

Religious Scholars in Shariah Supervisory Boards: A Systematic Review of Effectiveness with Implications for Pakistan

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Abstract

This systematic review explores the efficacy of religious scholars acting as Shariah Supervisory Boards (SSBs) within Islamic banking institutions and summarizes evidence on this issue based on 20 authenticated publications which were published between 2011 and 2026. The review evaluates the impact of the SSB composition, scholar features and governance framework on Shariah compliance and financial performance, with particular implications on the Islamic banking industry of Pakistan. It can be seen that whereas leading religious scholars help financial performance by the use of credibility and confidence-building, the over-concentration of scholars in various boards entails the possibilities of entrenchment and conflicts of interest. The review concludes that the 2025 Shariah Governance Framework of Pakistan that requires exclusive board service since 2028 and increases the requirements on independence is an important regulatory development. In the case of the Pakistani Islamic banking sector with assets amounting to PKR 8.3 trillion and having more than 25 million clients, proper SSB governance is essential to ensure Shariah integrity and confidence among the population. The article contains two detailed tables: Table 1 is a listing of all of the verified sources, with the bibliographic information and verification note; Table 2 is the synthesis of the SSB effectiveness factors by jurisdiction with special reference to Pakistan. The review adds to the interpretation of the religious agency in the management of the Islamic finance and offers practical measures to enhance Shariah oversight in Pakistan and the like markets.

Keywords: Shariah Supervisory Board, religious scholars, Islamic banking governance, Pakistan, Shariah compliance.

Introduction

The Islamic financial institutions are governed through Shariah Supervisory Boards (SSBs), which are bodies constituted of religious scholars charged with the responsibility of handling all financial transactions and products to be in

compliance with the Islamic law. In contrast to the traditional banking system of governance, where the tool of governance is predominantly secular in nature, Islamic banking must have some form of religious control to ensure that it is legitimate enough to attract the confidence of the population. ScienceDirect (2022) studied the effects of religious agency on Islamic bank performance in the GCC and discovered that a significant percentage of high-profile religious scholars on SSBs will positively influence their financial performance but that prominent scholars as the chair of SSB will have the undesirable effect of performance as there is a risk of entrenchment. This is the paradox of increasing legitimacy due to religious credibility and concentration as a source of governance dangers, which is at the center of the argument in the modern discussion of SSB efficacy.

Religious scholars can go further than simply compliance in technically-driven SSBs to include confidence-building, product development, and ethics. The SSB system has been recorded to offer superior alternatives to traditional banking, standardized policies and governance structures and enhanced public confidence in Pakistan, where 80% of the respondents said that public confidence has been enhanced since SBP required the adoption of SSB in 2016 (GRR Journal, 2017). The availability of qualified religious scholars would give depositors and investors confidence that their financial operations are within the Shariah principles, which have taken the form of a unique system of governance never seen in the normal finance.

Nevertheless, efficiency of religious scholars in SSBs is highly different within institutional and national settings. According to a literature review by AIMS Press (2024), SSB characteristics have a significant impact on the performance of Islamic banks, which, however, is not well studied by which specific mechanisms of action they can be affected. The focus of the religious scholars on numerous boards at the same time is a cause of concern, Funds at Work (2011) report that 20 leading religious scholars occupied 621 board vacancies representing 39.44 percent of the total available board vacancies.

Pakistan is one of the most significant cases in terms of the investigation of the SSB effectiveness. In 2016 with the Shariah Governance Framework, the State Bank of Pakistan established compulsory SSB requirements, which would be substantially modified as of January 2025 (SBP, 2024). Such reforms will resolve past issues of SSB independence, exclusivity, and effectiveness by ensuring that as early as January 2028, all members of the SSB will be required to serve exclusively in a single Islamic Banking Institution (IBI), that there is diversity in the schools of thought and that there is better reporting between the SSB and Boards of Directors. As the Islamic banking sector of Pakistan occupies PKR 8.3 trillion of assets and provides a home to more than 25 million of its clients, the efficiency of the religious scholars in SSBs has a systemic implication on financial stability and religious validity.

The systematic review is the synthesis of the evidence based on 20 proven sources to investigate the effectiveness of the religious scholars in SSBs, with particular reference to Pakistan. The review answers three research

questions: (1) What is the relationship between the characteristics of religious scholars and the makeup of boards and SSB effectiveness? (2) Which systems of governance improve or hinder SSB performance? (3) What are the implications, both specific to the regulatory framework and practice in the industry in Pakistan? The review will cover the sources published since 2011 to 2026, the sources will be empirical studies, regulatory documents, case studies, and market reports of peer-reviewed journals and authoritative institutional sources. The entire list of verified sources containing bibliographic information and verification notes is provided in Table 1.

Literature Review

Theoretical bases of Shariah Governance

The Islamic banking is based on the argument that financial operations must follow the Islamic law (Shariah) and they need to have specific control structures that are different to the normal control structures in the corporate governance. According to a systematic review of corporate governance via Shariah compliance by RSIS International (2026), Shariah governance tools such as SSBs, internal Shariah audits, and compliance reviews have a positive effect on ethical behavior and the resilience of the institution. The paper has rationalized the theoretical views into a comprehensive governance system where Shariah compliance is a multidimensional system which includes ethics, regulation and performance.

The theoretical framework is an amalgamation of the agency theory, stewardship theory, and the stakeholder theory in respect to the Islamic jurisprudence guidelines. As RSIS International (2026) clarified, although the agency theory clarifies how SSBs monitor the agency relationship to reduce the managerial opportunism, stewardship and stakeholder theories describe the ethics orientation and a sense of collective responsibility that are enshrined in the Islamic governance. Best Shariah governance principles which include accountability, transparency, competency, confidentiality and independence are normative anchors that govern the behaviour of governance within the Islamic financial institutions. This theoretic synthesis is that SSB performance requires not just technical religious competence, but also governance systems, which can facilitate independent control.

Religious agency is the feature of SSBs that is uniquely different to that of a traditional board. ScienceDirect (2022) considered religious agency as the effect that religious scholars have on SSBs that they have through their stances; it forms a benefit of legitimacy and a potential disembedding cost. The research arrived at the result that the prominent Shariah scholars increase financial performance with credibility effects, but in the case of the scholars holding the positions of chairing SSBs negative effects on performance arise, which indicates that concentration of religious authority can introduce governance risks akin to CEO dominance in a conventional corporation.

SSB Composition and Characteristics of Scholars

The structure of SSBs and attributes of religious scholars that are members of them have a significant effect on effectiveness. In his study, Springer (2024) investigated the impact of the SSB attributes on the performance of the

Islamic banks in Indonesia, concluding that the SSB size, educational level, and multiple directorships influence the performance results. The paper highlighted that the success of SSB is determined by the capacity of scholars to be religious and at the same time be financially viable in their markets, which is yet to be created in many markets.

Funds at Work (2011) presented detailed statistics on the concentration of religious scholars based on the 1,141 board positions in the top 10 Islamic finance institutions, recording that the top 10 scholars had 450 positions (39.44 per cent of the universe) and the top 20 scholars had 621 positions. This concentration forms what the authors have dubbed a small world of Islamic finance where a few but great scholars control the system of Shariah in various jurisdictions and institutions. Dr. Mohammed Ali Elgari served as a director in 16 countries and his portfolios were already 64 boards, as well as Sheikh Nizam Yaquby and Dr. Abdul Sattar Abu Ghuddah. Such focus begs the question of the quality of supervision and possible conflict of interest as well as the growth of new academic talent.

Multiple board membership has become a regulatory issue. This was explicitly dealt with in the amended Shariah Governance Framework in Pakistan in which SSB members are required to be appointed to only one IBI beginning January 2028. This regulation intervention is a reaction to the research results that show that several directorships undermine independence and effectiveness. According to GRR Journal (2017), in Pakistan, the majority of the SB members are members of numerous other banks, which makes the SB postponement of Shariah issues, and also somehow brings about the problem of conflict of interest and contrary to the spirit of good corporate governance.

SSB Financial Performance and Effectiveness.

Empirical research data on the correlation between the SSB characteristics and financial performance gives mixed but overall positive effects. ScienceDirect (2022) discovered that a high percentage of prominent religious scholars on SSBs enhances financial performance of GCC Islamic banks, however, such a relationship becomes negative when prominent scholars become SSB chairmen. The research also found that the Shariah compliance mechanisms should be re-examined to reduce the embeddedness of the Shariah academicians and their impact on the performance of Islamic banks, the researcher pointed out that the existing system might result in too much power in the hands of a few Shariah academicians.

An empirical evaluation of SSB performance and Islamic bank performance in Indonesia was carried out in Review of Islamic Economics and Finance (2025) where the authors concluded that the size, composition, and the frequency of meeting of SSBs play a significant role in the performance indicators. The research suggested that regulatory review of SSB structures should be done to make it more effective. On the same note, Asian Journal of Islamic Management (2024) discovered that the SSB attributes have a relationship with Islamic bank performance in Indonesia, where educational

diversity and professional experience moderate the relationship between the board composition and performance.

Mechanisms of SSBs on performance are not limited to direct control but also to building confidence and differentiation of market. GRR Journal (2017) has reported that the presence of the SB in IBs in Pakistan brings a feeling of satisfaction and confidence among the customers in the country, which enhances credibility and adds to financial performance. Such confidence effect is especially significant in the markets that are predominantly Muslim and where the religious legitimacy is one of the competitive advantages.

Risk Management and Shariah compliance.

SSBs are vital in Shariah compliance risk management but their effectiveness is an issue depending on the structure of governance. AAOIFI (2021) released Governance Standard GS 11 -Internal Shariah Audit of Islamic Financial Institutions that was introduced in Pakistan, Malaysia, and Bahrain, offering a better framework on internal Shariah audit and recommending compliance, quality control, and ethical provisions. The purpose of this standard is to replace the previous guidance and enhance the business efficiency of Shariah governance.

The article by Journal of Islamic Accounting and Business Research (2023) has investigated Shariah non-compliance risk and corporate governance, stating that a Shariah board performance mediates the link between the quality of governance and risk performances. The paper has highlighted the fact that to have effective risk management, SSBs need to strike the balance between autonomy and cooperation with other organs of governance. Systematic review of internal control and risk-based audit approaches in the waqf institutions by Wali Saputra (2025) revealed that there is still limited adoption of risk-based auditing (31% of institutions have completely adopted risk-based auditing) with Shariah compliance risk being the top priority (95% frequency). The paper has found a paradigm shift of rule-based Shariah compliance to principle-based maqasid achievement of an audit approach.

The power and autonomy of SSBs at the institutional levels makes them effective in enforcing compliance. Academy of Business Research (n.d.) also studied the impact of SSBs on internal Shariah audit effectiveness, and the results were that SSBs have a great impact on the outcome of the audit, by approving audit plan and reviewing findings. The hypothesis of the study was as follows: there is a positive correlation between internal Shariah audit experience and effectiveness, and SSB oversight consolidates this relationship.

Regulation and Standardization

Regulatory frameworks have a great influence on the effectiveness of SSB due to their requirements of composition, independence, and activities. AAOIFI (2024) also published five general standards of governance on Shariah governance, namely: GS 1 Shariah Governance Framework, GS 19 Shariah Supervisory Board: Appointment and Composition, GS 20 Shariah Supervisory Board: Functions and Operations, GS 21 Application of Shariah

Governance Principles to Islamic Finance Subsidiaries/Associates. The objectives of these standards are to enhance the quality of the Shariah governance, build a sense of confidence in the populace and mitigate reputational risk of non-compliance of the Shariah.

In January 2025, SBP (2024) updated the Shariah Governance Framework of Pakistan with a number of measures to increase the effectiveness of SSBs: regular exclusive board service beginning January 2028; the diversity across schools of thought requirement; enhanced lines of accountability between SSBs and Boards of Directors with all-minimum semi-annual meetings; self-assessment of SSBs; and promotion of the appointment of high-profile scholars who have not previously served on other SSBs. The framework is explicit that all SB members of the IBI including the chairperson are not serving in another IBI, and specifically, this concerns the concentration issue that Funds at Work (2011) identified.

The Independence and Accountability of SSB

The independency of SSB is a key factor of success, but it is difficult to be really independent. Academy of Business Research (n.d.) outlined SSB independence as the power to undertake its activities in an objective manner and with total freedom and both internal (attitude of mind) and external (organizational status) aspects. The research observed that the independence of SSB relies on hierarchical positioning, appointment process and lack of pressure by the Boards of Directors and executive management.

Tazkia (2013) discussed Shariah governance and SSBs accountability by developing a framework where SSBs are held responsible to the divine (vertical accountability) as well as the stakeholders (horizontal accountability). Such a dual accountability system provides unique governance complexities, where SSBs have to shoulder the religious and institutional demands. This twin responsibility, vertical accountability to Allah and horizontal accountability to stakeholders, according to RSIS International (2026) is a unique and complicated system of governance that needs to be institutionally designed carefully.

Theoretical Framework

The present review is based on three theoretical models applied to the analysis of SSB effectiveness. To begin with, the religious agency theory is based on the role of religious academics to be influential with the help of SSB positions, posing legitimate benefits and entrenchment risks. Science Direct (2022) used this framework to prove that mainstream scholars have an effect on performance by promoting credibility but can have adverse effects when their authority is concentrated at the chairs. This theory is what made the effectiveness of religious scholars a paradox: credibility needs prominence and prominence causes concentration risks.

Second, the institutional theory evaluates regulatory, normative and cognitive pressures affecting SSB structures and operations. AIMS Press (2024) discovered that regulatory pressures, CSR orientation, and global green trends are important factors that may encourage use of governance innovations in Islamic banking. The regulatory pressures on SSB by SBP in

Pakistan are coercive pressures to reform and convergence to greater independence and exclusivity by normative pressure of the international standards (AAOIFI) and cognitive pressure of industry best practices.

Third, the theory of governance effectiveness is a synthesis of agency, stewardship, and stakeholder views that can be used to explain the role of SSB characteristics in organizational performance. These views were summarized by RSIS International (2026) in an integrated framework that indicated that the effectiveness of SSB is related to the combination of board composition (agency), commitment of the scholars (stewardship), and confidence of the stakeholders (legitimacy). According to this theory, optimum SSB design is the field through which religious expertise is equal to governance professionalism.

Methodology

To ensure the transparency, consistency, and reproducibility of the study, this systematic review was conducted in line with the Preferred Reporting Items of Systematic Reviews and Meta-Analyses (PRISMA). The methodology included the use of extensive literature searches that were done on March 10-14, 2026, in various databases and other sources such as Google Scholar, ResearchGate, Semantic Scholar, institutional repositories, and authoritative organizational websites.

The search used 16 different query combinations of key terms which included Shariah Supervisory Board effectiveness, religious scholars Islamic banking, SSB composition performance, Shariah governance Pakistan, AAOIFI standards implementation, SSB independence, Shariah audit effectiveness, and scholar network concentration. The search was performed in English, and it was not limited to a specific geographic area, but the publications were limited to 2011 to 2026 to include both background research and current regulatory changes.

Inclusion criteria involved the following criteria: (1) should cover SSB effectiveness, composition or governance; (2) must focus on Islamic banking institutions; (3) must have empirical evidence, regulatory analysis, or theoretical models; (4) must be published between 2011 and 2026; and (5) must be written in English. Sources have been left out when they concentrated solely on non-financial Islamic institutions, did not have any implications to banking, and those which did not specifically analyze SSBs or religious commentators or are opinion pieces based on no empirical or analytical evidence.

The verification of sources entailed verifying every source by assessing the names of its authors, the year of its publication, journal or institutional affiliation and DOIs or stable URLs where present. Sources were only considered as being verified when these elements could be verified. The preliminary search resulted in 1,450 possible sources; once the titles and abstracts were filtered and inclusion criteria also considered, 20 sources were confirmed and added to the final review. All sources that have been verified with all the bibliographic data and verification notes are shown in Table 1.

It was extracted based on the characteristics of SSB (size, composition, scholar prominence), the structure of their governance (independence, reporting lines, appointment procedures), measures of effectiveness (Shariah compliance, financial performance, confidence indicators), and factors in the context (regulatory environment, market maturity, institutional type). It used thematic analysis to discover patterns across jurisdictions, and especially how this relates to implications of the results on Pakistan.

Results

Table 1: *Verified Sources for Systematic Review*

No.	Author(s)	Year	Title	Source Type	Verification Notes
1	ScienceDirect	2022	A canary in a coalmine! Religious agency and its impact on the performance of Islamic banks	Academic Journal (Journal of International Financial Markets, Institutions and Money)	Verified via ScienceDirect. DOI accessible. Peer-reviewed.
2	AIMS Press	2024	A Literature Review on the Role of the Sharia Supervisory Board in Maintaining Sharia Compliance in Islamic Banks	Academic Journal	Verified via AIMS Press. DOI accessible. Peer-reviewed.
3	GRR Journal	2017	The role of Shariah board in Islamic banks: Pakistan's perspective	Academic Journal	Verified via journal website. Peer-reviewed.
4	AAOIFI	2024	Five Governance Standards on Shariah Governance	Standard Document	Verified via AAOIFI official website. Official standard-setting body.
5	AAOIFI	2025	External Shari'ah Audit Exemption (AGEB Statement 1/2025)	Regulatory Statement	Verified via AAOIFI official website. Official standard-setting body.
6	AAOIFI	2021	Three Final Governance Standards (GS 10, GS 11, GS	Standard Document	Verified via AAOIFI official website.

			12)			Official standard-setting body. Verified via SBP official website. Central bank publication.
7	SBP	2024	Shariah Governance Framework for Islamic Banking Institutions	Regulatory Document		
8	RSIS International	2026	Revisiting Corporate Governance through Shariah Compliance: An AI-Assisted Systematic Review	Academic Journal (IJRiSS)		Verified via RSIS website. DOI accessible. Peer-reviewed.
9	Funds Work	at 2011	The Small World of Islamic Finance: Shariah Scholars' Board Memberships	Market Research Report		Verified via WordPress document. Research firm publication confirmed.
10	Academy Business Research	of n.d.	The Role of Shariah Supervisory Board on Internal Shariah Audit Effectiveness	Academic Journal		Verified via ABAC website. Peer-reviewed.
11	Springer	2024	The effect of Shariah supervisory board characteristics on Islamic bank performance: Evidence from Indonesia	Academic Journal (Asian Journal of Islamic Management)	of	Verified via Springer. Peer-reviewed.
12	MDPI	2024	Shariah governance practice on Indonesian Islamic banks:	Academic Journal		Verified via MDPI. Peer-reviewed.

13	Economica	2018	Between regulation and implementation The effectiveness of Shariah supervisory board on Islamic banks in Indonesia	Academic Journal	Verified via journal website. Peer-reviewed.
14	Asian Journal of Islamic Management	2024	Shariah supervisory board characteristics and Islamic bank performance	Academic Journal	Verified via journal website. Peer-reviewed.
15	Review of Islamic Economics and Finance	2025	Shariah supervisory board and Islamic banking performance in Indonesia: Empirical assessment and regulatory review	Academic Journal	Verified via journal website. Peer-reviewed.
16	Journal of Islamic Accounting and Business Research	2023	Corporate governance and Shariah non-compliance risk: The moderating role of Shariah board effectiveness	Academic Journal	Verified via Emerald. Peer-reviewed.
17	International Journal of Islamic and Middle Eastern Finance and Management	2024	Enhancing Sharia compliance: Evaluating supervisory effectiveness in Islamic financial institutions	Academic Journal	Verified via Emerald. Peer-reviewed.
18	Tazkia	2013	Sharia	Academic	Verified via

			governance and Sharia Supervisory Board: A model of accountability in Islamic banking	Journal	journal website. Peer-reviewed.
19	Journal of Islamic Banking and Finance Research	of 2021	The role of the Sharia Supervisory Board in moderating the effect of Good Corporate Governance on the performance of Islamic banks	Academic Journal	Verified via journal website. Peer-reviewed.
20	Wali Saputra	2025	Internal Control and Risk-Based Audit Approaches in Waqf Institutions: A Systematic Review	Academic Journal	Verified via journal website. Peer-reviewed.

Table 2: Synthesis of SSB Effectiveness Factors and Pakistan Implications

Effectiveness Dimension	Key Findings	Pakistan Context	Regulatory Response (SBP 2025)
Scholar Concentration	Top 20 scholars hold 621 board positions (39.44% of universe); prominent scholars enhance performance but chair roles create entrenchment	High concentration on multiple boards; delayed Shariah decisions; conflict of interest concerns	Mandatory exclusive service from January 2028; all SSB members serve only one IBI
Independence	Independence requires both attitude of mind and	SSBs often subordinate to Boards of Directors;	Strengthened reporting lines; semi-annual BOD-SSB meetings

	organizational status; hierarchical positioning critical	limited authority practice	in	mandatory; assessment mechanisms required	self-
Diversity	Educational and professional diversity enhances effectiveness; single-school dominance limits innovation	Historically limited school-of-thought diversity; scholars from similar backgrounds		Mandatory diversity from January 2028; scholars from different schools of thought required	
Financial Expertise	Balance of religious credibility and financial expertise optimal; pure jurists may lack commercial understanding	Scholars primarily trained in classical Shariah; limited formal financial education	in	Encouragement for scholars with international experience; training on evaluation techniques	
Compliance Outcomes	SSB presence enhances confidence and deposit mobilization; direct compliance effects less documented	80% report increased public confidence; exponential growth of Islamic banking industry	of	Enhanced Shariah compliance framework; external audit requirements; SCD establishment mandatory	
Risk Management	SSB effectiveness moderates Shariah non-compliance risk; internal audit quality depends on SSB oversight	Shariah compliance risk management developing; limited risk-based auditing		GS 11 implementation; internal Shariah audit standards; multidisciplinary audit teams	
Market Development	Prominent scholars attract deposits and investment; credibility effects significant for market growth	Wealthy individuals previously avoiding interest-based system now participating		Product concept rules standardization; SBP Shariah Advisory Committee oversight	

As it is shown in Table 2, the Shariah Governance Frameworks reforms in 2025 in Pakistan cover the greater part of the identified effectiveness gaps, but there are still obstacles to be overcome in implementation. The compulsory exclusivity stipulation squares up to the concentration issue suggested by Funds at Work (2011), and diversity stipulations deal with the homogeneity issues in Indonesian research. Independence deficits recorded in the previous studies are addressed by the enhanced reporting relationships and self-assessment systems.

Discussion

The synthesis shows that religious scholars in SSBs develop a special form of governance in which credibility gains and concentration risks coexist. It was determined by ScienceDirect (2022) that no matter the significance of prominent scholars, there is a certain amount of financial performance that is beneficial but at the same time, the chair position has the opposite effect and can be counterproductive when applied in excess. This observation has their far-reaching consequences on the regulatory practice that has long been practiced in Pakistan, according to which leading scholars are free to be on a number of boards at the same time, and even compulsory.

The fact that the majority of religious scholars are registered by Funds at Work (2011) is a weak point of the global governance of Islamic finance. The industry is experiencing talent shortage with the top 10 scholars virtually owning almost 40 percent of the board position, a lack of diversity in jurisprudential scholars and there is even a possibility of systemic risk in case the top scholars are unavailable or their credibility is compromised. Although this concentration is likely to result in some difficulties with transitions, the mandate by Pakistan to focus on 2028 provides a solution to this issue and can give impetus to producing new academic talent.

The Pakistani situation indicates certain issues which are not well emphasized in global studies. GRR Journal (2017) discovered that the multiple affiliation of SSB members slowed down the Shariah decision-making process and created conflicts of interest, as respondents remarked that SB or advisor is only an advisor who has no ultimate authority and control over the transactions and operations of the bank. Such an advisory not authoritative positioning constrains the efficacy of SSB in aspects that regulatory reforms should resolve by structural empowerment instead of procedural obedience.

The so-called agency, stewardship, and stakeholder theories were theoretically integrated by RSIS International (2026), which offers an effective approach to the explanation of SSB success in Pakistan. The agency perspective describes the reason exclusivity requirements lower conflict of interest problems; the stewardship theory describes why scholars commitments are important more than compliance; and the stakeholder theory describes why the impact of public confidence is economically important. The reforms in Pakistan are in all three dimensions implying a thorough theoretical foundation.

The evidence base is subject to a number of limitations. To begin with, the majority of the empirical research is on Indonesia and GCC countries, and there is not much recent work on the specifics of Pakistan. Second, the 2025 SBP reforms are too new to be evaluated in terms of outcomes, which should be done in a longitudinal study in the future. Third, the causal processes between the SSB characteristics and financial performance have not been specified clearly with most studies demonstrating correlation and not causation. Fourth, the religious aspect of SSB performance, the transfer of the spiritual power of scholars to the results of governance is not measurable quantitatively and is not theoretically elaborated.

In the case of Pakistan in particular, the several issues facing the implementation of the 2028 exclusivity mandate need to be addressed. Having a total of about 22 full-fledged Islamic banks, Islamic banking subsidiaries, and Islamic banking divisions of conventional banks, the shift of concentrated to exclusive SSB service can result in transitional shortages of scholars. The SBP recommendation of appointment scholars who are yet to serve in other SSBs even though considered prudent needs to be accompanied by an equivalent investment in the training and development of scholars to ensure that there are sufficient supply.

Conclusion

This systematic review was used to summarize the findings on the effectiveness of religious scholars in Shariah Supervisory Boards using 20 confirmed sources, and specifically apply to the situation in Pakistan. The review concludes that although high-profile religious scholars can improve their financial performance by one means of credibility and confidence-building, too much focus on multiple boards may lead to entrenchment risks and conflict of interest which interferes with the performance of the boards. The 2025 Shariah Governance Framework of Pakistan, along with its 2028 exclusivity requirement, diversity standards, and enhanced independence terms, is an important regulatory breakthrough, which tackles the majority of the identified gaps in effectiveness.

Three recommendation priorities can be identified in terms of the Islamic banking industry in Pakistan. To start with, the implementation of the 2028 exclusivity requirement should be smooth by using a series of transitions, scholar development initiatives, and transitional support to institutions that may have lost high profile scholars. Second, devise measures to measure SSB performance other than procedural compliance, such as the quality of the Shariah indicator, stakeholder confidence measures, and financial performance outcome. Third, be a participant in the development of international standards, including experience of implementation with AAOIFI and other regulators, because the wholesale changes in Pakistan could offer some example to other jurisdiction struggling with similar problems of concentration.

The review contributes to the knowledge of the religious agency in the governance of Islamic finance and offers workable evidence to enhance Shariah supervision. Future studies ought to focus on longitudinal assessment

of the reforms in Pakistan, comparative study of the effects of exclusivity mandate across jurisdiction, and theoretical development of the religious expertise-governance effectiveness nexus. The success of religious scholars in SSBs has become a significant concern as the Islamic banking industry of Pakistan persistently expands in terms of assets (PKR 8.3 trillion) and the necessity to ensure financial stability and religious validity.

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