ABSTRACT

This study aims to examine and analyze empirical evidence regarding the effect of audit committee size, audit committee meetings, Sharia Supervisory Board (SSB) size, Sharia Supervisory Board (SSB) expertise, Sharia Supervisory Board (SSB) meetings, Sharia Supervisory Board (SSB) remuneration on the financial performance of Islamic banks. The dependent variable in the study is the financial performance of Islamic banks as measured by Return on Assets (ROA). This study also has control variables namely the bank size and the bank age.

The population in this study is all Islamic banking in 2 (two) countries, namely Indonesia and Malaysia. The determination of the sample in this study used a purposive sampling technique with certain criteria. The total sample in the study amounted to 21 Islamic banks during the period 2014-2018, so the total number of observations totaled 105 samples. The analytical method used in this research is multiple linear regression models.

The results of the analysis show that audit committee size, Sharia Supervisory Board (SSB) size, Sharia Supervisory Board (SSB) expertise, and Sharia Supervisory Board (SSB) remuneration have a significant positive effect on financial performance of islamic banks, while the bank size has negative effects. In addition, audit committee meetings, Sharia Supervisory Board (SSB) meetings and the bank age did not significantly influence on the financial performance of Islamic banks.

Keywords: *financial performance, Islamic banking, corporate governance, audit committee and Sharia Supervisory Board*