



## The Effect of The Characteristics of the Board of Directors and Sharia Supervisory Board on The Distribution of Zakat of Islamic Banks In Indonesia

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**Abstract.** This study aims to test the effect of the characteristics of the Board of Directors and the Sharia Supervisory Board on the distribution of Zakat to third parties by Islamic banks in Indonesia. This research uses an associative quantitative approach using panel data regression. The data is secondary from Islamic banks' annual reports in Indonesia registered with OJK for 2021-2023. The sampling method used was purposive sampling, and a sample of 11 Islamic banks with 33 annual reports. The results showed that the number of meetings of the Board of Directors and the number of meetings of the Sharia Supervisory Board did not affect the distribution of Zakat. Meanwhile, the educational background of the Board of Directors has a negative effect on the distribution of Zakat, and the educational background of the Sharia Supervisory Board has a positive effect on the distribution of Zakat. The implications of this research can theoretically be used as a reference for further research. Practically, this research can be used as a reference material for Islamic banks in Indonesia and similar countries in optimizing social performance and evaluation material, especially for distributing Zakat to third parties.

**Keywords:** Zakat, Islamic banks, Board of directors, Sharia supervisory board.

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## INTRODUCTION

Indonesia is one of the countries with the largest Muslim population in the world. Because of this factor, the potential for collecting and distributing Zakat in Indonesia is enormous. Islamic banks in Indonesia have great potential in distributing Zakat to Zakat Management Organizations (OPZ), which will later be distributed to the community. The functions of Islamic banks are simultaneously required to implement functions as well as social functions (Hidayati et al., 2023). The dual role carried out by Islamic banks follows the opinion of Islamic economics experts who state that Islamic banks' performance must be measured broadly, including financial and social performance (Asutay & Harningtyas, 2015). Compared

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to conventional banks, Islamic banks prioritize functions and pay attention to social functions (Nugraheni, 2018). Ponirah et al. (2023) stated that the Islamic perspective regarding social functions differs from conventional concepts. In Islamic teachings, social activities are made an obligation for those who can do so. The Islamic concept provides complete guidelines for companies to maintain their relationship with shareholders, the environment, customers and society. Therefore, any Islamic bank entity that uses Sharia principles must be socially responsible.

Although many banks exist in Indonesia, this research focuses only on Islamic banks. The form of accountability of the social function of Islamic banking, the Indonesian Accountants Association (IAI) has regulated the presentation and disclosure related to the social function of Islamic banking (Mughni, 2022). In Financial Accounting Standards Statements number 401, Islamic entities must present two social reports, consisting of reports on the sources and uses of Zakat funds and the uses of benevolent funds. However, it is still found in the annual reports on Islamic banks in Indonesia that Zakat funds are not distributed and disclosed (Ningrum & Umiyati, 2024). At the same time, Zakat is a special characteristic of Islamic banks, a differentiator between conventional banks. Nugraheni (2018) stated that the special characteristics of the social function owned by Islamic banks are the distribution of social funds to third parties, such as Zakat, Sadaqa and Qardul hassan, which aim for the welfare of the community. This statement is following and explained in law number 21 of 2008 article 4 paragraph 2 that IB'S and UUS can carry out social functions in the form of baitul mal institutions, which are only those that collect funds originating from Zakat, Infaq, alms, grants which will later be distributed to third parties, namely the Zakat Management Organization (OPZ).

To optimize the distribution of Zakat to third parties by Islamic banks, it is necessary to have information related to the distribution of Zakat to third parties, namely in the form of annual reports published by each Islamic bank every year (Setiawan, 2020). According to Hudayati et al. (2023), good governance is one of the determining factors for realizing the social function of Islamic banks. With good governance on Islamic banks, the benefits that can be generated are a social function that positively impacts society by distributing Zakat. The governance of Islamic and conventional banks in the structure of office holders does not differ too much, still having a Board of Directors and a Board of Commissioners (Hudayati et al., 2023). In order to ensure that the system and operational activities of the Islamic bank follow Islamic law, the Islamic bank has a Sharia Supervisory Board (SSB). At the same time, conventional banks do

not own the SSB. This condition means that the governance structure in Islamic banks consists of the Board of Directors, Board of Commissioners, and DPS. This research focuses on the main governance structure, namely, the Board of Directors and DPS. Previous research has found several benefits of corporate governance in Islamic banking, namely improving financial performance (Abdallah & Bahloul, 2021; Alsartawi, 2019; Amine, 2018; Haddad & Bouri, 2022; Intia & Azizah, 2021; Iryani & Wahyudiono, 2020; Wardati et al., 2021) and improving social performance (Fatah et al., 2022; Hidayati et al., 2023; Iryani & Wahyudiono, 2020; Nugraheni, 2018).

Despite the extensive body of research on corporate governance and Islamic banking, there remains a significant gap concerning the relationship between the characteristics of the Board of Directors (BOD) and the Sharia Supervisory Board (SSB) with the effective distribution of Zakat by Islamic banks, particularly in the Indonesian context. Previous studies have primarily emphasized financial performance rather than social performance as measured through Zakat distribution (Hidayati et al., 2023; Nomran & Haron, 2022).. Furthermore, international literature highlights the need for empirical research linking governance structures to social objectives, noting that most investigations stop at financial or risk outcomes.

This article offers a novel contribution by empirically examining how the diversity of education and intensity of meetings within the BOD and SSB influence the practical realization of social functions—specifically, the distribution of Zakat to third parties. The study responds to calls for research on the effectiveness of Sharia governance mechanisms in achieving key social goals that differentiate Islamic banks from their conventional counterparts. By integrating agency theory within the context of Islamic banking and linking governance variables to Zakat outcomes, this research addresses a critical gap in both the national and international discourse.

The primary objective of this study is to analyze the effect of BOD and SSB characteristics—including educational background and meeting frequency—on the distribution of Zakat in Indonesian Islamic banks. This focus extends the findings of prior studies concerned with governance and social responsibility and positions Zakat distribution as an actionable proxy for social performance in banking institutions.

## **LITERATURE REVIEW**

Agency theory in Islamic banking emphasizes the principal-agent relationship, where the management (agents) is expected to act on behalf of the stakeholders (principals). However, Islamic agency theory extends beyond financial contracts to incorporate accountability, trust, and compliance with Sharia principles, stressing the importance of ethical considerations and social goals, including Zakat distribution. Nevertheless, to avoid redundancy, this review now centers on empirical and contemporary research focusing on Sharia Supervisory Board (SSB) roles and their direct link to Zakat performance.

Khalid and Sarea (2021) explained the Islamic agency theory that Muhammad Umer Chapra and Sami Al-Suwailem developed, which is related to theories in Islamic economics. The term *wakalah* is a noun derived from the word *wakala*, which has several meanings, including performing a task on behalf of another person. Technically, *wakalah* refers to a contract where one *Muwakkil* (principal) authorizes another party as a representative (agent) to perform a task on behalf of the *Muwakkil* (principal).

The correlation between Islamic agency theory and this research model is that in the context of Islamic banks, the agents as directors must make a decision that is not only related to the aspect to achieve maximum profit, but also must decide on the social aspect of the company to the community by acting as a representative in the distribution of Zakat which will be distributed to Zakat Organization. However, the representative (agent) can potentially be opportunistic and selfish in determining a decision outside the control of the *Mmuwakkil* (principal), so that agency problems due to information asymmetry can be prevented. There is an internal Sharia auditor, namely DPS, in the structure of Islamic banks in Indonesia. The presence of SSB is significant, so that the *wakalah* contract between the *Mmuwakkil* (principal) and the representative (agent) does not conflict with the principles of Sharia and Sharia compliance can be realized.

Research on Islamic banking governance has increasingly focused on the Sharia Supervisory Board and its influence on social objectives, specifically on Zakat distribution. The role of the Sharia Supervisory Board has evolved beyond ensuring formal Sharia compliance to actively determining the social impact of Islamic financial institutions, including the equitable and efficient distribution of Zakat funds.

Recent empirical evidence demonstrates that Sharia Supervisory Board members' expertise, educational background, and activities are crucial determinants of Zakat performance. For example, Hudayati et al. (2023) found that the educational background of the Sharia

Supervisory Board positively affects the amount of Zakat distributed at Islamic banks in Indonesia, while the number of meetings held by the Sharia Supervisory Board does not independently lead to increased Zakat allocation. This phenomenon suggests that the quality of discussion and specialized knowledge among supervisory board members is more important than the frequency of meetings.

Firdaus et al. (2025), examining the mediating effect of Zakat disclosure, showed that functional diversity among Sharia Supervisory Board members can affect the return on equity in Islamic banks. The authors indicated that boards with members from a wide range of specialized backgrounds can foster transparency, benefiting financial and social outcomes such as Zakat management.

Sari et al. (2023) provided additional evidence that the characteristics of the Sharia Supervisory Board, including educational expertise and board size, are significant predictors of Islamic social reporting, which encompasses Zakat allocation practices. Boards with higher levels of relevant education and larger size tend to facilitate greater transparency in reporting and distribution of Zakat funds.

International studies reinforce these conclusions. Research from Malaysia and other Islamic banking centers has highlighted that robust Sharia Supervisory Board governance promotes effective Zakat distribution by ensuring a clear separation between Sharia compliance and executive interests and upholding transparency in Zakat reporting (Rahman & Jusoh, 2018; Zakiy et al., 2023). Attributes such as specialized Islamic finance education and experience in social welfare strengthen supervisory boards' capacity to enforce compliance and actualize Islamic social objectives.

Another strand of literature explores how regular training and ongoing professional development for supervisory board members can amplify their influence on Zakat-related decisions (Yadiati et al., 2022). Effective oversight mechanisms, such as systematic review of Zakat programs and impact-oriented audits, further contribute to more optimal distribution outcomes.

Research has also debated the impact of cross-membership, where supervisory board members hold multiple roles in different organizations. While some studies suggest cross-membership dilutes accountability, recent evidence indicates that members with focused, board-specific expertise are more effective in aligning Zakat strategies with the bank's social mission (Mukhibad et al., 2022).

A growing number of works have also utilized the Maqasid Sharia Index and the Islamic Social Reporting Index to connect supervisory board effectiveness, governance practices, and social performance, including Zakat fulfillment (Mukhibad et al., 2020; Prihantono et al., 2024; Sidik, 2023). These studies collectively establish that strong, well-educated, and active supervisory boards are pivotal in achieving superior Zakat performance and enhancing public trust.

Sawmar & Mohammed (2021) underscore the importance of good governance in the administration of Zakat, suggesting that integrated governance frameworks directly affect compliance rates and societal impact. Including the Sharia Supervisory Board in Zakat-related decision-making supports regulatory adherence and facilitates positive social change by improving Zakat literacy and transparency.

In synthesizing this international literature, it is evident that Sharia Supervisory Board members' quality, expertise, and educational background are fundamental to the successful performance of Zakat distribution by Islamic banks. These findings highlight an important shift in governance research, moving toward broader accountability, including social responsibility indicators like Zakat, rather than focusing exclusively on financial performance. The present study directly addresses this shift by empirically investigating the relationship between board characteristics and Zakat distribution in Indonesia, an approach that advances both academic understanding and practical improvements for the Sharia banking sector (Hudayati et al., 2023; Nomran & Haron, 2022).

## **METHOD**

The type of this research is associative quantitative. Associative quantitative analysis aims to analyze the relationship between two or more variables, focusing on cause-and-effect relationships consisting of independent variables and dependent variables (Rinta, 2021). In this study, the population is determined, namely Islamic banks in Indonesia for 2021-2023, which have been registered with the Financial Services Authority (OJK), totaling 14 IB's. The consideration for choosing secondary data from the annual reports of Islamic banks. In the 2021-2023 period is that in 2021 there was a merger of 3 Islamic banks in Indonesia. If the data taken is below 2021, it cannot use the 2021-2023 data because it will not be balanced between before and after the merger. Table 1 shows the data of Indonesian Islamic banks in this study. The sampling technique selected and used is purposive sampling, a sampling technique based

on specific criteria determined by the researcher. The following are the sample criteria that have been determined:

1. Islamic banks registered with the Financial Services Authority (OJK)
2. Islamic banks that published Annual Reports from 2021 to 2023 in complete form

Table 1. List of Indonesian Islamic banks

Names of Indonesian Islamic banks	
1.	Bank Muamalat Indonesia
2.	Bank Victoria Syariah
3.	Bank Jabar Banten Syariah
4.	Bank Mega Syariah
5.	Bank Panin Dubai Syariah
6.	Bank Syariah Bukopin
7.	BCA Syariah
8.	Bank Aceh Syariah
9.	BPD Nusatenggara Barat Syariah
10.	Bank Tabungan Pensiunan Nasional Syariah
11.	Bank Aladin Syariah
12.	Bank Syariah Indonesia
13.	BPD Kepulauan Riau Syariah
14.	Bank Nano Syariah

Source: processed by the authors

From 14 Islamic banks in Indonesia, Table 2 shows that the number of banks that meet the criteria is as follows:

Table 2. Selection Criteria

No.	Criteria	Amount
1.	Islamic banks registered with the Financial Services Authority (OJK)	14
2.	Islamic banks that published Annual Reports from 2021 to 2023 in complete form	11

Source: processed by the authors

The criteria met by the banks to be used as samples in this study amounted to 11, with 33 observations. Due to the incomplete annual report structure, Bank Syariah Bukopin, Bank Nano Syariah and BPD Riau Islands Syariah did not meet the criteria. The research data was processed with Eviews 12 Student Version. The data analysis stage used in this study is descriptive statistical analysis and multiple linear regression. Zakat distribution is the dependent variable, which is measured by the amount of Zakat fund distribution. The Board of Directors (BOD) and Sharia Supervisory Board (SSB) are independent variables measured by the number of Board of Directors meetings, the educational background of the Board of

Directors, the number of SSB meetings, and the educational background of the SSB. The following Table 3 is the measurement method:

Table 3. Variable Model Measurements

Variable	Measurement
Dependent:	
Distribution of Zakat	Total distribution of Zakat funds (Hidayati et al., 2023).
Independent:	
Number of BOD meetings	Number of Board of Directors meetings in 1 year (Milenia & Syafei, 2021)
Educational background BOD	Blau Index(%) = $1 - \sum_{i=1}^K P_i^2$ (Syafiqurrahman, 2014)
Number of SSB meetings	Number of SSB meetings in 1 year (Baidok & Septiarini, 2017; Fatah et al., 2022).
SSB Educational Background	The number of SSBs with doctoral degrees is divided by the total SSBs (Afiska et al., 2021).

Source: processed by authors

## RESULTS

The following stage is carried out so that statistical values are represented from each variable, namely the number of meetings of the Board of Directors, the educational background of the Board of Directors, the number of meetings of the Sharia Supervisory Board, the educational background of the Sharia Supervisory Board and the distribution of Zakat at Islamic banks in Indonesia for the period 2021-2023. After data processing, the results of descriptive statistics, as shown in Table 4, are as follows:

Table 4. Descriptive Statistics

	N	Mean	Min	Max
Y	33	1,74E+10	0	2,06E+11
X1	33	32	6	68
X2	33	0,43	0,28	0,54
X3	33	24	12	84
X4	33	0,64	0	1

Source: processed by authors

The average Islamic bank in Indonesia distributes Zakat to OPZ as much as 17.4 billion annually. Then the minimum value obtained is zero, which is owned by Bank BTPN Syariah,



namely in 2021-2023, then Bank Panin Dubai Syariah in 2022 and Bank Aladin Syariah in 2021. The maximum value obtained is 205.9 billion, which is owned by Bank Syariah Indonesia in 2023. The average number of meetings held by the Board of Directors of each Islamic bank in Indonesia per year is 32. The maximum value obtained is 68, owned by Bank NTB Syariah. The minimum value obtained is 6, and Bank Aceh Syariah owns it. The average value of the Blau index based on the level of education of the Board of Directors of each Islamic bank in Indonesia is 43%. The maximum value obtained is 0.54, owned by Bank Syariah Indonesia, and the minimum is 0.28, owned by Bank Aladin Syariah. The average number of meetings conducted by SSB in each Islamic bank in Indonesia is 25 meeting agendas per year. The maximum value obtained is 84, owned by Bank NTB Syariah. The minimum value obtained is 12, and Bank Muamalat, Bank Panin Dubai Syariah, Bank Mega Syariah, Bank Aladin Syariah, and BTPN Syariah own it. The average SSB member with a doctoral education background in each Islamic bank in Indonesia is only 64%. Bank Syariah Indonesia, Bank Aladin Syariah and Bank Aceh Syariah own the maximum value obtained. The minimum value obtained is zero, which Bank NTB Syariah and Bank BTPN Syariah own.

Table 5. Chow Test Result

Effect	Test Statistic	df	p-value
Cross-section F	61.63	(10, 18)	0
Cross-section Chi-square	117.55	10	0

Source: processed by authors

Based on Table 5 Chow test results, the probability value is  $0.0000 < 0.05$ . Then the selected model is the Fixed Effect Model (FEM). When the FEM model is selected, it must be continued with the Hausman test.

Table 6. Hausman Test Result

Effect	Chi-Sq Statistic	df	Prob.
Cross-section random	8,815409	4	0,0659

Source: processed by authors

Based on the results shown in Table 6 about the Hausman test, the Probability value is  $0.0659 > 0.05$ . This result means that the selected model is the Random Effect Model (REM). Then proceed again with the Lagrange Multiplier test.

Table 7. Lagrange Multiplier test

Test Statistic summary	Cross-section	Time	Both	p-value (Cross)	p-value (Time)	p-value (Both)

Breusch-Pagan	22.42	0,06	23.32	.000	.342	.000
Honda	0,217361111	0,07	0,1306	.000	.829	.143
King-Wu	0,217361111	0,07	01.07	.000	.829	.143
Standardized Honda	06.06	0,05	0,0549	.000	.760	.273
Standardized King-Wu	06.06	-0.70	0,0549	.000	.760	.786

Source: processed by authors

Based on the Lagrange Multiplier test shown in Table 7, the Probability value of Breusch-Pagan is  $0.0000 < 0.05$ . Then the selected model is the Random Effect Model (REM) after determining the best model using the Chow, Hausman and Lagrange Multiplier tests. Then, the best model for this study is REM.

Table 8. T-test Results

Variable	Coefficient	Std. Error	t	p-value
Constant (C)	1,16E+10	3,53E+10	00.33	.746
X1 (BOD Meetings)	-1,46E+08	2,88E+08	-0.51	.616
X2 (BOD Education)	-1,03E+11	4,51E+10	-2.28	.031
X3 (SSB Meetings)	-62751930	2,47E+08	-0.25	.801
X4 (SSB Education)	8,78E+10	2,84E+10	03.09	.005

Source: processed by authors

The results of the T-test, as shown in Table 8 on the variable number of Board of Directors meetings (X1), obtained a Probability value of  $0.6160 > 0.05$ , then  $H_0$  is accepted and  $H_a$  is rejected. This result means that the variable number of meetings of the Board of Directors does not affect the distribution of Zakat at Islamic banks in Indonesia. Results of the T test on the educational background variable of the Board of Directors (X2) obtained a Prob p-value.  $0.0307 < 0.05$ , then  $H_a$  is accepted and  $H_0$  is rejected. This data means that the educational background variable of the Board of Directors has a negative effect on the distribution of Zakat at Islamic banks in Indonesia. Results of the T test on the variable number of meetings of the Sharia Supervisory Board (X3) with Probability value  $0.8012 > 0.05$ , then  $H_a$  is rejected and  $H_0$  is accepted. This means that the variable number of meetings of the Sharia Supervisory Board has no effect on the distribution of Zakat at Islamic banks in Indonesia. The results of the T-test on the variable educational background of the Sharia Supervisory Board (X4) with the Probability value  $0.0045 < 0.05$ , then  $H_a$  is accepted and  $H_0$  is rejected. This means that the educational background variable of the Sharia Supervisory Board has a positive effect on the distribution of Zakat at Islamic banks in Indonesia.

Table 9. Coefficient Determination

Statistic	Value
R-squared	0,373865

Adjusted R-squared	0,284417
S.E. of regression	9,49E+09
Sum squared resid	2,52E+21
F-statistic	4,17969
Prob (F-statistic)	0,008874
Mean dependent var	1,83E+09
S.D. dependent var	1,12E+10
Durbin-Watson stat	1,099727

Source: processed by authors

The R-squared value is 0.373865 or 37%. The coefficient of determination in Table 9 shows that the independent variables consisting of the number of meetings of the Board of Directors, the educational background of the Board of Directors, the number of meetings of the Sharia Supervisory Board and the educational background of the Sharia Supervisory Board can explain the variable distribution of Zakat at Islamic banks in Indonesia by 37%. In comparison, the remaining 63% is explained by other variables not included in this research model.

Table 10. F Test Results

Statistic	Value
F-statistic	4,17969
Prob (F-statistic)	0,008874

Source: processed by authors

Based on the results of the F test in Table 10, the Prob (F-statistic) value is 0.008 <0.05. This means that the variables of the number of meetings of the Board of Directors, the background of the Board of Directors, the number of meetings of the Sharia Supervisory Board and the educational background of the Sharia Supervisory Board simultaneously affect the distribution of Zakat at Islamic banks in Indonesia.

## DISCUSSION

This study investigates the influence of the Board of Directors (BOD) and Sharia Supervisory Board (SSB) characteristics on the distribution of Zakat by Islamic banks in Indonesia between 2021 and 2023. The results indicate that the number of BOD and SSB meetings does not significantly affect Zakat distribution. However, the educational background of the BOD reveals a negative and significant association with Zakat distribution. In contrast, the educational background of the SSB shows a positive and significant effect on the distribution of Zakat.

The finding regarding the number of BOD meetings aligns with previous research that suggests the frequency of meetings does not necessarily translate to higher effectiveness in social agenda implementation. Sari et al. (2023) discovered that frequent SSB meetings improve social reporting but did not provide conclusive support that the number of meetings enhances direct Zakat distribution. Similarly, this study demonstrates that mere frequency fails to ensure meaningful action toward Zakat performance, emphasizing the importance of meeting quality and agenda relevance instead of quantity.

The negative effect of BOD educational background on Zakat distribution resonates with Zakiy et al. (2023), who found that broader educational diversity among the board can dilute the focus on social objectives, potentially leading to less emphasis on Zakat-related decisions. Yanto and Juliana (2019) further corroborated that diversity in educational backgrounds within the BOD could result in less unified commitment to social performance, which is reflected in reduced Zakat distribution.

In contrast, the positive impact of the SSB's educational background on Zakat distribution is strongly supported by Hudayati et al. (2023). They observed that members of the SSB with higher educational qualifications are better equipped to oversee compliance and ensure that Zakat is distributed effectively and under Sharia regulations. Nurkhin et al. (2018) also found that SSB size and educational quality significantly enhance Zakat governance and public accountability within Islamic banks.

Additional studies from Malaysia and other countries support the conclusion that robust governance—including specialized knowledge and a strong commitment to Sharia compliance among SSB members—supports greater public trust and more impactful Zakat management. For example, Rahman and Jusoh (2018) highlight that combining expertise and commitment among SSB members directly improves the quality, transparency, and quantity.

However, not all literature is entirely consistent with these results. For instance, Firdaus et al. (2025) report that functional diversity among SSB members may sometimes be associated with less effective Zakat disclosure, implying that certain types of board diversity can result in less focused decision-making regarding social performance. Nevertheless, most recent research emphasizes the critical role of SSB expertise and education over diversity alone.

Sawmar and Mohammed (2021) underscore that good governance frameworks that empower SSBs improve compliance and strengthen Zakat performance through enhanced literacy,

transparency, and accountability. These findings are echoed by Sidik (2023), who demonstrates that comprehensive training and educational qualifications among SSB members lead to optimal Zakat program outcomes.

Taken together, this study's results reinforce that it is not the frequency of meetings that matters most, but rather the substantive qualifications of SSB members. The negative association between BOD educational background and Zakat performance challenges assumptions about the universally positive effects of board diversity, suggesting a need for more targeted expertise in Sharia and social objectives within BODs. By documenting these nuanced relationships, this study makes a meaningful contribution to the literature on Islamic banking governance and Zakat distribution, specifically within the Indonesian context.

## CONCLUSION

This study examined the effect of the Board of Directors (BOD) and the Sharia Supervisory Board (SSB) characteristics on the distribution of Zakat by Islamic banks in Indonesia from 2021 to 2023. Using a quantitative associative approach with panel data regression, the analysis drew on secondary data from annual reports of 11 Islamic banks registered with OJK, covering 33 observations between 2021 and 2023. The key findings indicate that neither the number of BOD meetings nor the number of SSB meetings significantly impacted Zakat distribution. Notably, a more diverse educational background among BOD members showed a negative effect on Zakat distribution, possibly reflecting divergence in social priorities or limited Sharia orientation within the board. In contrast, more SSB members with advanced (doctoral) education significantly improved Zakat distribution, underscoring the importance of Sharia expertise and deep understanding in fulfilling social objectives. These findings offer several important implications. Practically, Islamic banks should prioritize appointing highly qualified SSB members with strong backgrounds in Sharia and consider tailored training to align BOD perspectives with social and Sharia objectives. Theoretically, this study supports the growing international literature that emphasizes the role of board expertise over formality or diversity per se in driving social performance, especially Zakat. The study is limited to a three-year panel of Indonesian Islamic banks and relies on secondary data, which may not capture all relevant qualitative factors behind governance dynamics. For policy, regulators such as OJK should strengthen requirements for Sharia qualifications on SSBs and encourage regular, substantive collaboration between the SSB and BOD when setting Zakat policies. Future research can

expand by investigating additional governance attributes, incorporating qualitative insights from bank management or supervisory boards, and applying comparative analysis across countries to generalize findings.

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