm (Ln). Size affects decisions and managers' abilities to run a company under various conditions and situations. Therefore, the fourth hypothesis is that company size positively affects fraud in Indonesian Sharia banks. The regression analysis results show that the coefficient value of the company size variable is 12.84063 with a significance level of 0.0223, which is less than 0.05. Thus, company size has a significantly positive effect on fraud in commercial banks in Sharia. On the other hand, an expansion in the size of company assets increases the risk.

Large companies have a greater risk of fraud than smaller companies. Large companies have large assets, sales, sophisticated information systems, good employee skills, many products, and ownership structures that allow fraudulent practices (Huri and Syofyan, 2019). Therefore, large companies face great pressure as one of the most powerful factors in committing fraudulent acts (Syamsudin et al., 2017).

The Effect of Company Complexity on Fraud

The last variable in this study is bank or company complexity proxied by the root of the rank of the number of Sharia bank offices in Indonesia. Bank and company complexities are closely related to transactions that require good supervision and internal control. However, not all offices are audited annually, because of the limited number of internal audit officers. Therefore, it can lead to late detection and encouragement of fraud.

We hypothesise that bank complexity positively influences fraud in Indonesian Sharia banks. The regression analysis results show that the coefficient value of the bank complexity variable is -0.172155 with a significance level of 0.0237, which is less than 0.05. Therefore, bank complexity has a significantly positive influence on fraud in commercial Sharia banks. Furthermore, it indicates that the office network of Sharia banks influences the appearance of fraudulent behaviour.

The complexity of a company is determined by the number of business segments. This complexity requires a good supervision infrastructure because more complex operations increase the risks. Moreover, according to Ratnawati (2012), complex companies have an extensive operational network, including many offices and comprehensive area coverage), advanced technology systems, and many employees. Therefore, it encourages fraud in organisations and companies.

CONCLUSION

Sharia banking is experiencing rapid growth even though fraud has resulted in concerns. This study tested three elements influencing fraud within Sharia banking: compliance, size, and complexity. These effects confirm that Sharia compliance, size, and financial institution complexity considerably affect fraud, with an opportunity of 0.000048 in Sharia banking. Therefore, Sharia compliance (profit-sharing, Islamic investment, and Islamic earnings ratios), financial institution size, and complexity concurrently and considerably affect fraud in banks. This examination provides vital information for Sharia banking and government authorities to accurately supervise Sharia banking governance. Moreover, by using Sharia banking as an agency, these studies have enhanced numerous previous studies on fraud prevention and mitigation.

Variable length and financial institution complexity have friendly and good effects on Sharia banking in Indonesia, including the essential stages of 0.0223 and 0.0237, respectively. Therefore, speculation H0 is rejected, and H1 is accepted. The Sharia Compliance variable, proxied by the profit-sharing ratio (PSR), Islamic funding ratio (IIR), and Islamic earnings ratio, no longer partly affects BUS fraud, because its degree of importance is greater than 0.05. This study was limited to nine Sharia business banks during the 2015-2019 period. Fraud demands to be evaluated constantly, and the speedy improvement of Sharia banking to ensure particular responsibility and safety for stakeholders.

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