
The Role of Sharia Supervision in Achieving Competitive Advantage: A Field Study in Islamic Banks

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Abstract

This research examines the role of Sharia supervision in achieving competitive advantage, with its dimensions of flexibility and quality, in the Iraqi Islamic banks under study. A descriptive analytical approach was used to clarify the phenomenon under study by examining a community comprising all employees (accountants, internal and external auditors, department heads, assistant managers, and directors) in these Islamic banks. A purposive sample of 397 individuals was selected. The researcher used a questionnaire to collect data, which was analyzed using SPSS version 25 to extract analytical results. The researcher reached several conclusions, the most important of which are: Sharia supervision plays a role in achieving competitive advantage, quality, and flexibility in Islamic banks.

A set of recommendations and proposals was presented, most notably: The Iraqi Islamic Bank should adopt modern methods and approaches to provide new banking

services and enter new financial markets in accordance with Islamic Sharia rules, after obtaining the approval of the bank's Sharia Supervisory Board.

Keywords: Sharia Supervision, Competitive Advantage, Quality, Flexibility, Islamic Banks.

Introduction

Islamic banks seek to strengthen their competitive position in the banking markets, especially after facing a major challenge with the increasing number of competing banks and the increasing awareness of their activities among members of society. Therefore, many factors have emerged that have affected the performance of Islamic banks and the level of their returns, prompting management to focus not only on economic aspects and maximizing profits, but also to commit to fulfilling their social and environmental responsibilities towards the communities in which they operate, which is called the "triple bottom line" aimed at enhancing competitive advantage. This has led to the emergence of what is known as social responsibility, which is used as a tool to evaluate the social performance of financial institutions, including Islamic banks, and to assess their role in achieving economic, social, and environmental development (Ben Bahlak, 2021, p. 996). Islamic banks are among those in urgent need to enhance their competitive advantage over their peers, despite their significant competitive position and high efficiency. Despite the relative novelty of their experience, Islamic banks have proven their ability to play an important role in economic progress and both economic and social development (Al-Siyabiyya and Al-Mujahid, 2023, p. 1611). This increases their competitive advantage in the economic and banking field, which can only be achieved through controls monitored and implemented by the Sharia Supervisory Board present in each Islamic bank. Sharia Supervisory Boards play a pivotal role in ensuring that Islamic banks operate in accordance with Sharia principles. They are a fundamental pillar of responsible Sharia governance, based on ethical principles, through more

independent and credible oversight mechanisms that align with Sharia objectives (Thoib, Bibi, 2025).

1- Study Methodology

1-1- Study Problem

In light of the escalating competition and the complexity of challenges, Islamic banks strive to achieve a competitive advantage that ensures their continuity and attracts customers, while adhering to the teachings of Islamic law. Sharia supervision reflects the vital role in ensuring that banks' operations comply with these teachings and standards of competitiveness and modernity. With the rapid expansion of the Islamic financial sector, concerns have emerged about the effectiveness of Shariah supervisory boards in performing their duties as banks strive for competitive excellence. This necessitates the development and enhancement of supervisory mechanisms to address these challenges. To investigate the relationship between the application of Shariah supervision and the achievement of competitive advantage in Islamic banks, the researcher poses the following question:

- What is the role of Sharia supervision in achieving competitive advantage in Iraqi Islamic banks?

Research Questions

- What is the role of Sharia supervision in achieving quality in Iraqi Islamic banks?
- What is the role of Sharia supervision in achieving flexibility in Iraqi Islamic banks?

1-2- Importance of the Study

- Understanding the role played by Sharia supervision in Iraqi Islamic banks, its importance, and its concept.

- Clarifying the importance of the competitive advantage of Iraqi Islamic banks, and the necessity of seeking and achieving it, especially in light of the economic competitiveness among financial and banking institutions.

1-3- Study Objectives

Main Objective: Determining the role of Sharia supervision in achieving competitive advantage in Iraqi Islamic banks.

Sub-Goals:

- Determining the role of Sharia supervision in achieving quality in Iraqi Islamic banks.
- Determining the role of Sharia supervision in achieving flexibility in Iraqi Islamic banks.

1-4- Hypotheses of the Study

Main Hypothesis: Sharia supervision plays a significant role in achieving competitive advantage in Iraqi Islamic banks.

Sub-Hypotheses:

- The first sub-hypothesis: Sharia supervision plays a significant role in achieving quality in Iraqi Islamic banks.
- The second sub-hypothesis: There is a moral role for Sharia supervision in achieving flexibility in Iraqi Islamic banks.

1-5- Study Boundaries

- **Subjective Boundaries:** Studying the role of Sharia supervision in achieving competitive advantage.
- **Human Boundaries:** Employees in a number of Iraqi Islamic banks under study.

- **Spatial Boundaries:** A number of Iraqi Islamic banks.
- **Temporal Boundaries:** the academic year 2024-2025.

1-6- Methodology and Tools

The descriptive analytical approach was adopted as the general methodology for the research because it aligns with the study's objectives and hypotheses. The questionnaire was used as the study tool to collect data for completing the fieldwork. It was distributed to the study sample, and the obtained responses were analyzed using the SPSS 25 statistical analysis program to reach practical results.

1-7- Study Variables and Their Model

Independent variable: Sharia supervision. Dependent variable:

Competitive advantage with its dimensions: (flexibility - quality).

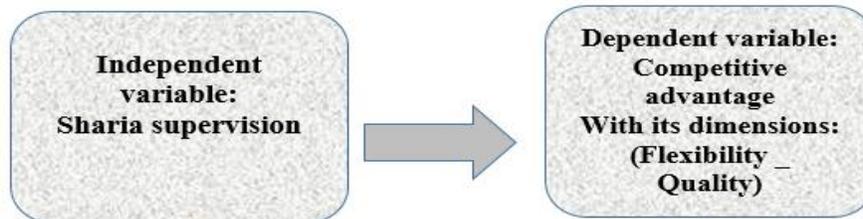


Figure No. (1): Study Model (Source: Prepared by the researcher)

1-8- Previous Studies

1-8-1- Arab Studies

- **Study (Ahmed, 2025) titled: The Effectiveness of the Internal Control System in Improving the Application of Resource Consumption Accounting to Achieve Competitive Advantage: An Applied Study:**

The study aimed to determine the extent of the impact of the effectiveness of the internal control system on the application of the Resource Consumption

Accounting (RCA) method and to clarify how to maximize the benefits of this method, and its effect on improving the operations of the establishment and enhancing its competitive ability in the modern business environment. The descriptive-analytical approach was adopted, and the study was conducted on a sample of 82 industrial companies listed on the stock exchange from 2018 to 2023. The study results concluded that the effectiveness of the internal control system positively impacts the application of the Resource Consumption Accounting method, leading to the company's competitive advantage. Additionally, strategic management accounting tools present a new challenge for companies due to the globalisation of economic activity, which consequently requires enhancing the effectiveness of the internal control system on costs.

- **Study (Bakhta, 2024) titled: The Importance of Sharia Compliance in Improving the Work of Islamic Banking Institutions:**

The study aimed to highlight the importance of Sharia supervision in improving the work of Islamic banks, relying on the descriptive-analytical approach. The results indicated that Sharia supervision plays a crucial role in regulating the operations of banks, despite some scholars' conflicting opinions with the interests of the banks. It confirmed that Islamic banks have gained significant importance due to their adherence to Sharia, which meets the investment community's needs for halal financing in various fields such as education and health insurance.

1-8-2- Foreign Studies:

- **Study (Thoib, Bibi, 2025) titled: A Literature Review on the Role of the Sharia Supervisory Board in Maintaining Sharia Compliance in Islamic Banks:**

This study aimed to determine the effectiveness of Sharia supervisory boards'

work within Islamic banks. It relied on a narrative literature review methodology to explore the strategic roles, challenges, and institutional effectiveness of Sharia supervisory boards, based on a critical synthesis of peer-reviewed academic publications, regulatory reports, and other reliable open sources published over the past decade. The results revealed that although Sharia supervisory boards are officially integrated into Islamic banking structures, their practical impact often remains constrained by their limited powers, structural subordination, and the potential for conflicts of interest. Moreover, differences in efficiency, access to information, and the standardization of governance practices also affect its performance.

- **A study (Wati, 2025) titled “Analysis of Digital-Based Banking Services Towards Competitive Advantage in Indonesian Syariah Bank.”:**

The research aims to demonstrate the impact of variables of digital Islamic banking innovation and customer trust on the competitive advantage of Islamic banking services. The research included a sample from the Indonesian Sharia Bank, where the results indicated that customer trust is the most important factor in achieving competitive advantage. At the same time, digital innovation constitutes an essential part of Islamic business. The role of application technology has emerged as a key axis in service delivery and marketing, with a variety of Sharia-compliant financing products to enhance the bank's competitive performance.

1-8-3- Commentary on Previous Studies:

The current research agrees with the previously mentioned studies on the subject matter, particularly in one of its variables. However, the proposed variables have not been included in any combined study, highlighting the significance of the topic's originality and its variables for various Islamic banks. The current study

differs from previous studies in the application environment and the sample surveyed.

2- The Theoretical Framework

2-1- Sharia Supervision:

Sharia supervision of commercial transactions and fraud represents a social necessity due to its impact on preserving essential trade interests and the significant benefits it provides at both individual and collective levels. This supervision also represents a protection of public and private rights in accordance with the rules of Islamic Sharia. Some unlawful commercial practices may occur among merchants themselves or between merchants and consumers, violating the provisions and objectives of Sharia. The solution to this problem is to monitor commercial activities and merchants (Al-Ka'ad, 2025, p. 286). Sharia oversight is defined as an integrated system aimed at ensuring financial institutions' compliance with the principles of Islamic Sharia. This is achieved through a set of foundations, objectives, methods, and means that achieve trust and credibility in their financial transactions. Sharia oversight can be considered a type of administrative oversight, as management acts as an agent for shareholders who wish to invest their funds in accordance with the provisions of Islamic Sharia (Dasa and Sabti, 2024, p. 417).

The extreme importance of Sharia oversight in Islamic banks is evident in the following: (Al-Sahbi et al., 2022, p. 178)

- The presence of Sharia oversight and its regulatory body ensures the identity of the Islamic bank, its adherence to Islamic Sharia provisions, and its avoidance of suspicion.
- It gives the bank a legitimate character and generates general satisfaction among the public dealing with banks, providing reassurance, comfort, and trust.

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- It governs transactions in Islamic banks and is therefore capable of detecting any manipulation or missteps that do not comply with Sharia provisions.
 - The importance of its presence in Islamic banks stems from its role as a primary body, given that not all employees in an Islamic bank can fully grasp the principles governing the Sharia Supervisory Board.

Sharia supervision is also similar to banking supervision in that it is divided into prior supervision, supervision during the practice of Islamic banking, and subsequent supervision. This can be explained as follows: (Jaljal, 2025, p. 7)

1. **Preventive Supervision:** This type of supervision is proactive, allowing the board to establish Sharia principles and rules in advance to regulate banking operations in accordance with the provisions of Islamic Sharia. This type of supervision is embodied in the presence of explicit texts underlining the application of Sharia provisions in the bank's articles of association and regulatory regulations, as well as in the internal regulations. These texts include the prohibition of usury, ensuring that all banking operations comply with Sharia provisions. They also cover the preparation of contract and banking service models, such as various deposit contract models and account opening models, as well as financing formula models like mudaraba and murabaha contracts.
 2. **Remedial Supervision:** This occurs when banking activities, such as providing services and concluding contracts, may encounter problems or errors. Therefore, the Sharia Board is consulted to provide its opinion on specific Sharia-related issues, or the Board intervenes to correct errors committed by the bank during its banking operations.
 3. **Supplementary Oversight:** Subsequent oversight occurs when the Sharia Board evaluates the bank's operations and activities to determine whether they comply with Sharia provisions, while providing comments and guidance. It is also carried out by monitoring the advisory transaction files after they are implemented by the bank, reviewing various reports, whether from the Sharia Auditor or the Accounts Auditor, and expressing their opinions.
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2-2- Competitive Advantage:

The concept refers to the organization's ability to formulate and implement strategies that position it better than other organizations in the same activity. Achieving competitive advantage is linked to two basic dimensions: the customer's perceived value and the organization's ability to achieve excellence. Competitive ability is a critical strategic element that provides the organization with a fundamental opportunity to achieve continuous profitability compared to its competitors. The most important factor determining the success of a business organization is its competitive position in the industry in which it operates (Saeed, 2023, p. 17). Competitive advantage is the means by which an organization can achieve superiority in competition by creating new methods, even as old models become known, widely available, and competitors are aware of them. It is the skill, technology, or distinguished resource that enables the organization to produce values and benefits for customers over what competitors offer, and confirms its distinction and difference from these competitors from the point of view of customers who accept this difference and distinction, as it achieves more benefits and values that are superior to what others offer (Sheikh Deeb and Natour, 2022, p. 439), which is an element of an institution's superiority achieved by following a specific competitive strategy. It also refers to the institution's ability to formulate and implement a strategy that places it in a better position relative to other institutions in the same activity. Competitive advantage can be considered to arise once an institution discovers new methods compared to its competitors, enabling the institution to implement these discoveries in the field (Al-Sabti et al., 2019, p. 230). Banks strive for continuous excellence to achieve the highest possible returns while maintaining this excellence for as long as possible. They also make efforts to enhance and develop this excellence in the future. This is a policy and tool for improving performance, achieving continuous excellence, and managing and

organizing the organizational structure within the organization, which in turn is reflected in the quality of services provided, thus distinguishing itself from competitors, suppliers, buyers, and others, increasing market share, and maximizing profits (Ben Bahlak, 2021, p. 1002). Based on the above, it can be said that acquiring and developing a competitive advantage for Islamic banks is of great importance, as represented by Ben Sedira and Ben Khaled (2016, p. 72)

-Attracting the largest possible number of customers and attempting to retain them, thus distancing them from usurious banks, which are a mandatory choice for many of them. Here, Islamic banks achieve the true objectives of Islamic Sharia.

- Providing value and benefits to customers in the form of diverse banking products and services that meet their needs more than competitors.
- Distinguishing themselves from competitors in terms of quality and price.
- Obtaining better and more advanced banking technology.

The dimensions of competitive advantage are numerous, the most prominent of which are quality and flexibility, which can be explained as follows:

- **Quality:** It is not merely an indicator of achieving standards and specifications, but also represents the continuous pursuit of excellence and improved performance. A bank's focus on quality attracts new customers and retains existing ones, strengthening its market position and effectively maintaining its competitive advantage. The bank outperforms competitors by offering distinct, high-quality banking products and services that are of great value to customers (Al-Ramadanah and Al-Talib, 2024, p. 75), i.e., by offering products that meet or exceed customer needs and desires (Elias, 2021, p. 240).
- **Flexibility:** Flexibility is a key element in improving banks' operational efficiency and increasing their ability to compete in the business environment. It forms the basis for achieving a competitive advantage for banks by responding

quickly to potential changes and adjusting them to suit customer needs and requirements. Flexibility is demonstrated by banks' ability to adapt to changes in the external environment and deal with market challenges by offering new and diverse products and services, modifying existing ones quickly, and responding to customer needs (Ben Sedira and Ben Khaled, 2016, p. 75). In other words, flexibility is the ability to fulfil and understand customer desires. It needs to do so more than other banks by diversifying and innovating services according to these preferences, and working to continuously keep pace with them (Al-Khawaldeh, 2023, p. 8).

There are many aspects and areas through which organizations can achieve a competitive advantage, including: (Al-Ramadanah and Al-Talib, 2024, p. 75) (Ben Sedira and Ben Khaled, 2016, p. 75)

- **Excellence:** Excellence is a competitive strategy that reflects banks' ability to outperform their competitors by introducing exceptional changes to products and services. These changes are characterised by rare and unique features that give banks an edge over their competitors and aim to attract a large customer base. Achieving this excellence requires developing an internal environment that enhances effectiveness and innovation, motivates employees to improve their performance, and provides high-quality and effective services and products.
- **Cost:** Cost is a competitive tool that adjusts production processes to eliminate or reduce non-value-adding activities and operations. This leads to reduced labour, capital, product, inventory, and operating costs, while also minimising waste and loss. Within the limits of the lower cost advantage, Islamic banks aim to minimise the costs of producing their services to the lowest possible level while adhering to the Islamic approach. This results in effective management and good control of mechanisms, enabling them to achieve high quality and leading to greater satisfaction among their current and potential customers. This will inevitably lead

to their distinction and superiority over their competitors, thereby strengthening their competitive position within the banking market (Ben Sedira and Ben Khaled, 2016, p. 75).

2-3- The Role of Sharia Supervision in Achieving Competitive Advantage in Islamic Banks:

Islamic banks work to achieve high quality. This is particularly true in light of the increasing competition in this sector, as companies focus on identifying customer requirements and working to meet them with the required quality and in a timely manner. Quality helps differentiate oneself from competitors. Therefore, Islamic banks' possession of information technology is not an end in itself, but rather a means of providing quality services to customers. The success of Islamic banks hinges on meeting customer needs, especially with the intensification of competition, and ensuring a higher level of satisfaction. This is achieved through the use of high levels of information technology (Al-Sabti, Zaarour, and Rahmon, 2019, p. 229).

On the other hand, Shari'a oversight works to satisfy human needs within the framework of Islamic values and ethics, which creates a balance between the individual, the bank, and society. It avoids usury and interest-based practices. It adheres to rules that enable the advancement of individuals and society in all fields. The Islamic system can only be achieved through the application of Shari'a oversight to Islamic banks. One of the characteristics of Shari'a oversight is the requirement for banks to adhere to the Qur'an and Sunnah and to avoid any suspicion (Zamona, 2015, p. 36). The researcher believes that achieving the ethical and social values that Islamic banks are committed to, and achieving them through the Sharia Supervisory Board, which is obligated to monitor them, gives Islamic banks a competitive advantage over conventional banks, which focus solely on economic aspects and do not take social and ethical values into account. This, in

turn, makes Islamic banks more acceptable to many customers, thereby attracting them more and ensuring that they achieve their financial goals while maintaining their Islamic principles.

3- The Practical Section

3-1- Study Population and Sample:

It consists of a number of Islamic banks. At the same time, the study sample included a purposive sample of employees (accountants, internal and external auditors, department heads, assistant managers, and managers) in Iraqi Islamic banks, totalling 397 individuals with practical experience and academic qualifications that qualify them to answer the questionnaire.

First: Personal Data of the Sample:

Table (1): Number of Years of Experience (Source: SPSS 25.)

<i>Under 5 years old</i>	<i>Repetitions</i>	<i>%</i>
	100	25.2
<i>Between 5 and 10 years old</i>	129	32.5
<i>Between 11 and 15 years old</i>	107	27.0
<i>16 years old and older</i>	61	15.4
<i>Total</i>	397	100.0

The sample is distributed according to the number of years of experience as follows:

- (25.2%) less than 5 years.
- (32.5%) between 5 and 10 years.
- (27%) between 11 and 15 years.
- (15.4%) 16 years and older.

Second: Testing the Reliability and Validity of the Criterion (Study Tool):

Table (2): Cronbach's alpha values (Source: SPSS 25.)

Topics	stability
<i>Sharia Supervision</i>	0.922
<i>Competitive Advantage</i>	0.964
<i>Overall Level of the Form</i>	0.976

The reliability coefficient value for all axes is > 0.70 , and therefore, these values are statistically acceptable. This is because values are significant at values greater than 0.70, meaning that distributing them across a group of individuals with the same characteristics will yield similar results.

Third: Structural Validity:

Table (3): Correlation Coefficients (Source: Spss 25.)

Topics	Pearson	sig
<i>Sharia Supervision</i>	0.986	0.00
<i>Competitive Advantage</i>	0.996	0.00

We note that the Pearson coefficients are statistically significant, indicating that the questionnaire is valid.

3-2- Descriptive Statistics:

Descriptive statistics for the questionnaire items were found as follows:

Table (4): Statistics for the Sharia Supervision Axis Items (Source: SPSS 25.)

	Paragraph	arithmetic mean	standard deviation	standard error	sig
1	The management develops plans and procedures that assist Sharia governance to enhance its independence.	3.5139	1.56603	.07860	0.00
2	The Sharia Supervisory Committee develops procedures that assist in coordinating the bank's oversight with Islamic Sharia.	3.7003	1.29229	.06486	0.00
3	The Sharia Supervisory Committee is committed to achieving consistency in combating corruption and its effects in Islamic banks.	3.6348	1.48735	.07465	0.00
4	Sharia governance achieves greater transparency for customers.	3.2317	1.47083	.07382	0.00
5	Sharia governance helps present the bank's annual report in a manner that reflects reality.	3.4332	1.33474	.06699	0.00

- The average responses to the paragraphs of this axis indicate a high evaluation of the Sharia control axis by the sample according to the Likert scale.

Table (5): Statistics of the paragraphs of the competitive advantage axis (Source: SPSS 25.)

	Paragraph	arithmetic mean	standard deviation	standard error	sig
<i>Quality dimension</i>					
6	The bank adheres to international standards of banking quality in accordance with Islamic Sharia principles.	3.4106	1.18287	.05937	0.00
7	The bank strives to ensure that the quality of services provided matches customer expectations in accordance with Islamic Sharia principles.	3.4282	1.42418	.07148	0.00
8	The bank is committed to innovation and creativity in its banking services.	3.4484	1.21667	.06106	0.00
9	The bank is committed to obtaining as much information and data as possible to achieve quality control of banking services.	3.6146	1.46683	.07362	0.00
10	The bank continuously monitors the quality of banking products and services provided.	3.6222	1.25461	.06297	0.00
<i>Flexibility dimension</i>					
11	The bank offers a variety of Islamic banking services that continually meet the desires and needs of its customers.	3.6272	1.52490	.07653	0.00
12	The bank carefully analyzes its target market to understand customer needs more quickly than other banks.	3.5290	1.20910	.06068	0.00
13	The bank can respond to changes in the surrounding environment in accordance with Islamic Sharia principles.	3.4332	1.44205	.07237	0.00
14	The bank has the potential to enter new Islamic markets.	3.7985	1.33700	.06710	0.00
15	The bank adopts modern methods and approaches to providing its banking services in accordance with Islamic Sharia principles.	3.6398	1.45600	.07307	0.00

The average responses indicate a high evaluation of the competitive advantage axis by the sample according to the Likert scale.

3-3- Testing the Research Hypotheses:

Main hypothesis: Sharia oversight has a significant role in achieving competitive advantage in Iraqi Islamic banks.

Table (6): Testing the main hypothesis (Source: SPSS 25.)

Pearson	coefficient of determination		Modified correction		error
.964	.930		.930		.313
Regression	sum of squares	Df	average square	freedom	Sig.
	512.778	1	512.778	5236.014	.000
Residuals	38.684	395	.098		
Total	551.462	396			

- The correlation value is 0.964, indicating a strong relationship between the two variables of the hypothesis.
- The corrected determinant value is 0.930, indicating that Sharia supervision explains 93% of the difference in achieving a competitive advantage in Iraqi Islamic banks.
- Sig <0.05, meaning that Sharia supervision has a significant role in achieving a competitive advantage in Iraqi Islamic banks. Therefore, the hypothesis is accepted.

First Sub-Hypothesis: Sharia supervision has a significant role in achieving quality in Iraqi Islamic banks.

Table (7): Testing the first sub-hypothesis (Source: SPSS 25.)

Pearson	coefficient of determination		Modified correction		error
.949	.900		.900		.368
Regression	sum of squares	Df	average square	freedom	Sig.
	481.784	1	481.784	3559.975	.000
Residuals	53.457	395	.135		
Total	535.241	396			

- The correlation value is 0.949, indicating a strong relationship between the two variables of the hypothesis.
- The corrected determinant value is 0.900, indicating that Sharia supervision explains 90% of the difference in achieving quality in Iraqi Islamic banks.

- Sig <0.05, meaning that Sharia supervision has a significant role in achieving quality in Iraqi Islamic banks. Therefore, the hypothesis is accepted.

Second Sub-Hypothesis: Sharia supervision has a significant role in achieving flexibility in Iraqi Islamic banks.

Table (8): Testing the Second Sub-Hypothesis (Source: SPSS 25.)

Pearson	coefficient of determination		Modified correction		Error
.957	.916		.916		.355
Regression	sum of squares	Df	average square	freedom	Sig.
	544.739	1	544.739	4316.468	.000
Residuals	49.849	395	.126		
Total	594.588	396			

The following is evident:

- The correlation value is 0.957, indicating a strong relationship between the two hypothetical variables.
- Corrected determinant value = 0.916, indicating that Sharia supervision explains 91.6% of the difference in achieving resilience in Iraqi Islamic banks.
- Sig <0.05, indicating that Sharia supervision has a significant role in achieving resilience in Iraqi Islamic banks. The hypothesis is accepted.

4- Results and Recommendations

4-1- Results:

- Sharia supervision plays a role in achieving competitive advantage in Islamic banks.
- Sharia supervision plays a role in achieving quality in Islamic banks.
- Sharia supervision plays a role in achieving resilience in Islamic banks.

These results explain that Sharia supervision plays a role in achieving competitive advantage in its dimensions (quality and resilience) in Islamic banks. This is because the function of Sharia supervision is to ensure that Islamic banks

implement the standards and rulings issued by the Supervisory Board, and to examine the extent of their compliance with these rulings in all their activities. It also sets Sharia standards to regulate the operation of Islamic banks. This function assumes the status of a fatwa, as the Board's rulings in this regard constitute Sharia rulings. Therefore, the Fatwa and the Mufti must be adhered to. It also utilises a range of appropriate and Sharia-compliant methods to identify and correct violations and errors, monitor the utilisation of resources in banks operating in accordance with Sharia principles, and oversee all operations of these banks. It also monitors commercial transactions and fraud, submitting reports to relevant authorities that include observations, advice, guidance, and ways to improve them. This contributes to achieving a competitive advantage in its dimensions (quality and flexibility) in Islamic banks.

4-2- Recommendations:

Based on the results of the study, the researcher offers the following recommendations:

- Iraqi Islamic banks should adopt modern means and methods to provide new banking services and enter new financial markets, in accordance with Sharia principles, after approval by the Sharia Supervisory Board within the bank.
- Iraqi Islamic banks should increase their efforts to obtain the greatest possible amount of information and data necessary to achieve quality control of banking services in accordance with Sharia principles.
- Partnership between the management of Iraqi Islamic banks and the Sharia Supervisory Committee to achieve consistency in confronting corruption and its effects in Islamic banks after establishing procedures that help in coordination between supervision in the bank and Islamic Sharia.

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