

Can the characteristics of the sharia supervisory board increase the trust of sharia bank customers?

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Abstract

Purpose - This study aims to examine in more detail the characteristics of SSB that will affect the level of trust of Islamic banking customers. The purpose of this study is to understand empirically the relationship between the characteristics of SSB and the trust of Islamic bank customers in Indonesia.

Method - A quantitative approach with the panel data analysis method is used to analyze sample data from all Sharia commercial banks in Indonesia in the 2012-2019 period. The independent variable in this study consisted of 6 characteristics of SSB.

Result - The results of the study show the facts that the 3 characteristics of SSB are proven to be able to increase customer trust. The three variables are the number of members, financial expertise, and doctoral education.

Implication - Islamic Commercial Banks in Indonesia suggest to put more consideration of the number of members, financial expertise, and doctoral education in the recruitment process for the selection of Sharia bank SSB members.

Originality - In contrast to previous research which examines the effect of the existence of SSB on customer trust and loyalty, this study seeks to get deeper answers to the input factors of SSB characteristics that really have a positive impact on a positive image and customer trust in Islamic banks.

Keywords: sharia supervisory board; reputation; customer trust; customer loyalty; Islamic bank



Introduction

The presence of Bank Syariah Indonesia (BSI) after the merger of three Indonesian Islamic banks in early 2021 was welcomed by the public even since the announcement of the merger plan by the Indonesian minister, Erick Tohir, in October 2020. The Indonesian Muslim community, which is a potential market in industrial competition national banks gave various responses; most were very enthusiastic about the proposed merger, some worried that the results obtained would not be in line with initial expectations, considering that mergers require a technical process and careful consideration of market reactions.

Public reactions emerged when BSI announced the composition of the members of the board of commissioners, board of directors, and Sharia supervisory board (SSB) in December 2020. Most gave a positive response to this announcement, but Muhammadiyah organizations showed a different reaction. Muhammadiyah, then, stated its plan to withdraw all of its funds from the three Islamic banks which started operating as BSI in February, 2021. It is said that the main reason for the decision is because after the merger, BSI already has a strong position to be included in the list of the 10 largest Islamic banks in the world. In line with the attitude of the central leaders of the organization, Muhammadiyah cadres in the regions responded to this attitude with a similar reaction by inviting Muhammadiyah residents to withdraw personal funds from BSI (Nursam, 2020). In addition, Muhammadiyah cadres also voiced criticism regarding transparency and accountability related to the development of the BSI merger process (Sitorus and Richard, 2020).

The plan for withdrawing funds by Muhammadiyah itself was coincidentally stated right after BSI announced the composition of the names of the members of the board of commissioners, board of directors, and SSB (Alfi and Rini, 2020). Then, the economic-political aspect was seen as a triggering factor that pushed the plan because none of the Muhammadiyah notable figure was on the list of names of BSI officials announced in December 2020.

Even though this reason was not explicitly acknowledged, Muhammadiyah did mention that the people would be reviewed after seeing the composition of the names of BSI officials. For Muhammadiyah, the existence of Islamic bank leadership figures such as the SSB, the board of commissioners, and the board of directors can be considered and have a direct influence on consumer trust and loyalty.

The SSB together with the board of commissioners and the board of directors are the top organs that have a crucial influence in the Sharia Corporate Governance mechanism. However, the SSB itself is an organ that acts as a symbol of the religious image of Islamic banks in the eyes of the public. As a symbol of the Sharia bank, SSB is effective when they are able to increase the legitimacy and religious image of the Sharia bank. Furthermore, the existence of SSB should influence and increase public trust in Sharia banks. Despite the fact, the existence of SSB in Islamic banks is often seen as only meeting the requirement and has not worked optimally. Islamic banks establish SSB only as an effort to gain Sharia legitimacy from external stakeholders (Sudi, 2015).

The influence of SSB on public trust can also be found in the phenomenon of the excessive practice of multi-service SSB for Islamic banks in Indonesia. Study of Dewindaru et al. (2019) found many cases of concurrent positions exceeding the maximum limit as that of suggested by POJK No. 30/POJK.05/2014, which shows a tendency for national Sharia banks to have SSB members from individual profiles who have experience holding many positions as members of Sharia banking SSB or individuals who are well known to the public. This phenomenon has resulted in the accumulation of responsibility for Sharia supervision on a handful of individuals, which further has an impact on the decline in the performance of the SSB itself.

In addition, the performance of SSB is also in the spotlight because it is considered not to have really carried out effective supervision. The effectiveness of SSB performance in Islamic banking in Indonesia, which is generally at the level of poor performance, is mainly due to the low compliance with the basic characteristics of SSB such as the number of

members, doctoral education, financial expertise, and the frequency of meetings or violations of the capacity of concurrent positions carried out by the SSB members at national Islamic banks (Dewindaru et al., 2019).

Of course, these problems will have a negative impact on the performance of Sharia banking SSB in Indonesia. The poor performance is mainly due to poor management, one of which is strongly influenced by the characteristics of the Sharia bank SSB (Hakimi et al., 2017), so that the ideal expectation of the role of the SSB as a form of legitimacy and the image of Sharia banks cannot be realized effectively.

Based on the discussions and presentations that have been carried out previously, it is concluded that the purpose of this study is to examine the effectiveness of the characteristics of the SSB input and its effect on the level of customer trust. This study seeks to explain the relationship between the performance of SSB characteristics and the level of trust of Islamic banking customers in more detail. What is the true effect of the characteristics of the SSB on the public's saving trust in Sharia commercial bank in Indonesia?

Most previous studies examine the effect of the existence of SSB on customer trust and loyalty (Wijayani, 2017; Sayani and Miniaoui, 2013; Sayani, 2015). In contrast, this study seeks to get deeper answers to the input factors of SSB characteristics that really have a positive impact on a positive image and customer trust in Islamic banks.

Furthermore, this research is expected to enrich the research literature on the effectiveness of SSB performance and Sharia Corporate Governance in general. Technically, the results of this study can also be used as good consideration for Islamic banks in establishing a performance evaluation system for members of their organizations because the results are closely related to the performance of SSB which is very much needed in supervising Sharia compliance in Sharia commercial bank. This research is also a policy reference for the election of SSB members.

Literature Review

Sharia Supervisory Board

SSB which is part of the management of a Sharia bank is a party that acts as an agent representing the interests of shareholders in managing assets in the form of a Sharia bank. SSB in fulfilling its obligations as an agent must be able to fulfill its duties as a Sharia compliance supervisory organ and a symbol of Sharia bank legitimacy.

As a Sharia compliance supervisory organ, SSB is assigned to supervise the operating system of Sharia banks to comply with Sharia rules. SSB in the Sharia corporate governance mechanism is an agent who is responsible for managing Sharia compliance of Sharia bank entities. This shows the willingness of the shareholders or the owners of the companies that form the SSB as representatives of the shareholders for management supervision. In the perspective of agency theory, SSB carries out the wishes of the shareholders to ensure the implementation of the Sharia system. SSB has the responsibility of the shareholders to oversee the management of Islamic banks to ensure the operational Sharia management of Islamic banks.

SSB applies Sharia corporate governance to Sharia banks by carrying out the functions of supervision, assessment, and operational supervision of Sharia banks which aims to guarantee conformity between Sharia principles and rules and practice (Faozan, 2013). While the functional role of the SSB is to ensure Sharia compliance and as a trustee institution that protects the rights and interests of stakeholders (ISRA, 2015:830). It is generally understood that the main task of the SSB is to act as an advisor and supervisor regarding matters concerning the Sharia aspect to the management of Sharia banks.

From a social point of view, the existence of SSB in Islamic banks can increase the legitimacy of Islamic banking institutions in the eyes of the public. The SSB institution is a symbol of the Sharia bank legitimacy so that they must be able to show the image of Sharia and increase Sharia bank legitimacy.

Martin and Lubis (1987:55) in Damayanti et al. (2016) explained that the resource approach is a method that can be used to measure the effectiveness of an organization's performance. This approach relates organizational effectiveness to personal input factors or the quality, criteria, and personal characteristics of organizational members. This method aims to determine the extent to which members of the organization successfully meet the characteristics and requirements in order to achieve Sharia compliance. There are 3 assessment criteria in the source approach: a) Integrity. Integrity assessment relates to aspects of commitment, morality, character, legal competence, and a good track record. b) Competence. Competency assessment is carried out to explain the personal capabilities and abilities of a member of the Sharia Supervisory Board. This assessment relates to aspects of education and work experience. c) Financial Reputation. Financial reputation assessment is based on POJK No. 27 /POJK.03/2016 article 6, namely not having credit, bad financing, or having been declared bankrupt.

Grais and Pellegrini (2006) and Haniffa and Cooke (2002) stated that among several factors related to the characteristics of the SSB that might affect the effectiveness of the SSB's performance are the size of the SSB, the independence of the SSB, educational qualifications and experience, multiple positions, and reported information. It is in line with the opinion of Verriest et al. (2013) which states that the effectiveness of SSB performance is measured by an aggregate index compiled based on SSB characteristics. They explained that an aggregate index can measure governance quality more accurately than a single indicator.

Based on the understanding of the performance effectiveness above, it can be concluded that the SSB that has effective performance is when the SSB has good input characteristics that are able to provide and increase the legitimacy of external authorities (regulatory authorities and supervisory authorities) and the general public towards Islamic banks.

Customer Trust and Religious Image of Islamic Banks

The desire to make a profit in business is the basis of the economic activity of society. Customers of Islamic banks want profit and need trust if the Islamic bank of their choice will be able to provide benefits for them. Public trust is the main factor that customers choose to entrust their personal funds to a Sharia bank. Wijayani (2017) stated that trust is the basic foundation of customers entrusting funds to Islamic banks. The high level of customer trust is directly proportional to the level of public deposit funds that can be collected by Islamic banks. Customer trust is the most important factor that maintains the continuity of the relationship between Islamic bank customers and Islamic banks, as stated by Yap et al. (2012) that trust is the determining factor for a long-lasting relationship between a company and its customers.

The customers of Islamic banking are mostly those who have hopes, views, and descriptions of the ideal Islamic economic principles. The values strongly held by the community are personal values. These are beliefs functioning as standards that influence the selection process of Islamic banks, which further affect customer trust and loyalty to Islamic banks. Attachment of value to the product can cause the product to have a positive effect, the attachment of religious values to Islamic banks in this case is something that has a positive effect as well as very important for the image of Islamic banks (Day, 2015). Kartika et al. (2020) added that the image of Islamic banks is very influential on customer trust.

The loyalty and trust of Islamic banking customers is closely related to the image displayed by Islamic banks. The positive image of Islamic banks is closely associated with the religious image of Islamic banks and the quality of service in accordance with Islamic religious values (Sayani and Miniaoui, 2013). Furthermore, Wahyuni and Fitriani (2015) mentions that the religious aura of Islamic banks is a determinant in the marketing strategy of Indonesian Islamic banking by contributing to the positive attitude of Islamic banking savings customers. Customer loyalty and satisfaction are strongly

influenced by the emotional attachment of religiosity more than the perceived quality of service (Suhartanto, et al., 2020; Suhartanto, et al., 2020).

Information received by the public regarding Sharia bank SSB will improve the image of Islamic bank religious branding. As stated by Ahmed et al. (2021) that the wider information and knowledge of customers about SSB members from various aspects (work experience, skill qualifications, educational qualifications, achievements, and others) will broaden the influence and branding of Islamic banks.

Structurally, the characteristics of SSB affect the performance of Sharia Corporate Governance which has an influence on the quality of bank services, facilities, prices, etc. However, the characteristics of SSB can also have a direct influence on the level of customer trust. The existence of the SSB organ with its members who have ideal characteristics is one of the efforts to attach religious values to Islamic banks. Having a credible and competent SSB members will enhance the positive image of Islamic banks, which in turn will lead to greater trust from Islamic bank customers (Sayani, 2015). In addition, the position of SSB as part of the primary stakeholder also has the power to increase the positive image of the company or vice versa; it can significantly worsen the company's branding (Wicaksono et al., 2021). In addition, SSB members are considered brand ambassadors, customers value SSB members personally more than Islamic banks themselves (Ahmed et al., 2021).

In terms of building public trust, it is stated that SSB is one of the factors that can affect customer trust in Islamic banks (Wijayani, 2017). In this aspect, the existence of SSB provides added value to the Sharia banking business operations which were initially poorly understood by the public. It is seen by the community as a guarantee for the conformity of Islamic bank operations with Islamic economic principles. Especially for customers who prefer to deposit their funds in Islamic banks for the Islamic religious regulations, the existence of SSB can overcome the problem of public doubts regarding Sharia compliance in Sharia bank operations.

The level of public trust has a very important role, especially for the development of the Islamic banking business. Wardayati (2011) stated that the low absorption of Islamic banking products in the community is one of the reasons for the poor understanding of the business operations of Islamic banks. Furthermore, this misunderstanding will raise public doubts and cause the market share of Islamic banking to be at the level of 5% below the total national banking business. It is very important for Islamic banks to build trust from customers to be able to compete in the national banking market.

Hypothesis Development

The number of SSB members has a positive influence on the company's performance (Grais and Pellegrini, 2006). Rahman and Bukair (2015) added that a larger number of board members enhances SSB' control capabilities over Islamic bank operations and minimizes uncertainty and lack of information. This opinion is corroborated with AlAbbad et al., (2019) and Rizaldy and Ahmed (2019) which states that a larger number of SSB members means greater control and monitoring of Sharia compliance which has an impact on increasing the trust of the Sharia bank customers. Based on the discussion above, it can be concluded that in general, the number of SSB members has a positive effect on the level of trust of Islamic bank customers.

Cross-membership by SSB members has an impact on superior monitoring performance (Farook et al., 2011). Multi-position signifies high work experience, broad insight, and a wider network of cooperation. This is in accordance with the statement by Rahman and Bukair (2013) that the multi-position SSB can be a source of information connection in financial business practices. Ahmed et al. (2021) added that the amount of information and knowledge possessed by Islamic bank customers regarding work experience, qualifications, and achievements of SSB members will have a major influence on the branding of Islamic banks. Based on the discussion above, it can be concluded that in general, the number of SSB members has a positive effect on the level of trust of Islamic bank customers.

The financial performance and financial reputation of Islamic banks are important aspects that are often considered by the public in entrusting their funds to a financial institution. Dusuki and Abdullah (2007) stated that financial reputation is a factor that customers consider in choosing a bank. The emphasis of this financial reputation is related to the reputation of financial expertise controlled by the management of Islamic banks including the SSB. Financial expertise is one of the financial reputations that need to be considered. As stated by Grais and Pellegrini (2006) and Haniffa and Cooke (2002) that Sharia financial expertise is one of the characteristics of SSB that has a positive effect on SSB performance. As stipulated by AAOIFI – Governance and Auditing Standards (2012) that there is at least one SSB member who has a financial expertise background. Based on the discussion above, it can be concluded that in general, the number of SSB members has a positive effect on the level of trust of Islamic bank customers.

A person with a doctorate in business science and economics has good implications for financial institutions (Farag et al., 2018; Farook et al., 2011). This opinion is supported by Sayani (2015) that credibility and competence of SSB members have a very significant effect in influencing the level of customer trust. So, the initial assumption that can be concluded is that the higher education of SSB members will have an impact on increasing performance competence and supervision of Sharia compliance and will result in a higher level of customer trust. Based on the discussion above, it can be concluded that in general, the number of SSB members has a positive effect on the level of trust of Islamic bank customers.

The number of meetings indicates the level of Sharia compliance supervision and coordination between SSB members and Sharia banks. Meetings are one of the benchmarks for the performance of an organ, but the number of SSB meetings is not a driving factor in increasing customer trust in the image and credibility of Islamic banks. POJK No. 30/POJK.05/2014 also stipulates that the minimum number of meetings that the SSB must hold is 6 times a year. The higher the frequency of meetings held, the higher the level of supervision and performance of the SSB. Based on the discussion above, it can

be concluded that in general, the number of SSB members has a positive effect on the level of trust of Islamic bank customers.

Qualification of expertise in the field of Sharia-muammalah is the main characteristic that must be possessed by SSB members (AAOIFI – Governance and Auditing Standards, 2012; POJK No. 30/POJK.05/2014 concerning Good Corporate Governance for Financing Companies, 2014). Rashid et al. (2009) said that the existence of SSB together with the development of Islamic banking technology will increase customer trust. It was found that one of the factors in choosing a bank by customers besides financial reputation is the religious image of a Sharia bank and adherence to Sharia principles (Naser et al., 1999; Dusuki and Abdullah, 2007). Islamic banking receives the attention and trust of the public mainly because of the religious values held by customers (Al-Ajmi et al., 2009; Sayani, 2015; Sayani and Miniaoui, 2013) so that the existence of SSB members who have Sharia scientific competence will certainly have a positive influence on the image of Islamic banks and customer trust in Islamic banks. Based on the discussion above, it can be concluded that in general, the Sharia expertise of SSB has a positive effect on the level of trust of Sharia bank customers.

Therefore, the hypotheses in this study can be formulated as follows:

- Hypothesis 1: The number of SSB members has a positive effect on the level of trust of Sharia bank customers*
- Hypothesis 2: Concurrent positions of SSB have a positive effect on the level of trust of Sharia bank customers*
- Hypothesis 3: Qualification of financial expertise of SSB has a positive effect on the level of trust of Sharia bank customers*
- Hypothesis 4: SSB doctoral education qualification has a positive effect on the level of trust of Sharia bank customers*
- Hypothesis 5: The frequency of SSB meetings has a positive effect on the level of trust of Sharia bank customers*

Hypothesis 6: Sharia SSB expertise has a positive effect on the level of trust of Sharia bank customers.

The framework of thinking in this study is to examine the effect of the effectiveness of SSB performance on the level of consumer trust in Islamic banks. This is done by testing the effect of the six characteristics of SSB on the level of third-party funds deposited by Islamic banks. The relationship between the six hypotheses above can be described in figure 1.

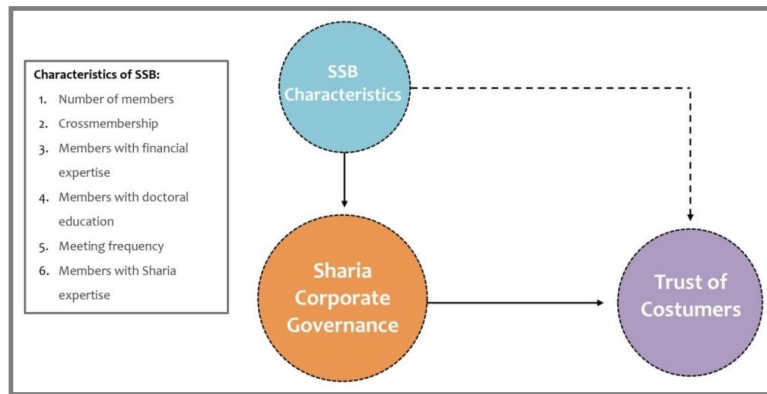


Figure 1. Conceptual Framework

—————> Direct Correlation
-----> Indirect Correlation

Research Methods

This research is basically examining the effect of SSB characteristics on the trust of Indonesian Islamic banking customers. It applies a quantitative approach to measure and test the research variables, with descriptive statistical analysis procedures and correlation analysis. Panel data analysis method (panel pooled data analysis) is used in this study.

The independent variables focus on the six characteristics of SSB recommended by AAOIFI, OJK regulations, and previous research, including the number of SSB members, multiple positions, financial expertise competence, doctoral education, meeting frequency, and Sharia expertise competency. The dependent variable is the level of trust of Islamic banking customers which is explained by the level of third party deposit funds in Islamic banks, namely public funds in the form of demand deposits, deposits, and savings which are measured in rupiah. Taswan (2010) explains that the amount of third party deposit funds indicates the amount of public trust in the bank, and vice versa.

Table 1. Measurement of Independent Variables - Characteristics of SSB

No	Characteristics	Score	References
1	Number of members		
	1 SSB member	1	• AAOIFI (2012)
	2 SSB members	2	• No. 30/POJK.05/2014
	3 SSB members	3	• Rahman & Bukair (2015)
	4 SSB members	4	• Rizaldy & Ahmed (2019) • Farag et al. (2018)
2	Multi position member		
	Personal assessment score 1-2	1	• AAOIFI (2012)
	Personal assessment score 3-4	2	• No.30/POJK.05/2014
	Personal assessment score 5-6	3	
3	Members with financial expertise		
	0 financial expert	1	• AAOIFI (2012)
	1 financial expert	2	• Haniffa & Cooke (2002)
	2 financial experts	3	• Alsartawi (2019)
	3 financial experts	4	
4	Members with doctoral education		
	0 doctoral education qualification	1	• Farok et al. (2011)
	1 doctoral education qualification	2	• Farag et al. (2018)
	2 doctoral education qualification	3	
	3 doctoral education qualification	4	
5	Meeting frequency		
	< 10 times a year	1	• No. 30/POJK.05/2014

	11-15 times a year	2	
	16-20 times a year	3	
	> 20 times a year	4	
6	Members with Sharia expertise		
	0 Sharia expert	1	• AAOIFI (2012)
	1 Sharia expert	2	• No.30/POJK.05/2014
	2 Sharia experts	3	
	3 Sharia experts	4	

Source: Dewindaru et al. (2019) and research assessment

This study uses non-experimental data in the form of secondary data, namely the annual financial statements of Islamic banks in Indonesia. The annual financial reports are reports that have been published through the official websites of these banks. The sample collection uses purposive sampling method with explanation of research data sources taken from bank annual reports published on the official website of 10 Sharia banks in Indonesia in the period 2012-2019.

Data processing stage (pooled data analysis panels) is begun by estimating the regression model with three regression models (common effect, fixed effect, random effect). Followed by selecting the best regression model with three tests (Chow, Hausman, Lagrange Multiplier), classical assumption testing, and significance testing. The results of the research are analyzed and described, then conclusions are be drawn.

Results and Discussion

This section discusses the results of testing the effect of SSB characteristics on the level of trust of Islamic bank customers. It discusses the results of research on the six characteristics of SSB which are the dependent variables of this test. The six characteristics of the SSB studied are considered to be able to provide an overview of how the characteristics of the SSB of national Islamic banks have an influence on the level of loyalty and trust of Sharia bank customers.

Descriptive Statistics Test. This test is aimed at all variables, namely customer trust, number of members, multi-position, financial expertise,

doctoral education, meeting frequency, and quality Sharia expertise so that an initial picture of the data in this study is obtained. The results of descriptive statistical tests on the six independent variables are described in table 2.

Table 2. Descriptive Statistics Test Results

	Obs	mean	Max	Min
CUSTOMER	80	3619288.	9990482.	803942.8
TOTAL	80	2.362500	3,000000	2000000
CROSS	80	3.087500	4000000	1.0000000
FINANCE	80	2.187500	3,000000	1.0000000
DOCTOR	80	2.325000	4000000	2000000
MEETING	80	2.387500	4000000	1.0000000
SHARIA	80	3.087500	4000000	2000000

CUSTOMER = Customer Trust. **TOTAL** = Number of SSB members. **CROSS** = Multi-position of SSB members. **FINANCE** = Competency of financial expertise of SSB members. **DOCTOR** = Doctoral education qualification for SSB members. **MEETING** = Frequency of SSB member meetings in 1 year. **SHARIA** = Competency of Sharia knowledge of SSB members

Table 2 presents the results of descriptive statistical tests. Testing of as many as 80 observations with 10 samples for 8 years shows the disclosure value of the Islamic bank customer trust assessment. The highest trust rating is 9990482, and the lowest rating is 803942.8. The SSB characteristic assessment index consists of 4 levels, so that the highest score that can be achieved is 4.0 and the lowest score is 1.0.

The minimum value for the variable number of members is 2.0 and the maximum is 3.0. So, it can be concluded that in the period 2012 to 2019 the number of SSB of Sharia bank members in Indonesia consists of at least 2 members and at most 3 members.

The multi-position variable shows that the minimum value of multi-position SSB is 1.0 with a maximum of 4.0. A multi-position rating of 1.0 is given when a SSB member does not have many concurrent positions or does too many SSB concurrent

positions, while a 4.0 rating is given when a SSB member carries out multiple positions maximally without violating the multi-service provisions set by the OJK. The data in table 3 shows that there are SSB members who do not have many concurrent positions or even have too many concurrent positions as SSB and there are SSB members who are able to maximize concurrent positions as SSB.

The financial expertise variable shows a minimum value of 1.0, a maximum of 3.0. This means that there are Islamic banks in which none of the SSB members have financial competence, while the maximum value of 3.0 means that the maximum number of SSB members with financial expertise is only 2 members.

The minimum score on the qualification characteristics of doctoral education is 2.0, which means that there is at least 1 member of the SSB with a doctoral education background. The maximum value of 4.0 means that there are Sharia bank whose 3 SSB members have a doctoral educational background.

The meeting frequency variable has a minimum value of 1.0 and a maximum value of 4.0. These results indicate that there are Islamic banks whose SSB only hold meetings of fewer than 10 meetings a year, while the maximum value of 4.0 means that there are SSB of Sharia banks whose meeting frequency is more than 20 meetings a year.

In the Sharia expertise competency, it is found that the minimum value is 2.0 and the maximum value is 4.0, until it is understood that among the SSB of Indonesian Islamic banks there is at least 1 member who has Sharia expertise competence and there is a Sharia bank in which all 3 of its members are experts in the field of Sharia.

Test the coefficient of determination. The results of the coefficient of determination test prove that the level of variation of the customer trust variable can be explained by the number of members, multiple positions, financial expertise, doctoral education, meeting frequency, and Sharia expertise as seen from the adjusted R-squared value of 37%, while the remaining 63 % is influenced by variables that are not observed in this research model.

This result is considered reasonable since there are other factors that influence customer trust outside of all SSB characteristics such as factors from

internal Sharia banks like promotion, service quality, ease of banking transactions.

On the other hand, external factors such as personal value owned by customers as described by Suhartanto et al. (2018) that is the consideration of religiosity also determines the level of loyalty and trust of Islamic bank customers. The value of religiosity is very important for the loyalty of Islamic bank customers. This factor has a direct effect on customer loyalty. The religiosity of Islamic banks in this case is mediated by the trust and image displayed by Islamic banks.

In addition, the lack of public literacy in Islamic banks is also a factor that can affect the level of customer trust in Islamic banks. Wardayati (2011) revealed that the general public's lack of understanding of Islamic banks raises public doubts about the business operations of Islamic banks.

Multiple linear regression test. Correlation analysis conducted to examine the effect of SSB characteristics on the level of trust of Islamic bank customers, which was carried out, obtained results as shown in table 3 with the chosen model being the common effect.

Table 3. Results of Testing Data Panels

Variable	Coefficient	Std. Error	t-Statistics	Probability
C	-3270213.	1649549.	-1.982489	0.0512
Number of Members	1987378.	710188.5	2.798381	0.0066
Multifunction	-301558.0	252047.4	-1.196434	0.2354
Financial Skills	850917.4	324783.5	2.619953	0.0107
Doctoral Education	1805748.	456773.2	3.953270	0.0002
Meeting Frequency	-286837.7	262765.3	-1.091612	0.2786
Sharia Skills	-728595.5	530854.5	-1.372496	0.1741

Based on the results of testing the common effect model (see table 3), then a regression equation between variables is formulated. The equations are described as follows:

Trust	3270213.0 + 1987378 (Number of Members)
Customer	- 301558.0 (Multi-position) + 850917.4(Financial Expertise)
	+ 1805748.0 (Doctoral Education) - 286837.7 (Meeting)
	- 728595.5 (Sharia Expertise) + Eit

Based on the results of panel data processing, it can be seen that the coefficient value of the number of members is 1987378. with a significance of 0.0066 (below 0.05). So, it is stated that hypothesis 1 that the number of SSB members has a positive effect on the level of trust of Sharia bank customers is accepted.

The statistical results indicate that the level of trust of Sharia bank customers will increase if the number of the Sharia bank SSB members is greater. The large number illustrates the ability and performance of Sharia compliance supervision. The number is one of the benchmarks for the community and customers, especially in the supervision of better and guaranteed Sharia compliance. This research intersects with research by Bukair and Rahman (2015) who obtained evidence that a larger number of board members will reduce uncertainty and lack of information and affect the ability of SSB to control transactions and operations in accordance with regulations. This opinion is corroborated with previous research by AlAbbad et al., (2019) and Rizaldy and Ahmed (2019) stating that a larger number of SSB members means an increase in control and monitoring which has an impact on the image of a Sharia bank which will further increase the trust and loyalty of the Sharia bank customers. Based on the discussion above, it can be concluded that in general, the number of SSB members has a positive effect on the level of trust of Islamic bank customers.

Number of SSB members according to Bank Indonesia Regulation No. 11/3/PBI/2009 is at least 2 people or at most half of the total members of the board of directors of the Sharia bank. The provisions on the number of SSB members determined by AAOIFI (2012) is a minimum of 3 people. Islamic banks in other countries such as Pakistan, Malaysia, Bahrain, on average have

a SSB consisting of from 3 to 4 board members according to the asset size scale of the Islamic bank and the government regulations where the Islamic bank originates. The average Islamic bank in Indonesia has an SSB with 2 members, and some have 3 members. Now, in Indonesia, there is only 1 Islamic bank that has an SSB consisting of 4 members.

So, it can be interpreted that the more the number of SSB members in a Sharia bank will further increase customer trust in Islamic banks. A larger number of members increases professional competence and better Sharia compliance monitoring time. Of course, this is necessary if internal Sharia compliance oversight is to make it happen.

However, the results obtained are contradictory to the research by Firdaus (2017) and Alsartawi (2019) which concluded that the number of members has no impact on the performance of Islamic banks and recommends a more minimalist number of board members. This difference may occur given that most SSB members of Islamic banks in Indonesia are generally at a poor performance level, mainly due to the low fulfillment of the ideal characteristics of SSB such as the number of members, doctoral education, financial expertise, and the frequency of meetings as well as the presence of multi-task rule violation (Dewindaru et al., 2019). In addition, a smaller number of independent members will contribute to solving the problem of information asymmetry (Alsartawi, 2019).

Based on testing the effect of the multi-position SSB variable on the level of customer trust, the test results found that the coefficient value of the number of members is -301558.0 with a significance of 0.2354 (above 0.05). So, it is stated that hypothesis 2 that multi-position SSB has a positive effect on the level of trust of Sharia bank customers is rejected.

These results also coincide with research by Dewindaru et al. (2019) which indicates the direction of the negative and insignificant relationship between the characteristics of SSB and the performance of Islamic banks. On the other hand, the results of this study are in line with the opinion of Richardson (1987) stating that multiple positions indicate weak corporate

governance where multiple positions will reduce the effectiveness of SSB performance in dealing with Sharia issues. Multi-positions are not a factor that strengthens customers' trust in Islamic banks. It is probably because people generally do not pay much attention to the dual position of SSB, considering that information related to multiple positions in SSB is often not attached in an accountable manner to the financial statements. It is often found that Islamic banks do not display complete information regarding the concurrent positions of members of the SSB at other Islamic financial institutions (Dewindaru et al., 2019). This is also exacerbated by the attitude of customers; most of the customers of Islamic banks are Muslim who believe that interest is haram and have a very positive initial impression of Islamic banks. On the other hand, the customer's attitude is actually not as positive as the initial impression (Setyobudi et al., 2015).

However, the results of this test are contradictory to the research by Farook et al. (2011) and Rahman and Bukair (2013) which stated that the result of the concurrent position of the SSB was good supervisory performance and improved information connection in financial business practices. This finding also does not support the opinion of Ahmed et al. (2021) which states that the more knowledge customers have about Sharia board members in terms of work experience, qualifications, achievements, the more positive impact they will have on the branding of Sharia banks.

Based on testing the effect of the financial expertise of SSB on the level of customer trust, the test results show the coefficient of financial expertise is 850917.4 with a significance of 0.0107 (below 0.05). So, it is stated that hypothesis 3 that SSB financial expertise has a positive effect on the level of trust of Sharia bank customers accepted.

This finding is understood that the smaller the number of members who have competence in the financial sector will have an impact on the decline in the performance of the SSB. The results of this study were found to support the determination of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) – Governance and Auditing Standards,

(2012) which recommends that at least 1 member of the SSB is an expert in Islamic finance and economics.

These results coincide with the results of research by Amalina Wan Abdullah et al, (2013), Dewindaru et al, (2019), Haniffa and Cooke, (2002), and Grais and Pellegrini (2006) who found that financial expertise competence had a significant positive impact on the performance of Islamic banks. Grais and Pellegrini (2006) and Haniffa and Cooke (2002) stated that Sharia finance expertise competency had a positive effect on the performance of SSB and further affected the performance of Islamic banks. The indication from the results of this test is that the financial expertise of SSB members significantly increases the trust of Sharia bank customers, where the more SSB members with financial expertise increases the customer's trust in the credibility of Sharia banks.

Based on testing the effect of the SSB doctoral education variable on the level of customer trust, the test results show a coefficient value of 1805748.0 with a probability value of 0.0002. So, it is stated that hypothesis 4 that SSB doctoral education has a positive effect on the level of trust of Sharia bank customers is accepted.

In accordance with the research hypothesis, the test found that doctoral education qualifications had a significant positive impact in increasing the trust of Sharia bank customers. The findings of this study may be explained because of the public's view that the higher a person's education, the higher his credibility and work competence. Sayani (2015) stated that credibility and competence of SSB members had a very significant effect in influencing the level of customer trust. The findings of this study also strengthen the opinion by Farook et al., (2011) and Farag et al. (2018) that doctoral degree in business and economics brings positive influence to Islamic financial institutions. This implies the need for Islamic banks to have SSB members with a doctoral education background. It is supported by Ahmed et al. (2021) who believes that information and knowledge possessed by customers regarding qualifications and achievements including SSB education qualifications will improve the branding of Islamic banks.

In contrast, Nomran et al. (2018) stated that the education level of SSB did not significantly affect the performance of Islamic banks.

Based on testing the effect of the variable frequency of SSB meetings on the level of customer trust, the test results show a coefficient value of -286837.7 with a probability value of 0.2786. So, it is stated that hypothesis 5 that the frequency of SSB meetings has a positive effect on the level of trust of Sharia bank customers is rejected.

The test which analyzes the effect of the frequency of meetings on the level of trust of Islamic bank customers finds that there is no effect of the frequency of meetings held by SSB with customer trust. Insignificant probability indicates that high or low intensity of meetings held by SSB will not increase customer trust in Islamic banks. Meetings are identified as not one of the factors considered by customers in choosing a Sharia bank. This finding is in accordance with the recommendations by Alsartawi (2019) so that SSB meetings are only held on a quarterly basis with consideration of performance efficiency by discussing the most important quarterly reports. This will further reduce the cost of holding the meeting.

The results of this study were found not to support the government's decision through POJK No. 30/POJK.05/2014 which stipulates that meeting is held at least 6 times in a year. The number of meetings indicates the level of Sharia compliance supervision and coordination between SSB members and Sharia banks. Although meetings are one of the benchmarks for the performance of an organ, the number of SSB meetings is not one of the driving factors for increasing customer trust in the image and credibility of Islamic banks.

On the other hand, the insignificant relationship contradicts the findings (Sukarno, 2016) if the frequency of audit committee meetings has a positive impact on audit quality.

Based on testing the effect of the SSB Sharia expertise variable on the level of customer trust, the test results show a coefficient value of -728595.5 with a probability value of 0.1741. So, it is stated that hypothesis 6 that the

Sharia expertise of SSB has a positive effect on the level of trust of Sharia bank customers is rejected.

The findings from this test are not in line with the AAOFI provisions which require the existence of SSB members with Sharia expertise qualifications. Qualification of expertise in the field of Sharia-muammalah according to AAOIFI is the main characteristic that must be possessed by SSB members. The indication from this research is that Sharia expertise of SSB members cannot affect the trust and loyalty of Sharia bank customers in Indonesia. This finding contradicts the statement by Sayani and Miniaoui (2013), Sayani (2015), and Al-Ajmi et al. (2009) that the tendency towards the value of religiosity and the image of Islamic banks are the factors that most influence the consideration of customer trust, where customer trust and satisfaction are obtained by the existence of SSB which guarantees the Sharia operations of Islamic banks. The tendency of customers caused by religious values cannot be proven to affect the trust of Islamic bank customers in Indonesia. It contrasts to the opinion by Naser et al., (1999) and Dusuki and Abdullah (2007) which states otherwise.

Most of the customers are Muslim who believe that interest is haram but, on the other hand, practical needs push them to the conventional banking system. Although most customers have a very positive impression of Islamic banks, their actual attitude when faced with the choice of using conventional banks or Islamic banks is not as positive as their initial impressions (Setyobudi et al., 2015).

The characteristics of the ideal SSB is one method of persuasion so that the Indonesian Muslim community gets closer to Islamic banks. The strategy for strengthening the characteristics of SSB is part of the effort to strengthen Islamic bank branding.

Conclusion

Based on the description of the discussion and analysis of the previous statistical calculations, the findings and conclusions of the study are that three of the six characteristics of SSB variables were found to have a significant

positive effect on the trust of Islamic bank customers. The three variables are the number of members, financial expertise competence, and doctoral education background. The results of this test indicate that the three variables, namely the number of members, financial expertise competence, and doctoral education background, are proven to increase customer trust by increasing the amount of third party deposit funds deposited in Islamic banks.

The results of this study are expected to be a reference for consideration for Islamic banks in Indonesia in an effort to boost acceptance of deposits from third party funds from the public. The results can also be considered in the recruitment process for the selection of Sharia bank SSB members. From a theoretical point of view, the findings in this study can enrich the sources of research literature in the field of performance characteristics of SSB and increase the trust of Islamic bank customers.

This study has limitations on the scope of the characteristics of the SSB alone without adding other variables outside the characteristics of the SSB, while there are other factors such as the value of religiosity, the level of promotion, and the quality of bank services that also affect the level of customer trust. Further research can be done by including other variables besides the characteristics of the SSB.

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