

## Process of Role Taking: Sacred Compliance and Religious Assurance in Islamic Banks

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**Abstract :** The study applies role theory to investigate the quality of the compliance review in Malaysia, which is perceived to have the most advanced Islamic banking governance framework in the Islamic world. Drawing from the questionnaire survey and semi-structured interviews, our study reveals the existence of a well-established structure for compliance reviews which is found to be regulatory driven and contingent upon the level of commercial activity of individual Islamic bank's. However, the compliance review process was found to be ceremonial and inadequately undertaken by some SBs with greater prominence placed on its advisory role. In particular, the study provides evidence of a lack of understanding on accounting issues when undertaking the compliance review. Problems in communication between SBs, board of directors and management were also reported to exist. Our findings raise concern over the quality and thus the credibility of the religious compliance assurance communicated in Islamic Banks annual reports.

**Keywords :** Islamic banks, religious compliance, Sharia board assurance, role theory

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