

Dual Board Governance Structure and Performance Evaluation of Islamic Banking: A Comparative Study among Islamic Banks in Indonesia and Malaysia.

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- **Abstract:** Islamic Bank (IB) governance considers the overall functions so that it has a dual-board governance structure. Therefore, the IB has a Sharia Supervisory Board (SSB) and a Board of Directors (BoD), which are components of sharia banking governance. This study examines the Sharia Supervisory Board components, which consists of the SSB's existence, the size of the SSB, the cross-section of SSB members, the educational qualifications of SSB members, and the expertise of SSB members. And the BoD elements consist of BoD size and BoD Independence. This study examines the influence of dual-board governance on IB performance in Indonesia and Malaysia through multiple regression methods. The results of this study indicate that BoD is proven to improve the performance of IB companies. As a supervisor, the BoD ensures that corporate governance has been carried out correctly to reduce the risk of agency costs and increase company profits. The role of the BoD as a manifestation of corporate governance will not be maximized in enhancing company performance if it is not accompanied by the role of SSB in the IB Company. The company can not only generate profits but also fulfill Islamic law to provide added value for stakeholders. This study provides empirical evidence that the dual-board governance structure is an essential aspect of managing an IB company. It is hoped that the IB Company will pay attention to these two aspects to improve its performance sustainably. Also, this study's results can become a reference and become a consideration for Islamic banking in improving the quality and optimizing the function of corporate governance. Besides, it shows the role of the dual-board governance structure specifically for IB performance.
- **Keywords:** Sharia Governance, Dual Board Governance, Sharia Supervisory Board, Board of Directors, Financial Performance, Islamic Bank.