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Analysis of Banking Performance in The Aftermath of The Merger of Bank Syariah Indonesia in Covid 19

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Abstract.

This study aims to determine sharia banking performance after the merger of Sharia Banks and Covid 19 pendemi by looking at the influence of NPF, FDR, BOPO, and CAR financial performance of Sharia Commercial Banks in the Period 2011-2020. This research uses quantitative research method with population in this research is all sharia commercial banks in Indonesia period 2011-2020. Data collection is done by library method from journal, article, or literature related to the required data, and documentation method of sharia commercial bank implementation report in question as well as data from OJK website. The research method used is a statistical descriptive test, descriptive test by analyzing ROA through ROA implementation report using content analysis method, classic assumption test, some regression test. Results show that the variables NPF, FDR, BOPO, and CAR are simultaneously financial performance of Sharia Commercial Banks in Indonesia in the period 2011-2020. Simultaneously, the variables of NPF, FDR, BOPO and CAR have a significant impact on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020. Based on the amount adjusted R2 is 0.979 which means that 97.9% of financial performance (ROA) of sharia commercial banks is influenced by independent variables, while 02.1% is influenced by other factors outside the research. Car partially had an insignificant positive effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020. Partially, NPF has an insignificant positive effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020. Partially BOPO has a significant negative effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020. Partially, FDR has an insignificant positive effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020.

Keywords: NPF, FDR, BOPO, CAR and ROA.

I. INTRODUCTION

The growth and development of Islamic banking in Indonesia is increasing. The increasing development of Sharia Banking is evidenced by the establishment of sharia-based businesses, where The Sharia Banking consists of Sharia Commercial Banks (BUS), Sharia Business Units (UUS) and Sharia People's Financing Banks (BPRS). Sharia banks that have established themselves without referring to Conventional Banks as the parent bank is BankUmumSyariah which has now established 12 banks in its development.

The development of the number of Sharia Commercial Banks (BUS), Sharia Business Units (UUS), and Sharia People's Finance Banks (BPRS) during the period of 2011Number of Sharia Commercial Banks and Sharia Business Units until 2014 experienced changes, however, the number of office networks has increase. Even with the number of BUS as many as 12 banks and uus as many as 22 banks, the same service of the Islamic banking community will become more ludish with the increasing number of Islamic banking offices. Sharia banking, which is currently experiencing good development,

must also be balanced with the performance of Sharia banks in realizing the trust of stakeholders in the funds they invest. To realize this belief, sharia banks must measure their financial statements on the basis of Islamic values. Therefore, a tool is needed to evaluate and measure the performance of sharia banks.

Performance evaluation according to Hameedis a method to measure the company's achievements based on the targets drawn up at the beginning. This becomes an important part of measuring control that can help the company improve its performance in the future. In Islam, the existence of performance evaluation is highly recommended. [1] The concept of mushabahah is a fundamental representation of performance evaluation, which can be applied to individuals or companies. This then becomes an important philosophical foundation why it is necessary to conduct performance evaluations for Sharia banks. The performance evaluation of Syarih Bank is very important. This is because the role and responsibility of Sharia Banks is not only limited to the financial needs of various stakeholders, but also importantly how the institution conducts its business and what measures are used in order to ensure that all activities carried out are in accordance with sharia regulations.

Sharia bank performance evaluation is an evaluation used to assess the success rate of Sharia banks in certain periods based on work plans, work plan realization reports, and bank periodic reports, compliance with provisions, and other aspects. The evaluation of the performance of Sharia banks in Indonesia is basically carried out by Bank Indonesia as the central bank. Performance evaluation can also be done by other parties for various purposes. Researches related to the performance of Sharia banks in Indonesia focus more on financial or business performance. Of course this is not in accordance with the early khitah birth of sharia banks. Because according to Hameed, the western civilization that gave birth to conventional banking, when developing performance measurement tools such as return on investmen (ROI) for example, based on the positivis utilitarian paradigm (utilitarian positivist paradigm) as the main target or just look at financial performance alone. And this is not entirely appropriate to be applied to sharia banks. [2]

Some international sharia banking experts have tried to see the performance of Sharia banks more comprehensive. This is based on an awareness that Sharia banking is different from conventional banking. Sharia banking as part of the Islamic economic system was established also to achieve Islamic socio-economic purposes such as realizing distribution justice and so on. [3] carried out Hameed, in his research under the title Alternative Disclosure and Measures Performance for Islamic Bank's presents an alternative performance measurement for Islamic Bank, through an index calledIslamicity Indices, which consists of theIslamicity Disclosure Index and the Islamicity Performance Index. The index aims to help it assess the performance of Sharia banks. The islamic bank performance index formulation is appliedhameed et al. to evaluate the performance of Bank Islam Malaysia Berhad (BIMB) and Bahrain Islamic Bank (BIB) descriptively.

Efficiency is one of the parameters that describe banking performance. Efficiency is one measure of work that theoretically affects the overall performance of the organization, such as banking.[4] The ability to maximize the use of available inputs to produce high output is an expected measure of performance, the more efficient a bank is, the better its performance (Lestari, 2001). With good performance, the bank is able to increase the level of trust of customers and investors, thus intermediation function will run well, because trust becomes a very important factor for banks in carrying out the intermediation function (Kurnia, 2004). Therefore, banks are required to be able to act efficiently as an implication of the importance of the position and function of banking in the country's economy.

Coronavirus or known as Covid19 has devastated the world economy. According to most world researchers and economists, this outbreak is considered to be the most severe cause of the global financial crisis when compared to the Asian financial crisis in 1997-1998, or the subprime mortgage crisis in 2008.

However, the virus has affected global financial and food market confidence, inevitably impacting the entire sector, while the sectors that have the most impact are the tourism, hospitality and aviation sectors.
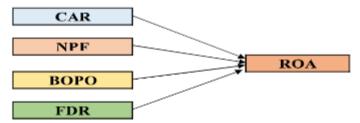
To support the central government, OJK also issued POJK No. 11/POJK.03/2020 to provide relaxation to banking customers, including Sharia banking, namely the ease of restructuring and rescheduling process for customers affected by the spread of the coronavirus, especially micro small and medium enterprises (MSMEs) or non-MSMEs that have financing below Rp 10 billionk, depending on the policies of each Sharia bank. Especially customers who are directly related to the tourism, transportation, hospitality, trade, processing and mining sectors. Based on the background that has beenurakain above, the author draws a problem formulation, namely Sharia Banking Performance After The Merger of Sharia Banks and PendemiCovid 19.

II. METHOD RESEARCH

Methodology is something that is very important in this life when we want to achieve something that is aspired to. As the methodology contained in the great Dictionary of The Indonesian language is "The orderly way used to carry out a job in order to achieve something with the desired, or a systemic way of working to facilitate the implementation of an activity in order to achieve the specified objectives."

Research methodology has a significant function in finding the information / data needed to solve various problems aimed at providing solutions to the problem, as Soehartono said "research methods are a comprehensive way or strategy to find or obtain the necessary data.

Frame 1. Conceptual Framework / Research Model

This type of research is quantitative research. The scope of research is related to investment, Sharia capital market and economic growth. The data used in this study is annual secondary data with the type of time series data with a period of January 2015 equal to December 2019 before the covid 19 pandemic. This secondary data is sourced from Bank Indonesia data base center with www.bi.go.id website address published every month, BPS website page, OJK website page, and research related site and can be trusted with accuracy and data source. Research data obtained using ordinary least square (OLS) method will be analyzed with statistical tools through the help of EViews program version 8.0 for windows to find out the influence between investment, Sharia capital market previous period partially and simultaneously affect economic growth. So the statistical analysis used is to use multiple linear regression. So the model of the equation is as follows:

$$\text{ROA} = \alpha 0 + \beta 1\ \text{CAR} + \beta 2\ \text{NPF} + \beta 3\ \text{BOPO} + \beta 4\ \text{FDR}\ (t\text{-}1) + \mu\ (1)$$

Where: ROA = Return on Assets based on ratio (Percentage); $\alpha 0$ = intercept; $\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$, = Coefficient of Regression; CAR = Capital Adequasy Ratio (Percentage); NPF = Non Performing Funding (percentage); BOPO = Ratio of Operating Income Operating Expenses; FDR =Financing to Deposit Ratio (FDR) ; μ = error term.

III. RESULT AND DISCUSSION

Based on table can be seen that F-count of 5,140 while F-table of3.45 which can be viewed at α = 0.05. Probability much less than 0.05 i.e. 0.0001 < 0.05then the regression model can be said that in this study the value of INV, PMS simultaneouslypositive and significant effect on economic growth. Hence the previous hypothesisisaccept Ha (reject H0) or accepted hypothesis.

Table 3. Result of Regression Estimation

Dependent Variable: Y
Method: Least Squares
Date: 01/10/21   Time: 19:55
Sample: 2011 2020
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.810.130	8.482.598	-1.099.412	0.0000
X1/CAR	1.954.568	0.170463	4.626.864	0.0030
X2/NPF	1.793.568	0.504236	4.526.446	0.0025
X3/BOPO	-1.323.579	0.063838	3.428.007	0.0030
X4/FDR	2.653.162	0.056603	3.628.007	0.0030

R-squared	0.979283	Mean dependent var		9.246.000
Adjusted R-squared	0.756402	S.D. dependent var		6.628.591
S.E. of regression	4.969.506	Akaike info criterion		1.095.654
Sum squared resid	12347.99	Schwarz criterion		1.110.783
Log likelihood	-4.978.270	Hannan-Quinn criter.		1.079.057
F-statistic	2.753.120	Durbin-Watson stat		2.454.458
Prob(F-statistic)	0.148165			

Sumber : Data diolah, 2020

Source Eviews.v.8

Based on the table above can see that:

1) The influence of CAR on sharia banking performance before covid 19.

Test signiifikan with decision making criteria:

Ha is accepted and Ho is rejected, if t-count > t-table or Sig. t< α

Ha is rejected and Ho is accepted, if t-count < t-table or Sig. t > α

The result shows that the t-count is 2,753 while the t-table is 4,626 and

0.003, so t-count 2,753 < t-table 4,626 and significant 0.003

< 0.05, then Ha was rejected and Ho accepted, stating that partial CAR has no significant effect on the performance of Sharia banking.

2) The influence of NPF on sharia banking performance before covid19..

Test signiifikan with decision making criteria:

Ha is accepted and Ho is rejected, if t-count > t-table or Sig. t< α

Ha is rejected and Ho is accepted, if t-count < t-table or Sig. t > α

The results showed that the t-count was 2,753 while the t-table was 4,526 and

0.420, so t-count 2,753 < t-table 4,526 and significant 0.003

< 0.05, then Ha was rejected and Ho accepted, stating that the partial NPF had no significant effect on the performance of Sharia banking.

3) The influence of BOPO on sharia banking performance before covid19..

Test signiifikan with decision making criteria:

Ha is accepted and Ho is rejected, if t-count > t-table or Sig. t< α

Ha is rejected and Ho is accepted, if t-count < t-table or Sig. t > α

The results showed that the t-count was 2,753 while the t-table was 3,428 and

0.420, so t-count 2,753 < t-table 3,428 and significant 0.003

< 0.05, then Ha was rejected and Ho accepted, stating that the partial BOPO had no significant effect on the performance of Sharia banking.

4) The influence of FDR on sharia banking performance before covid19..

Test signiifikan with decision making criteria:

Ha is accepted and Ho is rejected, if t-count > t-table or Sig. t< α

Ha is rejected and Ho is accepted, if t-count < t-table or Sig. t > α

The results showed that the t-count was 2,753 while the t-table was 3,628 and

0.420, so t-count 2,753 < t-table 3,628 and significant 0.003

< 0.05, then Ha was rejected and Ho accepted, stating that the partial FDR had no significant effect on the performance of Sharia banking.

The Influence of NPF on Banking Performance

The larger NPF conditions in one period did not directly provide a decrease in profit in the same period. This is because the significant influence of NPF on ROA is related to determining the level of financing congestion provided by a bank. On the other hand, a high NPF will be able to interfere with the turnover of working capital from banks. Therefore, while banks have a high amount of bad financing, the bank will first try to evaluate their performance by temporarily halting the distribution of financing until the NPF is reduced. And also, the average NPF of Sharia banks in Indonesia is still low and below the BI standard figure of 5%, so sharia bank NPF has no significant effect on financial performance (ROA).

The Effect of CAR on Banking Performance

The first hypothesis rejected means that CAR has an insignificant positive effect on financial performance (ROA). This means that the higher the level of capital adequacy (CAR) a bank does not become a benchmark of success of bank management in obtaining high profits. The results of this study stated that car is insignificant to ROA because banks that have large capital but cannot use their capital effectively to generate profit

The Influence of BOPO on Banking Performance

BOPO has a significant negative effect on financial performance (ROA). The results of this study are in accordance with the stated negative relationship between BOPO and ROA can be interpreted that the higher the BOPO level, the lower the ROA level of a bank. The low LEVEL of BOPO demonstrates the bank's good management ability, in meeting operational costs by generating optimal profit. So that the impact on ROA becomes better.

The Effect of FDR on Banking Performance

FDR has an insignificant positive effect on financial performance (ROA). The results of this study stated that the high financing provided by banks does not guarantee the high profits obtained by banks due to bad financing and the financing provided is not managed properly. FDR has an insignificant positive effect on financial performance (ROA). This is in line with the large FDR ratio attempted at the position of 85%- 100% so that the funds stored can be channeled optimally. Therefore, relatively large financing should also pay attention to the return on capital managers. Sehinnga FDR is relatively large is not necessarily accompanied by a large ROA.

IV.CONCLUSIONS

This study examines the performance of Sharia banking after the Merger of Sharia Banks and PendemiCovid 19. Based on the results of the research that has been done, it is obtained several conclusions:

1. Simultaneously the variables NPF, FDR, BOPO and CAR have a significant effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020. Based on the amount adjusted R2 is 0.979 which means that 97.9% of financial performance (ROA) of sharia commercial banks is influenced by independent variables, while 02.1% is influenced by other factors outside the research.

2. Carpartially has an insignificant positive effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020.

3. PartiallyNPF has an insignificant positive effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020.

4. PartiallyBOPO has a significant negative effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020.

5. PartiallyFDR has an insignificant positive effect on the financial performance (ROA) of sharia commercial banks in Indonesia in the period 2011-2020.

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