

Research and Publication Trends on Shariah Non-Compliance (SNC) Risks and Events from 2010-2022

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ABSTRACT

Managing Shariah non-compliance (SNC) events is important for Muslims who manage businesses, especially for Islamic Financial Institutions (IFIs), to maintain justice and fairness in particular transactions as well as to avoid operational losses. The objective of this study is to explore the research and publication trends on SNC risks and events from 2010 to 2022. Descriptive research based on document analysis of prior studies and literature on SNC events obtained from online journals has been used as the approach for data collection in this study. Journals and publications are obtained via a wide variety of channels, including Google Scholar, Science Direct, and ResearchGate.com. There are a total of 80 articles relevant to this topic that were gathered and reviewed for the period from 2010 to 2022. This study looked at a variety of different characteristics, some of which are authorship patterns, the number of articles that have been published, research design, geographical affiliation, the subject of the article, and the gender of the author. The overarching conclusion drawn from this research is that the vast majority of previous research on SNC focused primarily on investigating issues pertaining to firm performance, investment and risk management, nonetheless very limited study has focused on the rectification process and procedures to solve the SNC events.

Keywords: Shariah, Shariah Non-Compliance, Islamic Finance

Received:
January 29,
2024

Accepted:
June 25, 2025

**Online
Published:**
June 26, 2025

INTRODUCTION

Islam is the way of life for human existence as it provides a guide for all parts of life, whether individual or social, material and moral, economic and political, legal and cultural, and national and international respectively. Apart from that, Islam is a religion that adheres to the truth and justice. It is the manifestation of the principle of life that Allah, the Creator and Lord of the universe, has given for the guidance of people in the Quran and the Hadith.

Mankind needs two things in order to flourish: the means to sustain life and meet the material demands of the individual and society, and the understanding of the principles of individual and social conduct that will allow him to realize his potential and keep the peace in society. Both of these are fully provided for by the Creator of the Universe. All of nature's bounty has been placed at man's disposal by Allah to fulfil his material necessities. Islam is the religion taught by all of prophets of Allah, and it entails this set of moral guidelines. As Allah SWT mentioned in the Holy Al-Quran:

Say, "[O Muhammad] we believe in Allah and in the Revelation given to us, and to Abraham, Ishmael, Isaac, Jacob and the Tribes. We believe in the Revelation that was sent to Moses, Jesus and all other Prophets from their Lord. We make no distinction between them, and to Him we surrender." (Quran, 3:83; 2:136).

The Shariah is the Islamic legal system that was given to the Prophet SAW to serve as a guide for behaviour and as a benchmark for determining whether or not something is permissible (*halal*) or forbidden (*haram*) especially in conducting business operations and commercial dealings (*muamalah*). At the present time, it is necessary to be concerned about commercial dealings and business operations that go against the Shariah. This is because the drive for innovation in order to satisfy the community needs and commercial purposes has caused many companies and Islamic Financial Institutions (IFIs) to adopt conventional principles and instruments, for instance, risk management technique for mitigating various risks as well as adherence to the requirements of BASEL. Islam prohibits Muslim to conduct commercial dealings and business operations that totally involve with usury (*riba*), uncertainty (*gharar*), gambling (*maysir*) and other prohibited elements such as dealings with liquor, pork, pornography and selling weapons. On the day of judgement, the Muslim who goes against the Shariah regulations in the way they do business and engage with other people will be punished. As Allah SWT stated in divine revelation (al-Quran):

“And for their taking interest even though it was forbidden for them, and their wrongful appropriation of other people’s property. We have prepared for those among them who reject faith a grievous punishment (Quran, 4: 161)”.

Therefore, as Shariah is the core principle upon which firms or Islamic financial institutions are built, conformity with Shariah is the most critical part of running a corporation. Companies face the risk of being non-compliant with Shariah principles and values if they do not adhere to them when it comes to managing their finances, running their businesses, and carrying out their operations (Omar & Hassan, 2019). Thus, the main objective of this article is to explore the research and publication trends with regards to SNC events from 2010 to 2022 as the adherence and compliance to the Shariah is very crucial for the completion of any particular Islamic transactions, whereas any non-compliant issues or events may result the contract will be void and null. This may contribute to the Shariah and operational risks, which eventually lead losses to the IFIs. There have been cases in Malaysia where some IFIs have incurred losses amounting to millions of Ringgit at the current stage. This article presents the current trends with regards to SNC events and issues and consists of analysis from various aspects namely authors, article counts, research methods, article subjects, authors' locations, and authors' genders.

PROBLEM STATEMENT

In Malaysia, there are comprehensive regulations made to ensure IFIs did not contradict with Shariah principles in the overall business activities. The regulation is Islamic Financial Services Act (IFSA) that came into force in 2013 as an omnibus act, consolidating the Islamic Banking Act 1983 & Takaful Act 1984 and repealing both. IFSA 2013 introduces end-to-end Shariah compliance regulatory framework for IFIs. The act was enacted to provide: (i) The comprehensive regulation and supervision of Islamic financial institutions, payment systems and other relevant entities in Malaysia to ensure all the activities, product and services offered complies with Shariah (ii) The oversight of the Islamic money market and Islamic foreign exchange market (iii) To promote financial stability and IFIs compliance with Shariah laws and principles Section 28(1) IFSA 2013 states that all operations, businesses, affairs and activities of the Islamic Banks and Institutions must comply with Shariah at all times (Kunhibava, 2015). It shows that starting the requirements of Shariah must be fulfilled from the beginning until the end of the agreement.

SNC risks can potentially arise when there is a mistake made in the documentation process in dealing with a certain contract. Conflicts may also appear when the Islamic products are improperly managed although the terms and conditions have already been stipulated to be in line with Shariah. According to Islamic Financial Services Board (IFSB), SNC risk is defined as “the risk that arises from the bank’s failure to comply with rules and principles determined by the relevant Shariah regulatory councils” (IFSB, 2016). Shariah compliance is the core element and the most predominant factor in operations of the Islamic banking and finance business. Failure to adhere to Shariah principles and values in carrying out the financial activities, business and operations may lead the Islamic bank to be exposed to the risk of non-compliance. SNC risk is considered as the unique risk of Islamic banks and IFIs compared to the conventional counterparts. In this regard, exploring the research and publication trends on SNC is imperative for comprehensive understanding on the SNC risks and events in order to avoid any potential and actual SNC events occur for particular IFI.

LITERATURE REVIEW

The Concept of Shariah Compliant

In common parlance, the word "a way to water" or, as some people put it, "a path to be followed" may be used to describe Shariah. Apart from that, Shariah is the legal system that comes from the teachings of the Quran, which is holy book of Islam, and the teachings of the Prophet Muhammad SAW, which are called Sunnah. It guides Muslims on how to live in a fair, moral, and righteous way and gives advice on many aspects of life. Bassiouni (2012) asserts that the Quran is the primary source for the Shariah, which is the legal code that governs Muslims. It comprises the laws by which the Muslim world is ruled (or should regulate itself), and it creates the basis for relationships between man and God, between people, whether Muslim or non-Muslim, as well as between man and objects that are part of creation. The Shariah comprises the laws that are used to structure and administer a Muslim community. It also gives the methods to settle issues between people as well as conflicts between individuals and the state.

In the context of the sector, the term "Shariah-compliant" refers to the practise of conducting business in a manner that is in line with Islamic law (Shariah). The Islamic legal system is

known as Shariah, and it is based on Islamic principles. These guiding concepts apply to every facet of day-to-day life, including the individual, the family, and society as a whole. A value that is compliant with Shariah can have an influence on the strategic management practise of a company as well as its financial success (Kunaifi & Hakim, 2019). Both in the past and in the present, there has been a clear and sizable increase in the demand for goods and services that are in accordance with Shariah rulings. This is especially true in the commercial dealings and manufacturing company.

In the sector of banking and finance, all IFIs are required to conduct their commercial activities in accordance with Shariah standards in order to minimise Shariah hazards such as *riba* (usury), *maysir* (gambling), and *gharar* (uncertainty) in their transactions as well as risks related to reputation. There is a zero-tolerance policy in place for any unethical business practises that may arise inside the banking industry (Satkunasingam & Shanmugam, 2006). Other findings also identify that the other elements such as *Ghubn* (inequality), *Ikra* (duress), *Taghrir* (deceit), and *Ghish* (deception) are also prohibited in Shariah-compliant commercial dealings. Islamic banks require a thorough understanding of these factors to implement efficient Shariah risk management (Hassan, 2016).

In terms of Shariah-compliant investment, investment instruments known as funds with Shariah compliance are those that operate in accordance with the precepts of Shariah as well as the fundamental elements of the religion that is practised by Muslims. One type of socially responsible investing is known as Shariah-compliant funds, which are also known as Islamic mutual funds, and it is of the utmost importance for Muslim investors to verify that the profits generated from these investments are in accordance with Shariah law (WealthFace, 2020). For Muslims, especially when it comes to online investments, the number of halal investment possibilities is extremely limited. It is necessary to examine a particular investment proposal from two different perspectives in order to determine whether or not it complies with the stipulations of Shariah law. These perspectives are the nature of the instrument or transaction that is being proposed, as well as the nature of the contracting (counter) party and also do not involve with *riba* and *gharar* (Khatkhatay, 2007).

Shariah Non-Compliance Risk

The outcomes of the research conducted by Omar and Hassan (2019) demonstrated that SNC risk might originate from a variety of areas, including the structure of the product. Due consideration must be paid to these aspects, as any breach of Shariah law on the terms of the contract may result in SNC. The paperwork must not be in conflict with the principles of Shariah since the nature of Islamic finance is distinct from that of its conventional equivalents. Islamic finance has extra requirements in the terms and conditions of the goods and services it provides. Even if the underlying contract agrees with Shariah rules and principles, a Shariah non-compliance case may nonetheless occur if the product in question is executed incorrectly. Inadequate advertising or questionable and improper marketing may deliver a false image representation of the Islamic bank and the product offered, and it may tarnish the reputation of IFIs in the eyes of the public.

Apart from that, there is a possibility that SNC risk will have an effect on the amount of income generated by some businesses and IFIs. According to Standard Chartered Bank (2018), Shariah Non-compliant income is defined as income that is generated or received from events that are non-compliant with Shariah rules and principles. Some examples of Shariah Non-compliant income include profit charges from transactions involving invalid

Shariah contracts as well as income derived from businesses that do not comply with Shariah. Shariah scholars designate invalid contracts as *batil* or *fasid*. There was little difference between these two words in the eyes of the majority of jurists (Al-Mahalli, 2001). The word "*batil*" signifies "void" in its literal sense. Legally speaking, a *batil* or *fasid* is an agreement when the main terms and conditions have not been met (Al-Shawkani, 2004). According to Shariah law, a null and void contract has no binding force. Therefore, if the parties want to move on with the contract, they will need to re-execute it (Erdem Oz, 2016).

According to Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) (2015) there is significance difference between impure income and SNC income. A certain bank distinguishes between impure and SNC revenues. Impure income is comprised of interest income recognised as such in the statement of financial position, income recognised from Shariah non-compliant financial investments, and income accrued as a result of Shariah non-compliant business sources (products and subsidiaries), whereas SNC income is derived solely from SNC events (AAOIFI, 2015).

In IFIs operation, the potential for SNC to disrupt the business practises of Islamic banks extends far beyond the borders of Malaysia. Shariah non-compliance is a high-priority risk in the management of Islamic financial institutions for two main reasons: first, the vast majority of Islamic financial institution fund contributors recognize that Shariah-compliant services are essential to the institution's continued long-term operations; and second, any uncertainties and inconsistencies in Shariah law will result in the cancellation of a transaction, resulting in loss and an interrupted source of income, annulment of a deal that would have resulted in a loss or invalidated a potential source of income (Amir Husin Mohd Nor, 2019).

The Islamic Financial Services Board (IFSB) (2005) classifies the risk posed by SNCs as an example of operational risk. According to Principle 7.1 of the guidelines established by the IFSB, Islamic financial services (IFS) must put in place suitable systems and controls, including a Shariah Board/Advisor, to guarantee conformity with Shariah rules and principles (IFSB, 2005). Shariah non-compliance risk is included in operational considerations, and it is important to address this risk in order to guarantee that operations are carried out in accordance with the applicable Shariah rules and principles as per the fatwa, policies, and procedures approved by the IFI's Shariah Board. In addition, there is the possibility of 'legal risk,' which is the risk of not meeting one's personal contractual duties, and 'compliance risk,' which is the risk of not meeting one's legal responsibilities under applicable statutes and rules, as a consequence of Shariah non-compliance.

RESEARCH METHODOLOGY

The research methodology used in this article is through qualitative approach based on the analysis of secondary research and publication data available on the online platform. This article explored research and publication trends with regard to SNC risks and occurrences in firms and IFIs from 2010 to 2022. For the purpose of the study, a total of 80 publications were gathered from a variety of online sources, including Google Scholar, Science Direct, and researchgate.com, as well as conference papers, journals, and articles. All free and available research and publications obtained from the platforms were collected and analysed accordingly using simple Excel functions. The main discussion in this article involves all research and publication for SNC risks and events for the timeframe. The research and publication will be evaluated in order to extract the data, including SNC knowledge and

issues. This information may be utilised by researchers, academics, and practitioners in banking and finance in order to improve the present issue that is linked to SNC occurrences, and most importantly to rectify the SNC events accordingly.

RESEARCH FINDINGS

Number of Annual Journal Publications

Table 1
Number of Annual Journal Publications

Subject of articles	2010	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Firm													
Performance		1	1	1	2		2	1	1	2	3	3	17
Investment		1	1	3	1			2	3	1	1	4	17
Islamic Banking and Finance							1	3	4	1	5	1	15
Risk Management	1					1	2	4	6	3			17
Islamic Banking Product						1	2		2	1			6
Governance						1		1	2				4
SNC Reporting											1	1	2
Accounting Management									1				1
Online Application												1	1
Total	1	2	2	4	3	3	7	11	19	8	10	10	80

From the years 2010 through 2022, a total of 80 articles relating to SNC risks and events were examined. Articles that have been examined throughout the years and which are connected to SNC are outlined in further depth in Table 1 above.

There is a comparable number of articles that have been generally related to firm performance, investment, and risk management, and these three subjects of article that have been documented as having the biggest number of articles published throughout the period of 2010 to 2022. While there are 15 articles that focus to Islamic banking and finance. In addition, there have been recorded that, articles pertaining to Islamic banking product, governance, and SNC reporting. There are a total of 6 articles pertaining to Islamic banking product, 4 articles pertaining to governance, and 2 articles relating to SNC reporting. Moreover, the subjects that have the fewest number of articles are those that are associated with accounting management and online application, where both of these subjects' articles only have one article.

The highest number of articles produced is in 2019 with 19 articles. In 2018, the total number articles produced were 11 articles. Meanwhile, there were 10 articles publication in 2021 and 2022. In 2020 and 2017, there were a slight difference number of articles in which recorded 8 articles and 7 articles. Meanwhile, 3 articles were published in 2015 and 2016 and 4 articles published in 2014. Both periods in 2012 and 2013 had an equal number of articles, in which

both periods published only 2 articles. Lastly, there is only one article published in 2010 that is related to SNC.

Types of Study by Journal Articles Publication Year

Table 2
Types of Study by Journal Articles Publication Year

Publication Year	Data Analysis					Total
	Descriptive	Empirical	Exploratory	Explanatory	Analytical	
2010					1	1
2011						
2012	2					2
2013	2					2
2014	4					4
2015	1	1		1		3
2016		2	1			3
2017	2	2	1	1	1	7
2018	2	5	3		1	11
2019	6	5	4	4		19
2020	2	1	2	2	1	8
2021	5	3	1		1	10
2022	5	1	2		2	10
Total	31	20	14	8	7	80

Analytical, descriptive, empirical, exploratory, and explanatory methods are outlined in Table 2 as the focal points in this analysis. These approaches have been widely used in a variety of previous studies. The descriptive method was used by the majority of researchers for SNC, with a total of 31 papers, according to the study that was done based on the 80 publications. It was then followed by an empirical approach, which consists of 20 research publications, while 14 journal articles use an exploratory method. The explanatory method, which had a total of 8 articles, was the approach with the second-lowest article count that had been recorded. The number of articles that used an analytical technique is the lowest of any research approach that was documented. This shows that most of articles on SNC were published based on descriptive data analysis and none of the publication related to the rectification process of SNC, which the most crucial element to solve SNC risk and event.

Research Approach Based on Journal Articles Publication

Table 3
Research Approach Based on Journal Articles Publication

Publication Year	Research Approach			Total
	Qualitative	Quantitative	Mix-Method	
2010	1			1
2011				
2012		2		2
2013		2		2
2014		4		4
2015	1	2		3
2016	3	5		8
2017	4	2	1	7

2018	7	3	1	11
2019	13		1	14
2020	6	2		8
2021	4	6		10
2022	5	5		10
Total	44	33	3	80

There are three approaches for data collection that were employed by the authors of the study on SNC and are detailed in Table 3, which can be seen here (qualitative, quantitative, and mixed method). The qualitative method study design recorded 43 articles in which the maximum number of articles that used this approach to gather the data that was required. This was determined by the research data that was acquired throughout the course of the period. Second, there was a quantitative approach with a total of 33 papers. Lastly, the mixed approach with only three articles is the research design that is utilised the least frequently. It shows that qualitative method is the main research approach for publication on SNC by the majority of the authors.

Authors' Gender and Relationship Between Authors

Table 4
Authors' Gender and Relationship between Authors

Gender	Author						Total
	One	Two	Three	Four	Five	Six and above	
Male	12	9	9	5		2	37
Female	11	9	2	1	1		24
Both Gender		6	8	4	1		19
Total	23	24	19	10	2	2	80

The statistics on the gender of authors and the relationships between authors are presented in Table 4, and they are based on the total of 80 articles that were analysed. The total number of articles written by male, female, and both genders with two authors is greater than the number of articles written by male and female with a single author, which total of 24. In the meantime, the overall number of single authors, including both male and female authors, was determined to be 23 throughout all articles. There are a total of 19 article journals for three authors, each of which might be male, female, or mixed. Even though there are only ten articles in the journals, all of them were written by four different authors who were male, female, or both genders. There was an equal number of articles that were written by five authors and authors with six or more contributors, and both sets of authors contributed two articles. It shows that most of the publication on SNC events involved more than 2 authors with both male and female authors.

List of Journals and Number of Articles Published from the Year 2010 to 2022

Table 5

List of Journals and Number of Articles Published from the Year 2010 to 2022

No	Title	Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
1	Oil Price Volatility and Firm Profitability: An Empirical Analysis of Shariah-Compliant and Non-Shariah-Compliant Firms	Australia												✓		1
2	The Influence of Islamic Governance on Minimizing Non-Compliance with Shariah	Indonesia									✓					14
3	Shariah Vs Non-Shariah IPO Under-Pricing: Evidence from Indonesia Stock Exchange	Indonesia													✓	
4	Sharia Vs Non-Sharia Compliant: Which Gives Much Higher Financial-Based Brand Equity to the Companies Listed in the Indonesian Stock Market?	Indonesia													✓	
5	How Uncertainty and Firm Characteristics Determine the Capital Structure: Evidence from Indonesia's Shariah and Non-Shariah Compliant Firms	Indonesia													✓	
6	Mitigasi Sharia Non-Compliance Risk Pengembangan Produk Keuangan Syariah di Bank Pembiayaan Rakyat Syariah	Indonesia										✓				
7	Identification of Non-Sharia Compliant Activity In Conventional Insurance	Indonesia											✓			
8	Do Sharia and Non-Sharia Listing Security Respond Differently to Tax Avoidance?	Indonesia												✓		
9	Comparison Analysis of Determinants on Firm Performance in Sharia and Non-Sharia Compliant Firms Listed in Indonesia Stock Exchange	Indonesia													✓	

10	Voluntary Disclosure and Company Characteristics of Indonesian Listed Companies: Comparison of Shariah and Non-Shariah Companies	Indonesia				✓												
11	<i>Aspek Syariah Non-Compliance Pada Mekanisme Transaksi Saham Syariah Jakarta Islamic Index (JII) Bursa Efek Indonesia</i>	Indonesia					✓											
12	Corporate Governance and Shariah Non-Compliant Risk in Islamic Banks: Evidence from Indonesia and Malaysia	Indonesia									✓							
13	<i>Mitigasi Sharia Non-Compliance Risk Pengembangan Produk Keuangan Syariah di Bank Pembiayaan Rakyat Syariah (Studi Kasus: Pt. Bprs Mandiri Mitra Sukses</i>	Indonesia									✓							
14	<i>Perbandingan Kinerja Perusahaan Berbasis Keuangan Syariah (Sharia-Compliant) dan Perusahaan Berbasis Keuangan Non-Syariah (Non-Sharia Compliant)</i>	Indonesia														✓		
15	Determinants of Capital Structure: A Comparison between Sharia-Compliant and Sharia Non-Compliant Firms in Indonesia	Indonesia											✓					
16	Management of Shariah Non-Compliance Audit Risk in the Islamic Financial Institutions via the Development of Shariah Compliance Audit Framework and Shariah Audit Programme	Malaysia	✓															48
17	Corporate Governance and Shariah Non-Compliant Risk in Islamic Banks: Evidence from Southeast Asia	Malaysia									✓							

18	Internal Control, Risk and Shariah-Non-Compliant Income in Islamic Financial Institutions	Malaysia										✓					
19	Survey on Shariah-Non-Compliant Events in Islamic Banks in the Practice of Tawarruq Financing in Malaysia	Malaysia											✓				
20	Shariah-Non-Compliant Assets as Rahn (Pledge) in Islamic Banking Products: A Fiqhī Perspective	Malaysia								✓							
21	Performance of Shariah-Compliant and Non-Shariah-Compliant Listed Firms: A Case Study of Malaysia	Malaysia											✓				
22	External and Internal Determinants of Performances of Shariah and Non-Shariah-Compliant Firms	Malaysia								✓							
23	Measuring Shariah Non-Compliance Risk (SNCR): Claw-Out Effect of <i>Al-Bai-Bithaman Ajil</i> in Default	Malaysia								✓							
24	Shariah-Non-Compliant Income Disclosures and the Moral Legitimacy Strategies of Islamic Banks	Malaysia												✓			
25	Performance of Shariah and Non-Shariah Compliance F&B Firms in Malaysia: Is there any Difference?	Malaysia												✓			
26	Shariah Non-Compliance Treatment in Malaysian Islamic Banks	Malaysia										✓					
27	The Role of Key Functions in Managing and Reporting the Shariah-Non-Compliant Income (SNCI) in Malaysian Islamic Banks	Malaysia												✓			
28	<i>Pengurusan Pendapatan Tidak Patuh Syariah di Bank Muamalat Malaysia Berhad</i>	Malaysia								✓							

various indexed journals were identified as associated with these studies, with a significant number of them from Malaysia.

List of Country for Journal and Number of Articles Published from Year 2010 to 2022

Table 6

List of Country for Journal and Number of Articles Published from Year 2010 to 2022

No	Publishing Country	Number of Articles Published from Year 2010 - 2022
1	Malaysia	48
2	Indonesia	14
3	Pakistan	9
4	Not Stated	3
5	Saudi Arabia	3
6	UK	1
7	Australia	1
8	Nigeria	1
	Total	80

According to the data presented in the above table, Malaysia had the greatest registered number of articles published, with 48 publications. In addition, Indonesia has published 14 papers linked to SNC, making it the country with the second highest total number of SNC-related articles published. Pakistan has the third highest published publications out of all countries, with a total of nine, followed by Saudi Arabia with three research articles. Lastly, there were three countries that were determined to have only published one article, and these countries had the fewest number of publications that were examined – UK, Australia and Nigeria.

DISCUSSION

After going through the analysis, the finding of the study that has been acquired from 80 articles examined from 2010 to 2022 is that the increasing number of articles published each year demonstrates that research related to SNC is depicted as being very relevant and continues to be a topic of discussion all over the world. This finding was acquired from the study conducted to gather the information derived during the analysis. There are nine different aspects of the article that have been highlighted by earlier researchers. The findings indicate that the most researched topics in relation to SNC are firm performance, investment, and risk management; specifically, those three areas registered the highest frequency of publication.

In terms of research methodology, the qualitative approach is one that has been utilised to a large extent by previous researchers in order to delve more into SNC from its beginnings to its place in the modern day. In comparison to the other types of analysis designs, the qualitative data analysis is the one that is most commonly used by researchers. In the meantime, the research shows that the biggest number of articles were co-authored by two people of either male, female, or both genders. This was shown by the writing pattern of the study. Malaysia is the country that has provided the greatest number of articles concerning SNC risks and events. This is due to the fact that the majority of Malaysia's population is Muslim, and the problem concerning SNC presents ongoing difficulties in satisfying the needs of the Muslim community in this country especially for IFIs in Malaysia whereby the

BNM as the regulator for banking and financial institutions has shown its serious attempt to combat with the SNC issues.

CONCLUSION

In conclusion, general findings indicate a lack of studies pertaining to SNC over the course of the period. In the future, the study pertaining to SNC should be developed in order to meet the needs of the Muslim community, Islamic banking and financial institutions in order to carry out commercial dealings in a just and equitable manner and become a solution to the problems pertaining to SNC. The involvement of any SNC events may bring losses to IFIs and also Muslim's customers since the contract of the particular transaction is deemed void and null, and any income derived from it cannot be considered as income to the IFIs and certainly rectification measure needs to be done to solve the issue. In this regard, the researchers of the future need to maintain their focus and keep their research up to date regarding the current problem and solution of SNC in order to assist the ummah in avoiding SNC elements in conducting commercial dealings for the purpose of a better improvement in economic sectors as well as reference to the future generation.

ACKNOWLEDGEMENT

This research was funded by the Universiti Sains Islam Malaysia (USIM) under Biduni Mizaniyah research grant with reference code PPPI/BM/FEM/USIM/13823.

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