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THE ROLE OF SHARIA COMPLIANCE, ISLAMIC CORPORATE GOVERNANCE AND COMPANY SIZE IN PREVENTING INTERNAL FRAUD

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ABSTRACT

This study aims to examine the effect of Sharia Compliance, Islamic Corporate Governance and Company Size on Internal Fraud in sharia banks. Independent variables used are Sharia Compliance with Profit Sharing Ratio (PSR) and Islamic Investment Ratio (IIR) as a proxy, Islamic Corporate Governance (ICG) and Company Size. The dependent variable used is Internal Fraud. The number of research samples in this study were 124 samples from total 15 Islamic banks in Indonesia that were observed during 2012–2021 using a quantitative approach. Determination of the sample obtained by using convenience sampling. This study employs Data Panel Regression with STATA 17 and were analyzed using the Fixed Effects Method. The result of this study indicate that Islamic Investment Ratio (IIR) and Company Size have positive effects on Internal Fraud. Profit Sharing Ratio (PSR) has negative effect on Internal Fraud. While Islamic Corporate Governance (ICG) has no effect on Internal Fraud.

1. INTRODUCTION

The passage of Islamic Banking Law No. 21 of 2008 serves as the foundation for the expansion of national Islamic banking because it provides a more appropriate legal justification and contributes too much faster growth [31] . Islamic banking is expanding in terms of both the number of Islamic commercial banks and total assets [28]. Nonetheless, the development of Islamic banking in Indonesia is still not comparable to the population, which is predominantly Muslim. The Muslim population is 87% of the total population of 255.2 million people [9].

The imbalance in Islamic banking development occurs because maintaining a good image so that people remain committed to Islamic banks is a difficult challenge because they must adhere to Sharia principles [29]. According to the supervisory system, Islamic banks must carry out sharia compliance, which means that they must carry out all activities based on sharia principles [23]. Even though the elements of sharia are emphasized, this does not mean that sharia banking is free of fraud. Fraud is defined as a fraudulent abuse of authority for personal gain by distorting an entity's or institution's resources or assets [1] . Acts of fraud can endanger an organization's viability because they are both financially and morally damaging. According to the Association of Certified Fraud Examiners (ACFE) Indonesia in 2019, the financial and banking industry suffered the most from fraud, with 41.5% exceeding the level of losses due to fraud to the government, which was 33.9%. Furthermore, the Financial Services Authority (OJK) reported losses due to fraud in the banking industry totaling IDR 4.62 trillion in 2020.

[39] examined whether Islamic banking, which adheres to Sharia principles in its operations, can avoid fraud. However, the phenomenon demonstrates that Islamic banks are inextricably linked to fraud.

Table 1. Cases of Fraud in Islamic Banks in Indonesia

No.	Case of	Source
1	Fraud in the provision of financing to PT Bank Syariah Mandiri which caused losses to the bank amounting to Rp. 14.250 billion.	kompas.com
2	Misuse of PT Bank Mega Syariah customer funds which caused losses to the bank of up to IDR 20 billion.	financial.com
3	funds at Bank NTB Syariah by unscrupulous supervisors of non-cash services.	Beritasatu.com
4	Embezzlement of DP housing credit by BSI Banda Aceh.	Dialeksis.com
5	Fake records by BRI Syariah Padang that caused losses to the bank amounting to Rp. 5.4 billion	Harihaluan.com

Source: processed data (2022)

Due to recent cases of banking fraud, the public frequently questions Islamic banks' adherence to Sharia standards in their operational activities. This may reflect poorly on the banking industry [23]. As a result, a serious solution is required to ensure that the banking industry follows Sharia principles and that there are no indications of fraud in its operational activities [10]. According to [43], Sharia Compliance is an important role in the implementation of Islamic banking operations, where Islamic banking in its business practices must implement sharia compliance. In addition to Sharia Compliance, Good Corporate Governance (GCG) is used to foster stakeholder loyalty and trust. Because the goal of implementing GCG is to provide a system of checks and balances that can lower the risk of fraud [33]. According to [15], the Islamicity Disclosure Index (IDI) can be used to measure an organization's performance because it consists of three indicators: Social/Environmental, Corporate Governance, and Sharia Compliance.

Measurement Sharia Compliance employs the indicators disclosed by [15], namely the Profit Sharing Ratio (PSR) and the Islamic Investment Ratio (IIR). In addition to disclosing Sharia Compliance, the implementation of Islamic Corporate Governance (ICG) is a factor that can protect Islamic bank compliance and avoid indications of fraud [43]. In addition, Company Size also has an influence on internal control which can reduce fraud [41].

The first indicator in this study is Profit Sharing Ratio (PSR). This ratio is used to evaluate Islamic banks' financial activities based on a profit-sharing method [37]. The high or low PSR ratio can affect indications of fraud, where the higher the PSR ratio, the more successful Islamic banking is in implementing an honest attitude, or it can be interpreted that Sharia Compliance in the profit-sharing distribution has been implemented. Fraud will decrease as sharia compliance in Islamic banking improves. This is consistent with the legitimacy theory, which states that Islamic banking must maintain customer trust. This is in line with the research by [8], [24], [30] which show that PSR has a negative effect on fraud. But in contrast to the research by [29], [36], [39], and [40] who revealed that PSR had a positive effect on fraud. However, it is inversely proportional to the study of [6], [28], [35], [37] which revealed that PSR had no effect on fraud.

The Islamic Investment Ratio (IIR) is a proxy for Sharia Compliance that is used to assess Islamic banks' compliance in disclosing halal and non-halal investments. Islamic banking is required to provide open and honest information about investments, both halal and non-halal investments. According to the legitimacy theory, Islamic Commercial Banks should maintain customer trust by distributing their investments publicly in accordance with Sharia principles. This attitude of honesty and openness can assist in reducing the risk of fraudulent acts. This is in line with research from [24], [29], [30] which revealed that IIR has a negative effect on fraud. Meanwhile, research by [16], [18] and [39] revealed that IIR has a positive influence on fraud. In contrast to the results of the study by [6], [10], [28], [35] which revealed that IIR has no effect on fraud.

Sharia banking is required to practice sharia-compliant corporate governance. As a result, Islamic Corporate Governance (ICG) is a good indicator for reducing fraud. According to the legitimacy theory, Islamic banks must gain the trust of their customers by proving that they will not commit fraudulent acts in their operational activities. Research from [8], [28], [35], [37] revealed that ICG has a positive effect on fraud. Meanwhile, research by [2], [5] and [29] revealed that ICG has a negative effect on acts of fraud. Meanwhile, research by [6], [10] and [24] revealed that ICG has no effect on fraud.

In this study, the fourth indicator that influences fraud is Company Size. According to[19], the asset expansion of large companies is greater than that of small companies. This leads management to prefer manipulating company profits [13]. These occurrences may result in information asymmetry between the agent and the principal. Companies that experience information asymmetry, according to agency theory, have agency problems. This can raise the possibility of fraudulent activity. The risk of fraud increases with the company's size. In line with the results of [12], [19] and [26] revealed that Company Size has a positive effect on fraud. Unlike the research by [21], [25], [41] revealed that Company Size has a negative effect on fraud. However, contrary to the research by [13], [17], and [38] revealed that there is no effect between Company Size on fraud.

This research is a research development from [10] entitled Disclosure Of Islamic Corporate Governance and Sharia Compliance on Fraud in Sharia Commercial Banks. Researchers use proxies for Profit Sharing Ratio, Islamic Investment Ratio, and Islamic Corporate Governance and add Company Size to test the effect of company size on Internal Fraud. As revealed by [41] company size has an effect on internal controls which can limit fraudulent acts. Unlike [10] which used logistic regression analysis, the researchers used panel data regression analysis with STATA software. Because convenience sampling is used for the 2012-2021 period, more samples are used. The researchers chose this time period because of the implementation of a Bank Indonesia Circular on Anti-Fraud Implementation for Commercial Banks in Indonesia, which began on December 9, 2011.

2. METHOD

Data and Sample

This study relies on secondary data in the form of annual reports obtained from each company's website. The convenience sampling method is used in the sample determination procedure, which means that all samples from the available variables are used [7]. For the period 2012-2021, 124 samples were collected from 15 Islamic Commercial Banks in Indonesia. The 2012-2021 sample period is used to determine how well Islamic Commercial Banks comply with the regulations of Bank Indonesia Circular Letter No. 13/28/DNDP concerning Anti-Fraud Implementation for Commercial Banks in Indonesia, which went into effect on December 9, 2011. The research sample was unbalanced because data that could not be found was ignored.

Variables

1. **Dependent Variables**
   Internal Fraud

Fraud as the dependent variable focuses on internal fraud, specifically fraud in financial statement presentation, corruption with various interests, and asset misuse [1]. [10]explained in their research that fraud in financial statements (statement fraud) is a misstatement made by managerial parties that can be detrimental to investors and creditors. Corruption takes the form of bribery, illegal giving, conflicts of interest, and extortion. Meanwhile, misappropriation of assets (asset misappropriation) is classified as a fraud in the management of inventories and other assets as well as disbursements of cash for expenses made for personal gain or for a group of people. Commercial banks in Indonesia are required to submit reports on the implementation of anti-fraud and report incidents of fraud in the annual report on GCG implementation to the Financial Services Authority (OJK) in accordance with Bank Indonesia Circular Letter No. 13/28/DNDP.

In line with the research of [30] Fraud is measured in units of quantity by calculating the internal fraud (employees who commit fraud) in each Islamic bank published in the annual report in the GCG implementation report section. Total employees who commit fraud are used because this research focuses on fraud in work relations (occupational fraud) or what is known as internal fraud.

$$\textbf{Fraud} = \sum \textbf{Internal Fraud}$$

2. **Independent Variable**
   Profit Sharing Ratio

Profit Sharing Ratio (PSR) is a measurement ratio by adding up Musyarakah and Mudharabah financing and comparing it to total financing [29]. In financing activities, this ratio can be used to see the effectiveness of profit-sharing distribution. This ratio compares the amount of profit-sharing funds with total financing. The intended profit-sharing financing is Musyarakah and Mudharabah financing [3].

In line with the research by Hameed et al. (2004) PSR proxies are measured using the formula:

$$\text{PSR} = \frac{\text{Musyarakah Financing} + \text{Mudharabah Financing}}{\text{Total Financing}}$$

Islamic Investment Ratio

Islamic Investment Ratio (IIR) is a comparative ratio between halal and non-halal investments [10]. Islamic banking is required to provide accurate information about all halal and non-halal investments. Failure to explicitly provide such information can result in a misleading and inaccurate image of the Islamic banking industry [15].

In accordance with the research of [15] IIR proxy is measured using the formula:

$$\text{IIR} = \frac{\text{Halal Investment}}{\text{Halal Investment} + \text{Non Halal Investment}}$$

Islamic Corporate Governance

Islamic Corporate Governance (ICG) is defined as the application of sharia-compliant corporate governance [30]. The implementation of ICG can affect the company's reputation and customer trust because ICG is an important requirement in ensuring the development and stability of the Islamic finance industry [2]. The company is required to disclose the results of the self-assessment of GCG implementation in the annual report in accordance with the provisions of the Financial Services Authority Circular Letter

No. 10/SEOJK.03/2014 on Sharia Commercial Banks and Sharia Business Units' Soundness Rating. GCG implementation must follow the OJK Circular Letter, which describes three aspects: governance structure, governance process, and governance outcome.

According to Bank Indonesia Circular No. 12/13/DPbS, corporate governance can be measured by looking at the results of the self-assessment GCG which can be seen in the annual report in the report section on the implementation of GCG Islamic banks. In this study, ICG indicators were measured by looking at determining the predicate:

Table 2. GCG Predicate

Predicate	Description	Composite Score
1	Very Good	Composite Score <1.5
2	Good	1.5 ≤ Composite Score ≤ 2.5
3	Fairly Good	2.5 ≤ Score Composite ≤ 3.5
4	Not too Good	3.5 ≤ Composite Score ≤ 4.5
5	Not Good	4.5 ≤ Composite Score ≤ 5

Company Size

[17] revealed that companies are actions that are carried out continuously to generate income, operate, trade, ship or enter into trade agreements. Meanwhile, company size is one of the company characteristics that is commonly used to measure projected financial reports with large asset values [38]. In terms of maintaining a business reputation against indications of fraud, the internal controls of large companies tend to be better than small companies [41].

The size of a company can be calculated using the natural logarithm multiplied by total assets [17].

Size = LN (Total Assets)

3. Analysis Techniques

The panel data regression method is used in the research, and it is calculated with STATA software. A panel data analysis method (cross-sectional time series) is a repeated measurement of (i) units, individuals, or cases over time (t) [4]; [14]. According to [32], panel data can be tested with three types of analytic models, namely pooled regression (OLS) models, fixed effects models, and random effects models. The three models were compared to determine the most appropriate regression model to test the sample. The general form of the regression equation is as follows:

$$\mathbf{Fraud = \alpha + \beta1\ PSR + \beta2\ IIR + \beta3\ ICG + \beta4\ Size + e}$$

Description:

Fraud	= Total Fraud
α	= Constants
β1, β1, β3, β4	= Regression coefficient of the independent variable
PSR	= Profit Sharing Ratio
IIR	= Islamic Investment Ratio
ICG	= Islamic Corporate Governance
Size	= Company Size
e	= Error term

3. RESULT AND DISCUSSION

1. Descriptive Statistics

Because this study contains data with ratio and ordinal scales, the descriptive analysis is divided into two parts. The number of observations, the mean (mean), standard deviation, minimum (min), and maximum (max) were used in the descriptive analysis for ratio scale data. Descriptive analysis for ordinal scale data takes the form of frequency and percentage.

Table 3. Descriptive Statistical Test Results Data

Variable	Obs	Mean	Std. dev.	Min	Max
PSR	124	0.3846892	0.2585089	0.0000209	0.9549663
IIR	124	0.9548283	0.0950098	0.4744358	1
Size	124	30.01553	1.251696	26.42851	33.21812

From the test results of 124 observations, the average PSR value was 0.3846892 or 38% with a standard deviation of 0.2585089, which means that the data is grouped or does not vary and the distribution of PSR data is not far from 38%. The minimum value of PSR is 0.0000209 or 0.002% and the maximum is 0.9549663 or 95%. This analysis shows that there are still many Islamic banks that distribute less than 50% profit-sharing financing. When compared with the maximum value obtained, the average PSR value is still relatively low.

The average IIR value is 0.9548283 or 95% with a standard deviation of 0.0950098 which means that the data is grouped or does not vary and the distribution of IIR data is not far from 95%. The minimum value is 0.4744358 or 47% and the maximum is 1 or 100%. From a ratio close to 100%, it shows that the average halal investment from each Islamic commercial bank is quite high compared to the total non-halal investment.

The average Company Size is 30.01553 with a standard deviation of 1.251696, which means that the data is grouped or does not vary and the Size is not far from the average. The minimum value is 26.42851 and the maximum value is 33.21184. This shows that total assets in Islamic commercial banks have grown significantly because they do not show extreme differences.

Islamic Corporate Governance and Internal Fraud in this study are ordinal scale data, so it uses descriptive analysis in the form of frequency and percentage.

Table 4. Descriptive ICG Frequency

Predicate	Frequency	Percentage
1 = "Very Good"	20	16%
2 = "Good"	83	67%
3 = "Fairly Good"	21	17%
4 = "Not too Good"	0	0%
5 = "Not Good"	0	0%
	124	100%

From the descriptive frequency analysis in table 4, it is known that the average BUS has the title of GCG implementation in position 2 or "Good", which is 83 out of 124 samples or equivalent to 67 %. Higher than predicate 1 "Very Good" which is only 16% and predicate 3 "Fairly Good" which is only 17%. And there are no sharia commercial banks that have a predicate of 4 "Not too Good" and a predicate of 5 "Not Good". This shows that on average Islamic Commercial Banks have implemented good governance according to SE OJK which includes 3 aspects, namely governance structure, governance process, and governance outcome.

Table 5. Descriptive Frequency of Fraud

	Frequency	Percentage
Non-Fraud	41	33%
Fraud	83	67%
	124	100%

Table 5. shows that out of a total of 124 samples, there were 41 samples, or 33% that had no indication of fraud. While 83 samples or 67% indicated acts of fraud. From the results of this analysis, it is known that the frequency of Islamic Commercial Banks committing fraud is still high when compared to the number of samples that do not commit fraud.

2. Estimation Model Selection

To determine the appropriate analytical model, it is necessary to select an estimation model between the Pooled OLS (Ordinary Least Square) model, FE (Fixed Effects) model, and RE (Random Effects) model. In this study, the Chow Test was used to test the OLS and FE models. Breusch-Pagan Lagrangian Multiplier Test to test the OLS and RE models. And the Hausman Test is used to choose between the FE model and the RE model.

Table 6. Analytical Test Regression Model Panel Data

Analytical Model	Test Results	Hypothesis	Most Appropriate Model
Chow Test	$F(14, 144) = 2.07$ $Prob > F = 0.0192$	H_0 rejected H_1 accepted	FE Model

Analytical Model	Test Results	Hypothesis	Most Appropriate Model
Breusch-Pagan Test	Chibar2(01) = 2.43 Prob > chibar2 = 0.0594	H_0 accepted H_1 rejected	OLS model

From the results of the analytical test of the panel data regression model, the Chow Test is used to test a more suitable model between the Pooled OLS with FE models. The hypothesis assumptions from the test are as follows:

H_0 : The Pooled OLS model is more in line with $p > 0.05$
H_1 : The FE model is more in line with $p < 0.05$

Based on the test results, the Chow Test 2.07 with a probability 0.0192 ($p<0.05$). The test results indicate that H_0 is rejected and the FE model is more suitable for testing the effect of PSR, IIR, ICG, and Company Size on Internal fraud.

The second analytical test is the Breusch-Pagan Test which is used to test a more suitable model between the Pooled OLS model and the RE model. The hypothesis assumptions of the test are as follows:

H_0 : The Pooled OLS model is more in line with $p > 0.05$
H_1 : The RE model is more in line with $p < 0.05$

Based on the test results, the Breusch-Pagan Test 2.43 with probability 0.0594 which means the significance is more than 0.05 ($p>0.05$). This shows that H1 is rejected and the OLS is more suitable for testing the effect of PSR, IIR, ICG, and Company Size on Internal fraud.

The third analytical test is the Hausman Test. Because in the Chow Test the OLS model was rejected and the FE model was accepted. Whereas in the Breusch-Pagan Test the OLS model is accepted and RE is rejected, then the most suitable regression analysis model is the FE (Fixed Effect), and the Hauman Test is not required [32].

3. Heteroscedasticity and Autocorrelation Diagnostic Tests

Diagnostic tests were used to determine the eligibility of the Best Linear Unbiased Estimator (BLUE) and to customize STATA software commands [3]; [20]; [42]. According to [22], the normality test is not a mandatory requirement for BLUE, while the collinearity does not need to be done because it has been detected automatically in the STATA software.

Table 7. Diagnostic Test of Heteroscedasticity and Autocorrelation

Diagnostic Test	Model of
Heteroscedasticity	
Chi2	1.1000005
Prob>chi2	0.0000
Autocorrelation	
F	825.252
Prob>F	0.0000

From the results of the diagnostic tests, it is known that there is a problem of heteroscedasticity and autocorrelation. So that the regression model test for the Fixed Effects uses the Discroll and Kraay Standard Error so that the model is not disturbed by these problems [3]; [20]; [42].

Hypothesis Test

Table 8. Hypothesis Test Results

Independent	Variable Dependent Variable: Internal Fraud			
	Coeff.	**std. err.**	**T**	**p>t**
Const.	-84.88224	13.78994	-6.16	0.000
PSR	-4.155055	2.172989	-1.91	0.077**
IIR	9.869017	2.800441	3.52	0.003*
ICG	0.5136228	2.355082	0.22	0.831
Size	2.721502	0.5289352	5.15	0.000*
R-square within	0.0380			
F	51.60			
Prob>F	0.0000			
Observation	124			

Independent	Variable Dependent Variable: Internal Fraud			
	Coeff.	std. err.	T	p>t

**10% significance, *5% significance

Hypothesis 1:

The first hypothesis in this study is that PSR as a proxy for the measurement of Sharia Compliance has a negative effect on Internal Affairs fraud. The results of the regression analysis show that PSR obtains a significance value of 0.077 with a coefficient of -4.155055. It can be concluded that PSR as a proxy for Sharia Compliance has a negative effect on internal Fraud in other words the first hypothesis is accepted with a significance of 10%. The results of this study support research from [8], [24], [30] which also reveal that PSR has a negative effect on fraud.

Profit-sharing financing in accordance with Sharia provisions, according to the theory of legitimacy, can increase public trust and loyalty to Sharia banks. This has an impact on people's decision to use Islamic banking services [27]. A high PSR value indicates that Islamic banks follow Sharia regulations. With Islamic banks' high adherence to Sharia provisions, the level of fraud will be reduced [30]. In the opposite case, if the PSR value is low, the probability of fraud increases. According to the findings of this study's descriptive analysis, the average value of PSR at Islamic Commercial Banks is only 38% of total financing. The low PSR value suggests that the profit contribution from profit-sharing financing is insufficient [11] and has an effect on the high fraud, which is 67% of the total sample used. This research supports research from [8] which reveals that in Islamic Commercial Banks with a low PSR value, the tendency to indicate fraud will be higher, and vice versa.

Hypothesis 2:

Second hypothesis in this study is that IIR as a proxy for measuring Sharia Compliance has a negative effect on internal fraud. The results of the regression analysis show that IIR obtains a significance value of 0.003 with a coefficient of 9.869017. It can be concluded that IIR as a proxy for measuring Sharia Compliance has a positive effect on internal Fraud with a significance level of 5%. However, the results of this analysis cannot support the hypothesis.

The average value of halal investments made by Islamic Commercial Banks is relatively high, namely 95% of the total investment made. This shows that Islamic Banks have implemented sharia compliance by investing based on sharia principles. However, this cannot reduce fraud. Hasanah et al. (2022) in their research revealed that assets and investments are very vulnerable to manipulation and fraud. Returns on investments raise the risk of fraud. The findings of this study do not support the legitimacy theory, which holds that Islamic banks with high sharia-compliant investments will gain legitimacy or trust from the public. According to research by [16] which says that high investment will actually create monopoly, injustice, and open up greed which will result in many acts of fraud. The results of this analysis support the research by [19] and [39] which also revealed that IIR has a positive effect on fraud.

Hypothesis 3:

Third hypothesis in this study is that ICG has a positive effect on fraud. The results of the regression analysis showed that ICG obtained a significance value of 0.831 greater than alpha (0.05). It can be concluded that ICG had no effect on fraud or it could be said that the third hypothesis in this study was rejected. These results are in line with research by [10] and [24] who say that ICG has no effect on fraud. In contrast to legitimacy theory, Islamic banks cannot gain public trust solely by disclosing the composite predicate of GCG implementation [3]. Disclosure of ICG is an obligation that must be carried out by Islamic banking [10], but in implementing operational activities it is not easy matter to apply sharia principles [24]. According to the descriptive analysis in this study, the implementation of GCG at Islamic Banks has a composite rating of 2 or "Good," but this has no effect on fraud, the frequency of which is higher than the sample Islamic Banks that do not commit fraud. As a result, knowing that the use of ICG can affect internal fraud in sharia banking is ineffective.

Hypothesis 4:

Fourth hypothesis in this study is that Company Size has a positive effect on fraud. The results of the regression analysis show that Size has a significance value of 0.000 with a coefficient of 3.214751 which means that Size by measuring total assets has a positive effect on fraud at a significance of 5%. The results of this test indicate that the fourth hypothesis is accepted. In line with the research of [12], [18] and [26] said that Company Size has a positive influence on fraud. According to agency theory, the greater the expansion of a company's assets, the greater the risk of agency problems [12]. In addition, operational transactions owned by large companies tend to be more complex than small companies, which can increase fraudulent financial statements [34].

4. CONCLUSION

From the test results in this study, it is concluded that: 1) Profit Sharing Ratio (PSR) has a negative effect on Internal Fraud, 2) Islamic Investment Ratio (IIR) has a positive effect on Internal Fraud, 3) Islamic Corporate Governance (ICG) has no effect on Internal Fraud, and 4) Company Size has a positive effect on Internal Fraud. The findings of this study have implications for practitioners and regulators developing fraud prevention policies. In this study, Sharia Compliance and Company Size have an effect on Internal Fraud actions, but indicators of Islamic Corporate Governance do not. This is because Islamic Commercial Banks have implemented corporate governance in accordance with existing regulations, but the phenomenon of fraud cases in Islamic banking has not changed. As a result, it is necessary to examine the fraud indicators, both financial and non-financial, that can control or limit these actions. The following limitations of this study should be considered for future research: 1) Since this research model used is still simple, future research to expand the research model, such as using moderating or mediating variables, is suggested. 2) The Islamic Corporate Governance variable was unable to prove its influence on Internal Fraud in this study, it is suggested that future research use other proxies that theoretically influence Internal Fraud actions, such as the Audit Committee, the Board of Directors, or the Sharia Supervisory Board. 3) Because there are no regulations indicating the level of criteria for fraud that occurs in Islamic banking, subsequent research can use fraud measurement indicators besides occupational fraud or internal fraud.

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