

ABSTRACT

This research examines the influence of corporate governance on the performance of Sharia Commercial Banks (BUS) in Indonesia using the Maqashid based Performance Evaluation Model (MPEM) approach. The study assesses the extent to which Sharia Commercial Banks comply with the Sharia principles underlying their establishment through aspects such as the size of the Sharia Supervisory Board (SSB), SSB expertise, SSB educational qualifications, concurrent positions of SSB members, and the proportion of Independent Commissioners and the Board of Directors. The data used are secondary data derived from the annual reports of five BUS in Indonesia for the period 2019-2023.

Data analysis was conducted using panel data regression methods with the common effect model to test the proposed hypotheses using the Eviews12 software. The results show that the size of the SSB, SSB expertise, SSB educational qualifications, and the proportion of the Board of Directors have a significant positive impact on maqashid sharia performance. However, concurrent positions and the proportion of Independent Commissioners do not show a significant impact.

The findings of this study underscore the importance of enhancing the quality and expertise of the SSB and Board of Directors, as well as more effective management, to achieve the maqashid sharia objectives in BUS operations. The coefficient of determination test indicates that 74.16% of the independent variables can explain maqashid sharia performance, while the remaining 25.84% is influenced by other factors outside the observed variables. The variable with the most significant impact is the size of the SSB.

Keywords: *Good Corporate Governance, Islamic Commercial Bank, MPEM, Maqashid syariah.*