ANALYSIS OF THE ISLAMIC COMMERCIAL BANK PERFORMANCE IN INDONESIA DURING THE COVID-19 PANDEMIC

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ABSTRACT
This paper aims to analyze the differences in the Financial Performance of Islamic Commercial Banks in Indonesia during the COVID-19 Pandemic by comparing several financial ratios, i.e., Return on Assets (ROA), Return on Equity (ROE), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR) and Capital Adequacy Ratio (CAR). The data used are quarterly financial data from 2020 to 2022 published by 11 Islamic Commercial Banks on the official website of the Financial Services Authority (OJK). The research was conducted using quantitative methods with a comparative approach. The study results show differences in the financial performance of the 11 Islamic Commercial Banks during the COVID-19 pandemic. The most significant differences can be seen in the ratios of ROA, ROE and NPF, where the development of these three ratios fluctuated from 2020 to 2022. As for the ratios of FDR and CAR, there were also significant differences between the 11 banks. Even so, all the Islamic Commercial Banks studied had good financial performance during the COVID-19 pandemic. The results of this study are expected to contribute to policy or regulatory makers to improve the financial performance of Islamic commercial banks in Indonesia.

Keywords: COVID-19 Pandemic, Economy, Financial Performance, Financial Ratios, Islamic Commercial Banks

INTRODUCTION

The COVID-19 pandemic has become an international phenomenon that had an impact on many countries in the world, one of which is Indonesia. The COVID-19 pandemic greatly impacted the country in various sectors, including the country's economy, especially in business and financial activities. To overcome this, the government issued a policy that included the financial sector and community business (real sector) into sectors that must be considered during a pandemic, including the health sector. Banking is a sector that receives special attention since it has a strategic position supporting national development.

According to Heri Sudarsono (2008), Islamic banks are financial institutions whose primary business is providing financing and other services in payment traffic and money circulation that operate according to Sharia principles so that in their operations, Islamic banks avoid elements of interest and illicit matters prohibited in Islam. Whereas in Law Number 21 of 2008, Islamic Banks are banks that run their business based on Sharia principles, and according to the type of Islamic banks consist of two types, namely Islamic Commercial Banks and Islamic Rural Banks. The difference between Islamic Commercial Banks and Islamic Rural Banks is providing services in payment traffic, while Islamic Rural Banks do not have payment traffic services. The impact of the COVID-19 pandemic on the world of Sharia banking can be seen from the financial performance of Sharia performance itself since early 2020 when the COVID-19 outbreak began to enter Indonesia. In addition, changes in people's economic patterns have disrupted Islamic banking funding and financing activities and led to a decline in financial performance. The COVID-19 pandemic also raises risks in Islamic banking, such as the Risk of Non-performing Financing (NPF), market risk and liquidity risk. In the end, the risks that arise also reduce the financial performance of banks.

Data published by OJK in December 2021 shows that Islamic Commercial Banks continue to increase, with total assets reaching 411.789 Trillion Rupiah, an increase of around 11% compared to the previous year and Third Party Funds of 172.124 Trillion Rupiah, which also experienced an increase of 19% from 2021 Then. In addition, at the end of 2021, Islamic Commercial Banks can also collect a total profit of IDR 6.224 Trillion, which has increased by around 22% compared to the previous year. (OJK, 2021).

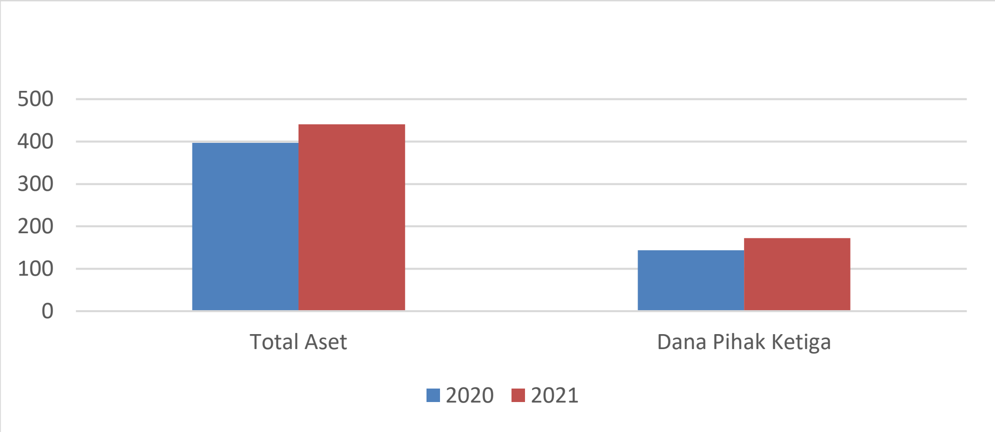

Figure 1. Islamic Commercial Bank Financial Data
(In Trillion Rupiah)
Source: OJK (2021)

In this way, it can be seen that the performance of Islamic Commercial Banks has continued to increase during the COVID-19 pandemic. Even so, it cannot be denied that the COVID-19 pandemic has had various negative impacts that have directly affected all sectors, especially the economic sector.

According to Irham Fahmi (2012), financial performance is an analysis that aims to see how far the company has carried out by using the rules of financial implementation properly and correctly. Measurement of financial performance has several objectives, including 1) To provide helpful information in essential decisions regarding the assets used and to spur managers in making decisions that channel the interests of the company, 2) Measuring the performance of business units as a business entity, and 3) The results of these measurements can be used as a basis for assessing potential changes in economic resources that may be controlled in the future (Rusmanto, 2011).

Several factors affect the financial performance of Islamic Commercial Banks, including the Operational Efficiency Variable as measured by the BOPO ratio, Profit Sharing Principles calculated by the NOM ratio, and Social Contribution, which can be in the form of CSR programs carried out by each Islamic Commercial Bank. These three factors have a significant influence on the financial performance of Islamic commercial banks. In comparison, there are two other factors, financing and capital adequacy, which do not significantly affect the financial performance of Islamic commercial banks (Mukti Prasaja, 2018).

Hidayat et al. (2021) explained that because during the COVID-19 pandemic, the financial performance of Islamic banking was still experiencing a positive trend, several ways could be done to improve this financial performance, including by restructuring financing, increasing the financing period, improving regulations and digitization of banking services. Meanwhile, when compared to the financial performance of conventional banks, Islamic Banks are still lagging in several aspects, including management of quality ratios, liquidity ratios and efficiency ratios in dealing with economic changes that occur due to the impact of the COVID-19 pandemic (Chia Putri Milena, 2022). However, several previous studies have not shown how financial performance differed during the COVID-19 pandemic from each Islamic Commercial Bank in Indonesia. Therefore, this study focuses on differences in financial performance at each Islamic commercial Bank in Indonesia during the COVID-19 pandemic. The results of this study are expected to contribute to policy or regulatory makers to improve the financial performance of Islamic commercial banks in Indonesia.

LITERATURE REVIEW

According to Kasmir (2014), Financial ratios are comparing figures in financial reports by dividing one number by another. Meanwhile, according to Lukman (2009), analyzing the performance of a bank includes several things, including 1) Analysis of Liquidity Ratios, 2) Analysis of Profitability Ratios, and 3) Analysis of Solvency Ratios. In this study, researchers used several financial ratios in analyzing the financial performance of several Islamic Commercial Banks, including namely :

Return On Asset (ROA)

According to Kasmir (2014), ROA is a financial ratio that shows the return on financial ratios for using company assets. The calculation of ROA aims to measure a company's efficiency in generating profits from using all of its resources or assets. Based on research conducted by Krisnando (2019), the higher the ROA value, the higher the company's ability to generate profits within the company, so this also affects the value of a company. It aligns with Nugroho A. A. et al. (2022) research. Meanwhile, the calculation of ROA is formulated as follows :

$$ROA = \frac{Net\ Profit\ before\ Tax}{Total\ Assets}\ x\ 100$$

Return on Equity (ROE)

According to Hery (2016), ROE is a ratio that shows how much equity contributes to creating net profit. The higher the return on equity, the higher the net profit generated from every Rupiah of funds embedded in equity. ROE is commonly used to measure a company's ability to generate profits with equity capital that shareholders have invested. The higher the ROE, the higher the profit the company will get to indicate good prospects and trigger investors to increase demand for shares. (Nurhayati et. al., 2019). Meanwhile, the calculation of ROE is formulated as follows :

$$ROE = \frac{Net\ Profit\ before\ Tax}{Total\ Equity}\ x\ 100$$

Non-Performing Financing (NPF)

According to the Bank Indonesia Dictionary (2018), NPF is non-performing loans distributed by banks to credit recipients classified as substandard, doubtful and loss. The According to the Bank Indonesia Dictionary (2018), NPF is non-performing loans distributed by banks to credit recipients classified as substandard, doubtful and loss. The size of the NPF can show a bank's performance on the funds that have been channelled. Bank Indonesia stipulates that an NPF value for a bank must be below 5% of the total financing provided to avoid the risk of substandard or non-performing financing. Research conducted by Jenny Risky (2020) shows that a higher NPF value indicates that payments are hampered, and the bank bears losses, so the bank's performance will be lower. Meanwhile, the calculation of the NPF is formulated as follows :

$$NPF = \frac{Troubled\ financing}{Total\ financing}\ x\ 100$$

Financing to Deposit Ratio (FDR)

According to Kasmir (2014), FDR is a ratio to measure the composition of the amount of financing provided compared to the amount of public funds and own capital used. FDR is an indicator to measure the ability of banks to repay money that the customers withdraw. The greater the FDR value, the better the bank's ability to optimally manage its function as an intermediary so that the profit generated by the bank will also increase. Meanwhile, the calculation of the FDR is formulated as follows:

$$FDR = \frac{Total\ Financing}{Total\ Third\ Party\ Fund}\ x\ 100$$

Capital Adequacy Ratio (CAR)

According to Dendawijaya (2009), CAR is a ratio that shows how much total bank assets contain risk elements (loans, investments, securities, and claims on other banks) financed from the bank's capital and obtaining funds from other sources outside the bank. The higher the CAR value, the better the bank can accommodate the risk of loss caused by bank operations (Suhesti Ningsih et al., 2020). The CAR value also affects the ROA ratio because if the CAR value is higher, the bank can finance its operations adequately, thereby increasing bank profitability (Dedy Mainata et al. 2017). Meanwhile, the calculation of CAR is formulated as follows :

$$CAR = \frac{Total\ Capita;}{Risk\ weighted\ assets}\ x\ 100$$

HYPOTHESIS

Yoga et al., (2020) state significant differences in the financial performance of two Islamic banks, namely between Bank BNI Syariah and Bank Syariah Mandiri. Meanwhile, in another study, Fitriani (2020) also found significant differences between BRI Syariah and BNI Syariah in their ROA, NPF and BOPO ratios. So the hypothesis of this study can be written as follows :

H1: There are significant differences in ROA between BMI, Bank BCA Syariah, BVIS, Bank Mega Syariah, Bank Aceh, Bank Jabar Banten Syariah, Bank Panin Dubai Syariah, Bank NTB Syariah, Bank KB Bukopin Syariah, Bank BTPN Syariah, Bank Aladdin Syariah.

H2: There are significant differences in ROE between BMI, Bank BCA Syariah, BVIS, Bank Mega Syariah, Bank Aceh, Bank Jabar Banten Syariah, Bank Panin Dubai Syariah, Bank NTB Syariah, Bank KB Bukopin Syariah, Bank BTPN Syariah, Bank Aladdin Syariah.

H3: There are significant differences in NPF between BMI, Bank BCA Syariah, BVIS, Bank Mega Syariah, Bank Aceh, Bank Jabar Banten Syariah, Bank Panin Dubai Syariah, Bank NTB Syariah, Bank KB Bukopin Syariah, Bank BTPN Syariah, Bank Aladdin Syariah.

H4: There are significant differences in FDR between BMI, Bank BCA Syariah, BVIS, Bank Mega Syariah, Bank Aceh, Bank Jabar Banten Syariah, Bank Panin Dubai Syariah, Bank NTB Syariah, Bank KB Bukopin Syariah, Bank BTPN Syariah, Bank Aladdin Syariah.

H5: There is a significant difference in CAR between BMI, Bank BCA Syariah, BVIS, Bank Mega Syariah, Bank Aceh, Bank Jabar Banten Syariah, Bank Panin Dubai Syariah, Bank NTB Syariah, Bank KB Bukopin Syariah, Bank BTPN Syariah, Bank Aladdin Syariah.

METHODS

Population and Sample

The population in this study is Islamic Commercial Banks in Indonesia. While determining the sample using purposive sampling. The samples taken have criteria: Islamic Commercial Banks that have been established no later than 2020. Islamic Commercial Banks that have complete quarterly financial reports from 2020 first quarter to 2022 fourth quarter.The sample used is the financial statements, including ROA, ROE, FDR, NPF and CAR ratios of 11 Islamic commercial banks in Indonesia, with a total sample of 660.

Collecting Data Method

This study uses secondary data from quarterly financial reports reported at the Financial Services Authority (OJK) from 2020 to 2022. This Quarterly Report is used because quarterly reports contain sources of information reported by companies, where the information is beneficial in decision-making. Quarterly financial data is obtained through the official website of the Financial Services Authority (www.ojk.go.id).

Data Analysis Method

This research is quantitative research with a comparative approach. The Comparative Approach is used to compare the financial performance, which consists of ROA, ROE, NPF, FDR and CAR, of each Islamic Commercial Bank during COVID-19. The data obtained were then tested through SPSS software. Before the analysis test was carried out, the normality test was carried out first. The normality test results of the data are used as the basis for determining the appropriate comparative test analysis. If all data is normally distributed, then the One Way Anova method is used, whereas the Kruskal Wallis Test is used if the data is not normally distributed. The analysis test results are used to see whether there is a statistically significant difference between two or more variables. In this study, there are differences in financial performance between Islamic banks in Indonesia, including BMI, Bank BCA Syariah, BVIS, Bank Mega Syariah, Bank Aceh, Bank West Java Banten Syariah, Bank Panin Dubai Syariah, Bank NTB Syariah, Bank KB Bukopin Syariah, Bank BTPN Syariah, Bank Aladdin Syariah, during the COVID-19 pandemic.

RESULTS

This research is research related to the financial performance of Islamic commercial banks in Indonesia, which includes Return on Assets (ROA), Return on Equity (ROE), Financing to Deposit Ratio (FDR), Non-Performing Financing (NPF) and Capital Adequacy Ratio (CAR). Table 1 shows descriptive data from the data for each ratio of 11 Islamic Commercial Banks obtained. From Table 1, it can be seen that Bank BTPN Syariah owns the highest average ROA and ROE ratios. For the average, the lowest NPF ratio is owned by Bank BCA Syariah. Meanwhile, Bank KB Bukopin has the highest FDR ratio among Islamic commercial banks. Moreover, the highest average CAR ratio is owned by Bank Aladdin Syariah.

Table 1. Descriptive Statistics (N = 660)

Ratio	Bank Name	MIN	MAX	M	SD
ROA	Bank Aceh	1.58	2.39	1.86	0.26
	Bank Aladin	-10.85	17.23	-0.62	8,74
	Bank BCA Syariah	0.87	1.33	1.01	0.14
	Bank BTPN	5.80	13.58	10.28	2.33
	Bank Bukopin Syariah	-5.48	0.19	-0.52	1.62
	Bank Jabar Banten Syariah	0.06	1.41	0.76	0.38
	Bank Mega Syariah	0.95	4.08	2.47	0.99
	Bank Muamalat	0.02	0.10	0,04	0.03
	Bank NTB Syariah	1.16	2.02	1.73	0.24
	Bank Panin Dubai Syariah	-6.72	2.03	0.07	2.29
	Bank Victoria Syariah	0.02	0.80	0.38	0.27
ROE	Bank Aceh	12.04	20.04	12.43	2.24
	Bank Aladin	-10.10	19.67	0.50	8.87
	Bank BCA Syariah	2.36	4.14	2.87	0.56
	Bank BTPN	12.79	29.77	22.62	5.11
	Bank Bukopin Syariah	-23.60	1.17	-2.27	6.99
	Bank Jabar Banten Syariah	0.27	9.74	4.51	3.19
	Bank Mega Syariah	4.92	28.48	15.05	8.05
	Bank Muamalat	0.20	0.96	0.43	0.27
	Bank NTB Syariah	6.20	12.38	9.91	1.77

Ratio	Bank Name	MIN	MAX	M	SD
NPF	Bank Panin Dubai Syariah	-31.76	11.51	0.84	11.28
	Bank Victoria Syariah	-0.10	7.12	2.23	2.33
	Bank Aceh	0.03	0.1	0.06	0.02
	Bank Aladin	0.00	0.00	0.00	0.00
	Bank BCA Syariah	0.00	0.24	0.051	0.08
	Bank BTPN	0.00	0.34	0.09	0.11
	Bank Bukopin Syariah	0.05	4.96	4.12	1.35
	Bank Jabar Banten Syariah	1.37	2.86	1.98	0.4
	Bank Mega Syariah	0.89	4.04	1.50	0.89
	Bank Muamalat	0.08	4.98	2.78	2.08
	Bank NTB Syariah	0.22	1.02	0.71	0.22
	Bank Panin Dubai Syariah	0.89	3.83	2.42	0.87
	Bank Victoria Syariah	1.14	3.72	2.87	1.00
FDR	Bank Aceh	64.1	75.44	70.27	3.23
	Bank Aladin	0.00	173.27	21.82	51.03
	Bank BCA Syariah	79.91	96.39	87.49	5.14
	Bank BTPN	92.16	98.48	95.19	1.83
	Bank Bukopin Syariah	1.82	196.73	114.21	52.06
	Bank Jabar Banten Syariah	81	100.67	89.55	6.37
	Bank Mega Syariah	54.63	93.08	68.85	12.57
	Bank Muamalat	38.33	74.81	57.70	15.40
	Bank NTB Syariah	70.27	90.96	81.53	6.90
	Bank Panin Dubai Syariah	89.2	118.94	103.64	9.84
	Bank Victoria Syariah	38.33	74.81	57.70	15.40
CAR	Bank Aceh	18.11	23.5	19.63	1.12
	Bank Aladin	99.77	506.43	359.32	122.07
	Bank BCA Syariah	36.66	45.26	40.62	3.11
	Bank BTPN	42.28	58.10	49.61	5.01
	Bank Bukopin Syariah	0.15	24.11	19.39	6.91
	Bank Jabar Banten Syariah	15.68	24.14	21.33	3.27
	Bank Mega Syariah	19.28	28.79	23.17	2.94
	Bank Muamalat	12.12	34.06	21.26	9.53
	Bank NTB Syariah	25.61	35.64	30.07	2,83
	Bank Panin Dubai Syariah	15.64	31.43	24.49	5.9
	Bank Victoria Syariah	20.12	149.27	40.54	35.26

Note. M = Mean, SD = Standard Deviation
Source: processed data, 2022

Normality Test

Table 2 shows the normality test results from the data obtained using the Shapiro-Wilk Test method, where the significance value obtained must be more than 0.05 so that the data can be said to be normally distributed. Whereas in Table 2, several variables have a significance value below 0.05, so the data obtained is non-parametric or not normally distributed. So the data must be tested using the non-parametric Kruskal-Wallis test.

Table 2. Normality Test

Bank	*Ratio*	Sig.	Conclusion	*Hypothesis Testing*
Muamalat	*ROA*	0.001	Not Distributed Normally	*Kruskal-Wallis Test*
	ROE	0.003	Not Distributed Normally	*Kruskal-Wallis Test*
	NPF	0.009	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.01	Not Distributed Normally	*Kruskal-Wallis Test*
	CAR	0.004	Not Distributed Normally	*Kruskal-Wallis Test*
Victoria	*ROA*	0.262	Distributed Normally	*One-way ANOVA*
	ROE	0.018	Not Distributed Normally	*Kruskal-Wallis Test*
	NPF	0.002	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.41	Not Distributed Normally	*Kruskal-Wallis Test*
	CAR	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
Mega Syariah	*ROA*	0.469	Distributed Normally	*One-way ANOVA*
	ROE	0.277	Distributed Normally	*One-way ANOVA*
	NPF	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.133	Distributed Normally	*One-way ANOVA*
	CAR	0.813	Distributed Normally	*One-way ANOVA*
Aceh	*ROA*	0.18	Distributed Normally	*One-way ANOVA*
	ROE	0.547	Distributed Normally	*One-way ANOVA*
	NPF	0.331	Distributed Normally	*One-way ANOVA*

Bank	*Ratio*	Sig.	Conclusion	*Hypothesis Testing*
	FDR	0.933	Distributed Normally	*One-way ANOVA*
	CAR	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
Jabar Banten Syariah	*ROA*	0.922	Distributed Normally	*One-way ANOVA*
	ROE	0.417	Distributed Normally	*One-way ANOVA*
	NPF	0.127	Distributed Normally	*One-way ANOVA*
	FDR	0.669	Distributed Normally	*One-way ANOVA*
	CAR	0.002	Not Distributed Normally	*Kruskal-Wallis Testt*
Panin Dubai Syariah	*ROA*	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	ROE	0.001	Not Distributed Normally	*Kruskal-Wallis Test*
	NPF	0.539	Distributed Normally	*One-way ANOVA*
	FDR	0.558	Distributed Normally	*One-way ANOVA*
	CAR	0.092	Distributed Normally	*One-way ANOVA*
NTB Syariah	*ROA*	0.197	Distributed Normally	*One-way ANOVA*
	ROE	0.382	Distributed Normally	*One-way ANOVA*
	NPF	0.511	Distributed Normally	*One-way ANOVA*
	FDR	0.233	Distributed Normally	*One-way ANOVA*
	CAR	0.909	Distributed Normally	*One-way ANOVA*
KB Bukopin Syariah	*ROA*	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	ROE	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	NPF	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.376	Distributed Normally	*One-way ANOVA*
	CAR	0.001	Not Distributed Normally	*Kruskal-Wallis Test*

Bank	*Ratio*	Sig.	Conclusion	*Hypothesis Testing*
BTPN Syariah	*ROA*	0.14	Distributed Normally	*One-way ANOVA*
	ROE	0.035	Not Distributed Normally	*Kruskal-Wallis Test*
	NPF	0.008	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.882	Distributed Normally	*One-way ANOVA*
	CAR	0.484	Distributed Normally	*One-way ANOVA*
Aladin Syariah	*ROA*	0.23	Distributed Normally	*One-way ANOVA*
	ROE	0.261	Distributed Normally	*One-way ANOVA*
	NPF	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	CAR	0.276	Distributed Normally	*One-way ANOVA*
BCA Syariah	*ROA*	0.31	Distributed Normally	*One-way ANOVA*
	ROE	0.37	Distributed Normally	*One-way ANOVA*
	NPF	0.00	Not Distributed Normally	*Kruskal-Wallis Test*
	FDR	0.761	Distributed Normally	*One-way ANOVA*
	CAR	0.154	Distributed Normally	*One-way ANOVA*

Source: processed data, 2022

Table 3. Regression Result (Kruskal-Wallis Test)

Ratio	*Sig.*	*Conclusion*
ROA	0.00	There are Significant Differences
ROE	0.00	There are Significant Differences
NPF	0.00	There are Significant Differences
FDR	0.00	There are Significant Differences
CAR	0.00	There are Significant Differences

Source: processed data, 2022

Kruskal-Wallis Non Parametric Test
In the Kruskal-Wallis Non-Parametric Test, interpretation is done by looking at each variable's significance. With the provision that if the significance is less than 0.05, then in conclusion, the hypothesis of each variable can be accepted so that it can be said that there are significant differences in the ratio tested at each bank.

This study aims to see whether there are differences in financial performance between Islamic Commercial Banks and other Islamic Commercial Banks during the COVID-19 pandemic by looking at the ROA, ROE, NPF (net), FDR and CAR ratios owned by each bank. Table 3 shows that the hypothesis testing was carried out using the Kruskal-Wallis Test. From each variable, the ROA, ROE, NPF(net), FDR and CAR ratios obtained a significance value of 0.00, so it can be concluded that there is a significant difference in financial performance between Islamic Commercial Banks.

DISCUSSION

The COVID-19 Pandemic in Indonesia has significantly impacted the financial performance of Islamic banking in Indonesia. Moreover, from the hypothesis testing that has been done, it appears that in each variable, there is a significant difference in financial performance between one Islamic Commercial Bank and another Islamic Commercial Bank.

Differences in Return on Assets (ROA) between Islamic Commercial Banks
The calculation of ROA at a bank shows the return on financial ratios for using company assets (Kasmir, 2014). ROA provides a good measure of a company's profitability because it shows management's effectiveness in managing investments to generate income. Based on the results of the Kruskal-Wallis test in Table 3, it shows that there are differences in the ROA ratio for each Islamic commercial bank studied. This can be seen in Figure 2, which shows data on the level of ROA for each Islamic Commercial Bank from the first quarter of 2020 to the fourth quarter of 2022. Figure 2 shows that, although there are differences in ROA levels, almost all Islamic Commercial Banks have the same ROA value, stable throughout the period, or it could be said that almost all Islamic Commercial Banks could manage their assets to generate good income during the 19 pandemics, as found in research conducted by Ilhami et al. (2021), which stated that there was no significant difference between the ROA ratio before and during the COVID-19 pandemic, indicating that Islamic Banking in Indonesia was still able to survive during the COVID-19 Pandemic.

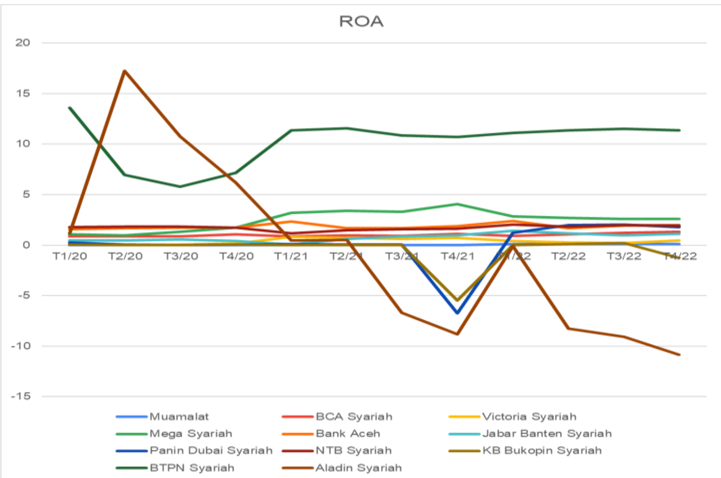

Figure 2. Return of Asset Ratio
Source: processed data, 2022

Meanwhile, several banks look unstable in Figure 2. Bank Aladdin Syariah has a considerable fluctuating rate, where the ROA value is the highest compared to other Islamic

Commercial Banks in quarter 2 of 2020. However, then the ROA ratio decreased until the 2nd quarter of 2021. It also happened in 2022. It shows that the COVID-19 pandemic greatly impacted Bank Aladin Syariah in managing its assets.

Apart from Bank Aladdin Syariah, 2 other Islamic commercial banks also experienced losses in the 4th quarter of 2021, e.g., Bank Panin Dubai Syariah and Bank KB Bukopin Syariah. However, in contrast to Bank Aladdin, the ROA values of the two banks then increased again and remained stable throughout 2022. The results of this study are in line with the findings of Yoga Adi Surya et al. (2020), which stated that there was a significant difference between BNI Syariah and Bank Syariah Mandiri during the COVID-19 pandemic. Meanwhile, the highest average ROA value is Bank BTPN Syariah. Although the ROA value experienced a decline in the 2nd quarter of 2020 when the COVID-19 pandemic began in Indonesia, the ROA value has returned to increase and is stable throughout 2021 and 2022. It shows that Bank BTPN Syariah managed its company assets well during the COVID-19 pandemic.

Differences in Return on Equity (ROE) between Islamic Commercial Banks

According to Irham Fahmi (2012), the ROE ratio examines how much a company uses its resources to provide profit or equity. By looking at this ratio, it can be measured how efficiently the company uses its capital to get profit. The results of the Kruskal-Wallis test in Table 3 show differences in the ROE ratio at each Islamic commercial bank studied. It can be seen in Figure 3, which shows data on ROE levels at each Islamic Commercial Bank from the first quarter of 2020 to the fourth quarter of 2022.

Similar to the performance of the ROE ratio in Figure 3, several banks appear to be very volatile in their ROE ratio performance. It can be seen that the ROE performance of Islamic Commercial Banks is almost the same as the ROA performance. ROA and ROE are interconnected, showing the company's profitability ratios. Research conducted by Meivi Herlina et al. (2022) stated that there was a decrease in net profit from Institutions before and when COVID-19 occurred, even with a high amount of equity, indicating that there was no optimal management to obtain net profit. The same thing happened to the bank, where it was seen that it was challenging to process investor assets during the COVID-19 pandemic. It can be seen from Figure 3 that the ROE value fluctuated throughout the period and even experienced a loss in the third quarter of 2021 until the end of 2022.

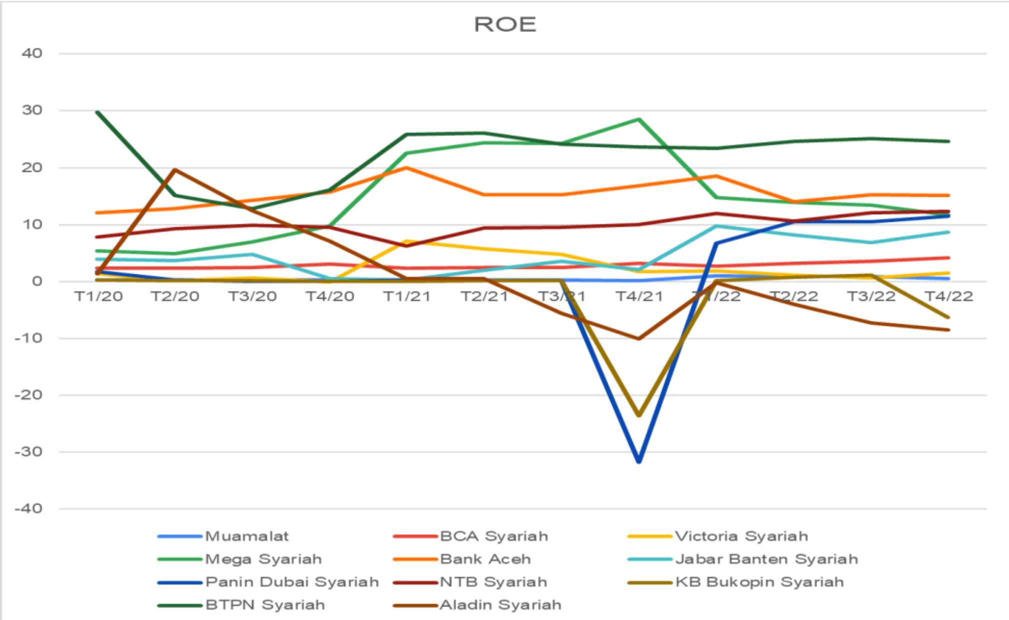

Figure 3. Return on Equity Ratio
Source: processed data, 2022

Bank Panin Dubai Syariah and Bank KB Bukopin Syariah are 2 other banks which also experienced losses in the third and fourth quarters of 2021. It shows the lack of ability of the two banks to manage investor assets to generate company profits. Like the ROA value, the highest average ROE value is also owned by Bank BTPN Syariah, which shows that Bank BTPN Syariah can manage all of its equity to get outstanding profits.

Differences in Non-Performing Financing (NPF) between Islamic Commercial Banks
Yulianto and Solikhah (2016) stated that if the NPF ratio at a commercial or Islamic bank increases, there will be a decrease in the amount of deposits that can be collected from customers. According to Kasmir (2014), the higher the NPF ratio of a bank, the lower the bank's liquidity level will be because the amount of funds banks use to finance loans is smaller, and vice versa.

It can be seen in Figure 4, which shows NPF-level data at each Islamic Commercial Bank from the first quarter of 2020 to the fourth quarter of 2022. KB Bukopin Syariah and Bank Muamalat Syariah became Islamic banks with high NPF levels from Quarter 1 of 2020 to Quarter 3 of 2020, where the two banks almost reached the tolerance limit of 5%. However, the condition of the NPF ratio, which is below the tolerance limit, indicates that Islamic commercial banks are still able to manage to disburse financing appropriately, as is the finding of Agung Gunawan et al. (2022), which states that Islamic banking can still survive and grow well in pandemic conditions and can obtain financing in the adequate category.

In addition, the NPF values of several banks also experienced a significant decline starting in Quarter 3 of 2021. Such as Bank Muamalat, Bank Panin Dubai Syariah and Bank Victoria Syariah. It indicates an increase in the performance of the three banks as intermediary media that can channel financing properly to the public during the COVID-19 pandemic.

Differences in Financing to Deposit Ratio (FDR) between Islamic Commercial Banks
The FDR level of an Islamic bank shows the amount of Third Party Funds (DPK) that have been channeled in financing made to customers. This ratio is also an indicator of liquidity which forms the basis for viewing a bank's liquid level, where the FDR ratio must be in the range of 75% to 110%.

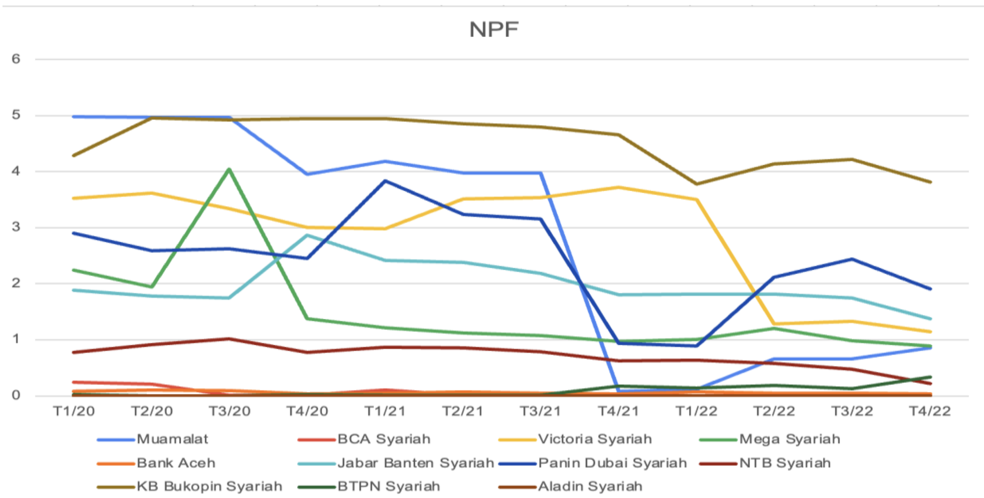

Figure 4. Non-Performance Finance
Source: processed data, 2022

Based on the results of the Kruskal-Wallis test, Table 3 shows differences in the FDR ratio at each Islamic commercial bank studied. This can be seen in Figure 5, which shows data on the FDR rate for each Islamic Commercial Bank from the first quarter of 2020 to the fourth quarter of 2022. Nearly 11 Islamic Commercial Banks had stable FDR values during the COVID-19 pandemic, and this is in line with research that has been conducted by Dematria et al. (2021), which states that there is no significant difference between the FDR value of Islamic banks before and when COVID-19 occurs. Only Bank BTPN Syariah has a very high FDR value compared to other Islamic Commercial Banks in early to mid-2020. However, the FDR value slowly decreases until it reaches the same value as other Islamic Commercial Banks and stabilizes at the end of 2021. According to Novitasari (2013), a decrease in the value of FDR can be caused by the bank reducing the proportion of financing made and diverting third-party funds obtained to other financial instruments. So even though many customers save their funds at Bank BTPN, the decline in the value of the FDR could have been due to the bank's internal parties' transfer of funds to other financial instruments. On the other hand, Aladin Syariah is the lowest among other Islamic commercial banks. However, throughout 2022, the FDR value of Bank Aladin Syarih has increased rapidly to become the highest at the end of the period. This indicates an increase in financing disbursed by Bank Aladin Syariah in 2022.

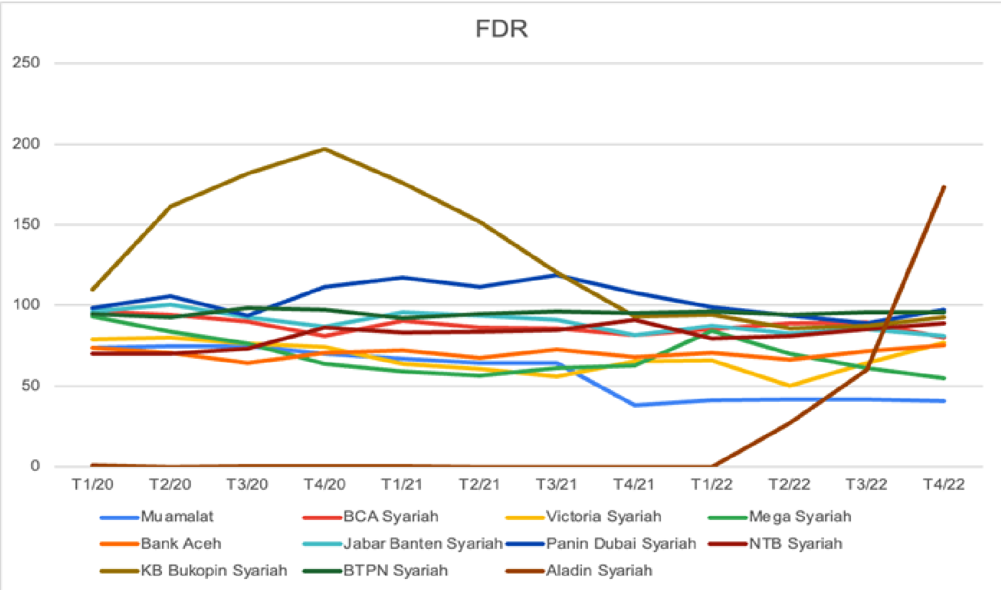

Figure 5. Financing to Deposit Ratio
Source: processed data, 2022

Differences in Capital Adequacy Ratio (CAR) between Islamic Commercial Banks
According to Hery (2019), the total amount of bank assets that can pose a risk, such as credit, participation, securities and claims at other banks, in which these assets are also financed by the bank's own capital, apart from obtaining funds that source is outside the bank. The higher the CAR, the better the bank can bear the risk of risky credit/productive assets. The aspect of a bank's capital is more intended to find out how or whether the bank's capital is sufficient to support needs. That is, the capital owned by the bank is based on the bank's minimum capital adequacy requirement.

Based on the results of the Kruskal-Wallis test, Table 3 shows differences in the CAR ratio at each Islamic commercial bank studied. This can be seen in Figure 6, which shows CAR data at each Islamic Commercial Bank from the first quarter of 2020 to the fourth quarter of 2022. This is in line with the results of research conducted by Harfina et al. (2023), which shows differences in CAR values at Islamic commercial banks during the COVID-19 pandemic. Bank Aladin Syariah is the highest among 10 other Islamic commercial banks. According to Fika Azmi (2021), the average CAR value increases because many Islamic banks' capital is still unemployed or not channelled for financing. This shows that Bank Aladdin Syariah, an Islamic commercial bank whose financial performance is below other Islamic Commercial Banks, is still cautious in dealing with unstable economic conditions. This is done to prevent the risk of problematic financing. On the other hand, the CAR value for Islamic Commercial Banks looks stable throughout 2020 to 2022.

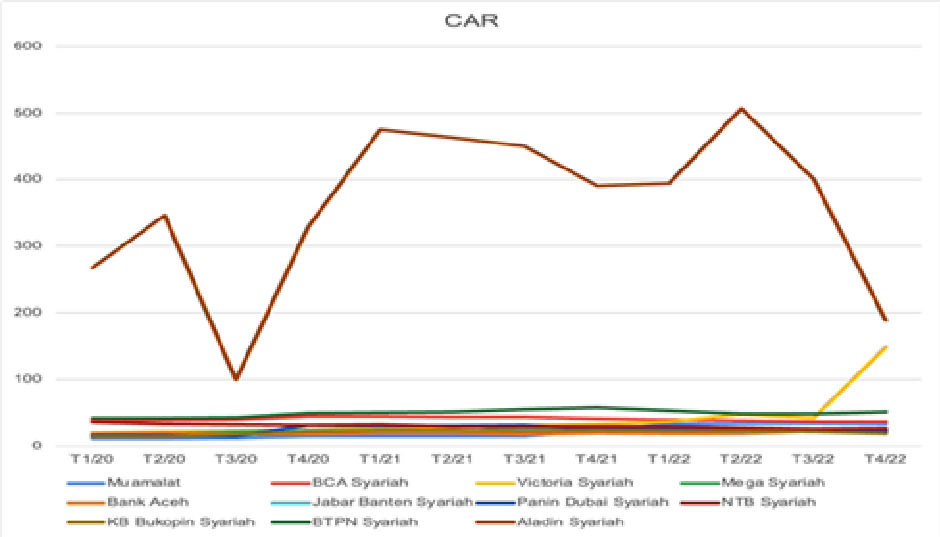

Figure 6. Capital Adequacy Ratio
Source: processed data, 2022

CONCLUSION

This study aims to see differences in the financial performance of Islamic Commercial Banks in Indonesia during the COVID-19 Pandemic. Based on the tests that have been carried out, financial performance is analyzed using the ratio Return on Assets (ROA), Return on Equity (ROE), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Capital Adequacy Ratio (CAR), there are differences between Islamic Commercial Banks in Indonesia. So the conclusions of the research are as follows:
There were differences in ROA values between Islamic Commercial Banks in Indonesia during the COVID-19 pandemic. Even so, almost all Islamic Commercial Banks can maintain their ROA values stable, so this shows that Islamic Commercial Banks can manage their assets to generate income well during the COVID-19 pandemic. Only a few banks experienced losses, including Bank Aladin Syariah, Bank Bukopin Syariah and Bank Panin Dubai Syariah. There were differences in ROE values between Islamic Commercial Banks in Indonesia during the COVID-19 pandemic. Even though the ROE value of Islamic Commercial Banks is more volatile, almost all banks can maintain their ROE value to continue to earn income. So this shows, during the COVID-19 pandemic, almost all Islamic Commercial Banks were able to manage investor assets well to make a profit. Only a few Islamic Commercial Banks experienced losses, including Bank Aladin Syariah, Bank Bukopin Syariah and Bank Panin Dubai Syariah.

There were differences in NPF values between Islamic Commercial Banks in Indonesia during the COVID-19 pandemic. Islamic Commercial Banks can manage financing properly to minimize the risk of non-performing financing that could occur in the future. In addition, during the COVID-19 pandemic, the financial performance of Islamic Commercial Banks continued to grow, as seen from the NPF value, which continuously decreased from 2020 to 2022. There were differences in the FDR value between Islamic Commercial Banks in Indonesia during the COVID-19 pandemic. Almost all Islamic Commercial Banks can channel financing from DPK properly, and even Bank BTPN can exceed financial performance far above other Islamic Commercial Banks in terms of channelling financing. One bank with the lowest FDR performance is Bank Aladin Syariah. There were differences in ROE values between Islamic Commercial Banks in Indonesia during the COVID-19 pandemic. Islamic Commercial Banks have good capital adequacy during the pandemic. This shows that all Islamic Commercial Banks have sufficient capital reserves to overcome the risks that arise during the COVID-19 Pandemic. Only Bank Aladin has a CAR level far above other Islamic Commercial Banks because many assets are idle or not channelled for financing.

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