

Financial Performance Measurement Analysis of Shariah Commercial Banks in Indonesia Using Risk Based Bank Rating (RBBR) and Shariah Conformity and Profitability (SCnP) Methods

Tri Puji Astuti¹; Ubaidillah^{2*}

^{1,2}UIN Saizu Purwokerto, Indonesia

Correspondence e-mail: ubaid@uinsaizu.ac.id

Abstract

This research aims to determine the level of performance of Islamic Commercial Banks in Indonesia using the Risk Based Bank Rating (RBBR) and Shariah Conformity and Profitability (SCnP) for the 2017-2019 period. The object of this research is a BUMN Shariah Commercial Bank. The technique used for this research is purposive sampling using descriptive quantitative method. This study describes the performance of Islamic Commercial Banks through two methods, namely the Risk-Based Bank Rating (RBBR) method which is seen from 4 aspects, namely Risk Profile, Good Corporate Governance, Earnings, and Capital. The second method is Shariah Conformity and Profitability (SCnP) which is seen from the Shariah Conformity variable with indicators of Islamic Investment Ratio, Islamic Income Ratio, and Profit-Sharing Ratio and Profitability variable with indicators of Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin Ratio. The results showed that with the Risk-Based Bank Rating (RBBR) method, Islamic Commercial Banks are in a "Healthy" or "Good" condition. While the analysis using the Shariah Conformity and Profitability (SCnP) method, shows that Islamic Commercial Banks are spread in three quadrants, namely URQ, LRQ, and ULQ.

Keywords: *financial performance of islamic commercial banks; risk based bank rating (rbbr); shariahh conformity and profitability (scnp)*

INTRODUCTION

The development of Islamic economics is now an interesting discussion for economic actors. The phenomenon of many financial institutions applying shariah principles is a form of success in the development of Islamic economics, as clear evidence is the development of Islamic banking. Islamic banking itself was first established in Indonesia in 1992, which was marked by Bank Muamalat Indonesia (BMI) as the first Islamic bank to be established in Indonesia. Although said to be very new, Islamic banks were not less competitive with conventional banks at that time. This is evidenced when the 1997-1998 monetary crisis occurred, Islamic banking, namely Bank Muamalat Indonesia (BMI) did not experience a negative spread off (Prasetyowati & Handoko, 2016). Since then, Islamic banking in Indonesia began to experience good development. In addition, the role of banks greatly affects the economic activities of a country. Banks can be said to be the blood of a country's economy. Therefore, the progress of a bank in a country can also be used as a

measure of the progress of a country. One of them, as evidenced by the number of new branch office openings, type of bank business and volume of activities carried out. The growth of this industry is considered quite progressive, with the establishment of Shariah Commercial Banks (BUS), Shariah Business Units (UUS), and Shariah People's Financing Banks (BPRS).

Here table 1.1 shows the development of Islamic banks in Indonesia as follows:

Table 1.1 Development of Shariah Banking Office Network

Indication	2015	2016	2017	2018	2019
Shariah Commercial Bank	12	13	13	14	14
Number of BUS offices	1990	1.869	1.825	1.875	1,919
Shariah Business Unit	22	21	21	20	20
Number of UUS Offices	311	332	344	354	381
BPRS	163	166	167	167	164
Number of BPRS Offices	2	453	441	495	617

Source: Islamic Banking Statistics 2019, www.ojk.go.id

From data on the development of shariah banking offices, it can be seen that the number of BUS from 2015 to 2019 increased from 12 BUS to 14 BUS. This proves that the existence of Islamic banks is no less competitive with conventional banks. The increase in the number of BUS in Indonesia shows the good development of Islamic banks, which must be in line with the quality of banking performance itself.

The more establishments of Islamic banking shows that the existence of Islamic banks has been recognized in Indonesia, the more intense the competition faced by the banking industry will be. In order to increase competition, one of the ways to do this is by increasing the measurement of banking performance. The measurement of banking performance is inseparable from the measurement of financial performance. Financial performance is one of the important indicators to determine the bank's financial condition. The better the bank's financial performance, the better or healthier the bank's health level will be (Sukarno & Yanuarti, 2011).

Based on Bank Indonesia Regulation No.13/1/PBI/2011 Article 1 paragraph 4 which states that the soundness of a bank is the result of an assessment of the bank's condition carried out on the risk and performance of the bank (www.ojk.go.id). Therefore, the bank's performance must be considered and improved to maintain the soundness of the bank. The following table 1.2 shows the performance of BUS in Indonesia.

Table 1.2 Financial Performance of Islamic Commercial Banks in Indonesia

Indicator	2015	2016	2017	2018	2019
CAR	15.02%	16.63%	17.91%	20.39%	20.59%
ROA	0.49%	0.63%	0.63%	1.28%	1.73%
NPF	4.84%	4.42%	4.76%	3.26%	3.23%
FDR	88.03%	85.99%	79.65%	78.53%	77.91%
BOPO	97.01%	96.22%	94.91%	89.18%	84.45%

Source: Islamic Banking Statistics, www.ojk.go.id

Based on the table financial performance of Islamic Commercial Banks in Indonesia, it can be seen that the average performance of Islamic Commercial Banks shows a fairly good performance. In terms of capital adequacy (CAR), it shows a good number, which exceeds the limit set by BI and OJK by 12%. In terms of the bank's ability to generate profits (ROA) shows a fairly good performance with a significant increase in Return on Assets (ROA) in 2017-2019. In its intermediation function, Islamic Commercial Banks are running quite effectively as reflected in the ratio of Non-Performing Finance (NPF) and Financing to Deposit Ratio (FDR), while for the level of efficiency (BOPO), in general, the performance of Islamic Commercial Banks is less efficient. The importance of assessing the soundness of banks, especially Islamic banks is needed, because in practice the banking business continues to grow all the time. Bank health has an interest for all parties (stakeholders), namely bank owners, bank management, the community as bank service users and the government as a regulator. A healthy bank is a bank that can carry out its functions well, such as maintaining public trust, being able to carry out payment traffic functions and being able to implement monetary policy.

The government has issued a new regulation in PBI No.13/1/PBI/2011 article 2, it is stated that banks are required to conduct an assessment of the soundness level using a risk approach Risk Based Bank Rating (RBBR) both individually and consolidated. This regulation replaces the previous assessment method, namely the method based on Capital, Asset, Management, Earning, Liquidity and Sensitivity to market risk (CAMELS) which was formerly regulated in PBI No. 6/10/PBI/2004. The Risk Based Bank Rating (RBBR) method uses an assessment of four factors based on BI Circular Letter No. 13/24/DPNP namely Risk Profile, Good Corporate Governance, Earnings and Capital. The regulation is also contained in Financial Services Authority Regulation (POJK) No. 8/POJK.03/2014 concerning Assessment of Soundness Level of Islamic Commercial Banks and Shariah Business Units. The factors that become the assessment point for BUS are Risk Profile, Good Corporate Governance (GCG), Profitability (Earnings) and Capital (Capital).

In contrast to conventional banks, Islamic banks are limited by shariah regulations and jurisprudence, and more importantly encourage real economic activity and profit and loss sharing schemes rather than financial speculation. Islamic banks have many

limitations in terms of financial operations and profits than conventional banks. For example, Islamic banks do not fund or avoid investing in non-halal industries. Islamic banks are also not allowed to make profits from interest (*riba*) and additional fees from customers (Fahlevi & Randa, 2017).

Based on the unique character of the Islamic banking system above, the current valuation of Islamic banking performance tends to prioritize the profit-seeking aspect, where sometimes Islamic banks neglect their obligations in fulfilling their social functions. Various instruments for measuring bank performance have emerged that have been adapted to the characteristics of Islamic banking. Several researchers have created a framework that is in accordance with the practices and concepts of Islamic banking. In 2004, Shahul Hameed introduced the Islamicity Performance Index (IPI), then in 2008 Mohammed, Razak, and Taib introduced the Shariah Maqashid Indeks (MSI), and in 2010 Kuppusamy, Shaleh, and Samudhram introduced the Shariah Conformity and Profitability (SCnP). Of all the studies that used the measuring instrument, it showed better results when compared to the measurement using the conventional method (Prasetyowati & Handoko, 2016).

The performance measurement model formulated by Kuppusamy, Saleh, and Samudhram, measures the performance of Islamic banking through two approaches (variables), namely the Shariah Conformity (shariah conformity) variable and the Profitability (financial) variable. Kuppusamy argues that the measurement of Islamic banking performance must use a measuring instrument that shows the Islamic side of an Islamic bank, but Islamic banks must also pay attention to profitability, because Islamic banks are also a business institution, one of the goals of which is to obtain profits. Profit or profit oriented (Kuppusamy, 2010). Therefore, an appropriate measuring instrument is needed to measure financial performance that has been adapted to the Islamic framework using the Shariah Conformity and Profitability (SCnP) Model.

Rating Shariah Conformity and Profitability (SCnP) The next model by averaging the shariah compliance ratio and profitability ratio which consists of four quadrants, namely the upper right quadrant, namely the URQ (Upper Right Quadrant) where in this quadrant shows a high level of shariah compliance and profitability, the upper left quadrant of ULQ (Upper Left Quadrant) is a low level of shariah compliance and a high level of profitability, the lower right quadrant LRQ (Lower Right Quadrant) is a high level of shariah compliance and low profitability, and LLQ (Lower Left Quadrant) is the level of shariah compliance and profitability the lowest (Kuppusamy, 2010).

LITERATURE REVIEW

1. Islamic Bank

Definition of bank shariah according to Law No. 21 Year 2008 is a bank that carries out its business activities based on shariah principles and by type consists of Shariah Commercial Banks (BUS) and Shariah People's Financing Banks (BPRS).

Meanwhile, according to Antonio and Purwaatmaja, Islamic banks are divided into two, namely Islamic banks and banks that operate with Islamic shariah principles. (1) Islamic Bank is a bank that operates in accordance with Islamic shariah principles; (2) banks whose operating procedures refer to the provisions of the Qur'an and Hadith; while a bank that operates in accordance with Islamic shariah principles is a bank that in its operations follows the provisions of Islamic shariah, especially those concerning the procedures for muamalah in Islam. (Antonio and Purwataatmaja 1997, in Muhammad, 2011:15).

2. Shariah Banking Performance

a. Islamic Bank Financial Performance

According to the Indonesian Accounting Association (2007), financial performance is the company's ability to manage and control its resources. Financial performance is an analysis carried out to see the extent to which a company has implemented by using financial implementation rules properly and correctly (Fahmi 2012:2, in Pongoh, 2013). Assessment of financial performance can be reflected in a report, where the report describes the development of the company's financial performance in a certain period. These reports are commonly referred to as financial statements.

b. Performance Shariah Bank Syariah

Banking performance appraisal tends to be prioritizing profit-seeking aspects, where sometimes Islamic banks neglect their obligations in fulfilling their social functions. Several researchers have created a framework that is in accordance with the practices and concepts of Islamic banking. In 2004, Shahul Hameed introduced the Islamicity Performance Index (IPI), then in 2008 Mohammed, Razak, and Taib introduced the Shariahh Maqashid Index (SMI), and in 2010 Kuppusamy, Shaleh, and Samudhram introduced the Shariahh Conformity and Profitability (SCnP). Of all studies using these measuring instruments, the results show better results when compared to measurements using conventional methods (Prasetyowati & Handoko, 2016). As for the performance of shariah, there are still no specific guidelines such as those issued by the OJK and BI.

3. Analysis of the Risk Based Bank Rating (RBBR)

The assessment of banking health based on risk / Risk-Based Bank Rating (RBBR) is contained in PBI No. 13/1/2011 article 2, it is stated that banks are required to conduct an assessment of the soundness level using a risk-based bank rating approach, both individually and in consolidation. This regulation replaces the previous valuation method, namely the method based on Capital, Asset, Management, Earning, Liquidity and Sensitivity to Market Risk (CAMELS) which was previously regulated in PBI No.6/10/PBI/2004. The Risk-Based Bank Rating (RBBR) method uses an assessment of four factors based on BI Circular No.13/24/DPNP, namely Risk

Profile, Good Corporate Governance, Earnings and Capital. The regulation is also contained in POJK No.8/POJK.03/2014 concerning the Assessment of the Soundness of Shariah Commercial Banks and Shariah Business Units.

4. Analysis of Shariah Conformity and Profitability (SCnP) Model

The Shariah Conformity and Profitability (SCnP) performance measurement model is a model formulated by Kuppusamy, Saleh, and Samudhram. This model measures the performance of Islamic banking through two approaches (variables), namely the variable Shariah Conformity (shariah compliance) and the Profitability variable (financial). Kuppusamy, argues that the measurement of Islamic banking performance must use a measuring instrument that shows the Islamic side of an Islamic bank, but does not ignore the conventional side. Shariah Conformity and Profitability (SCnP) is a unified model that cannot be separated, especially the ratios. To calculate the variable Shariah Conformity is measured through three indicators, namely Islamic Investment Ratio, Islamic Income Ratio and Profit-Sharing Ratio. While conventional financial variables or profitability are measured using the ratio of Return on Assets (ROA), Return On Equity (ROE) and Net Profit Margin (NPM). In this case profitability, this is because Islamic banks are also a business institution which one of the goals of its establishment is to make a profit. Prasetyowati & Handoko, 2016).

RESEARCH METHODS

This research is included as a quantitative research. Quantitative research is research that uses data and numbers and then analyzed using statistics (Sugiyono, 2009: 7). In this study, the quantitative method in question is descriptive quantitative which is explanative. Descriptive quantitative is research that uses statistics for data analysis by describing or describing the data that has been collected as it is without intending to make generally accepted conclusions or generalizations (Sugiyono, 2009:147).

The sample is part of the number and characteristics possessed by the population, while the sampling technique is a sampling technique from the population (Sugiyono, 2009: 7). The criteria used to select the sample in this study, namely:

1. Banks that are subsidiaries of state-owned banks are Bank Syariah Mandiri (BSM), Bank Negara Indonesia Syariah (BNIS), Bank Rakyat Indonesia Syariah (BRIS). Where the Islamic State Savings Bank (BTNS) is not used as a sample in the study, because it is a Shariah Business Unit (UUS).
2. State-owned banks listed on the Indonesia Stock Exchange.
3. These banks have published or published annual financial reports and GCG reports for the 2017-2019 period.
4. In terms of capital, state-owned banks are strong, because they come from the government as the majority shareholder, so state- owned banks have a large market share to obtain funds.

Table 3.1 Research Sample

No	Bank
1.	Bank Syariah Mandiri (BSM)
2.	Bank Negara Indonesia Syariah (BNIS)
3.	Bank Rakyat Indonesia Syariah (BNIS)

Source: Data processed

1. Research Variables and Indicators

a. Research Variables and Indicators Risk Based-Bank Rating (RBBR)

For the Risk Based-Bank Rating (RBBR) variable, the indicators to be used consist of the following indicators:

Table 3.2

Method Variables and Indicators Risk-Based Bank Rating (RBBR)

Variable Name	Variable	Indicator	Scale
Risk Based Bank Rating (RBBR)	1. Risk Profile (Risk Profile)		Ratio
	a. Credit Risk (Non Performing Finance / NPF).	$NPF = (\text{Non-performing financing} / \text{Total financing}) \times 100\%$	Ratio
	b. Liquidity Risk (Financing to Deposit Ratio / FDR).	$FDR = (\text{Total financing} / \text{Total third party funds}) \times 100\%$	Ratio
	2. Good Corporate Governance (GCG)	The results of the self-assessment from the bank.	Ratio
	3. Earnings (Profitability/Profitability)		Ratio
	a. Return On Assets (ROA)	$ROA = (\text{Profit before tax} / \text{Total assets}) \times 100\%$	Ratio
	b. BOPO	$BOPO = (\text{Total operating expenses} / \text{Operating income}) \times 100\%$	Ratio
	4. Capital (Capital)	$CAR = (\text{Bank capital} / \text{RWA}) \times 100\%$	Ratio

Source: Data processed

b. Research Variables and Indicators Shariah Conformity and Profitability (SCnP) Model

Table 3.3

Variables and Indicators Shariah Conformity and Profitability (SCnP) Model			
Variable Name	Variable	Indicator	Scale
<i>Shariah Conformity</i>	<i>Islamic investment</i>	R1. Islamic Investment/Islamic Investment + Non-Islamic Investment	Ratio
	<i>Islamic Income</i>	R2. Islamic Income/Islamic Income+Non-Islamic Income	Ratio
	<i>Profit-Sharing</i>	R3. Mudharabah+Musharakah/Total Financing	Ratio
<i>Profitability</i>	ROA	R1 = Earning Before Interest and Taxes /Total Assets	Ratio
	ROE	R2 = Earning After and Taxes /Total Equity	Ratio
	NPM	R3 = Earning After and Taxes/Total Operating Revenue	Ratio

Source: Data processed

2. Research Data Analysis

a. Risk-Based Bank Rating (RBBR)

- 1) Collect and calculate data from the company's financial statements related to research variables.
- 2) Calculating the indicator value of each component of the Risk- Based Bank Rating (RBBR) in accordance with Bank Indonesia Circular Letter No. 13/24/DPNP in 2011.
- 3) Establish a composite rating of bank soundness rating. The composite value for each financial ratio of each component that is ranked in the composite will be worth as follows:
 - a) Rank 1 = Every time a check is multiplied by 5.
 - b) Rank 2 = Every time a check is multiplied by 4.
 - c) Rank 3 = Every time a check is multiplied by 3.
 - d) Rank 4 = Every time a check is multiplied by 2.
 - e) Rank 5 = Every time a check is multiplied by 1.

The composite value that has been obtained by multiplying each checklist is then determined by its weight by presenting it. The weights or percentages to determine the overall composite rating of the components are as follows:

Table 3.4
Weight of Determination of Composite Bank Soundness Level Assessment
Method RBBR

Weight (%)	Composite Rating	Information
86-100	PK-1	Very healthy
71-85	PK-2	Healthy
61-70	PK-3	Healthy enough
41-60	PK-4	Unwell
<40	PK-5	Not healthy

Source: (Dewi, 2018).

b. Shariah Conformity and Profitability (SCnP) Model

The Shariah Conformity and Profitability (SCnP) method is defined in terms of two factors, namely the Shariah Conformity factor and the Profitability factor. In placing sample banks in quadrants, each Shariah Conformity and Profitability (SCnP) ratio will be averaged which then results in a four-quadrant graph where the average ratio of all banks is the separator of each quadrant (Prasetyowati & Handoko, 2016).

- 1) Calculate the ratios contained in the SCnP variable.
- 2) Calculate the average of each variable, with the following formula:

$$\bar{X}SC = \frac{R1+R2+R3}{3} \text{ and}$$

$$\bar{X}P = \frac{R1+R2+R3}{3}$$

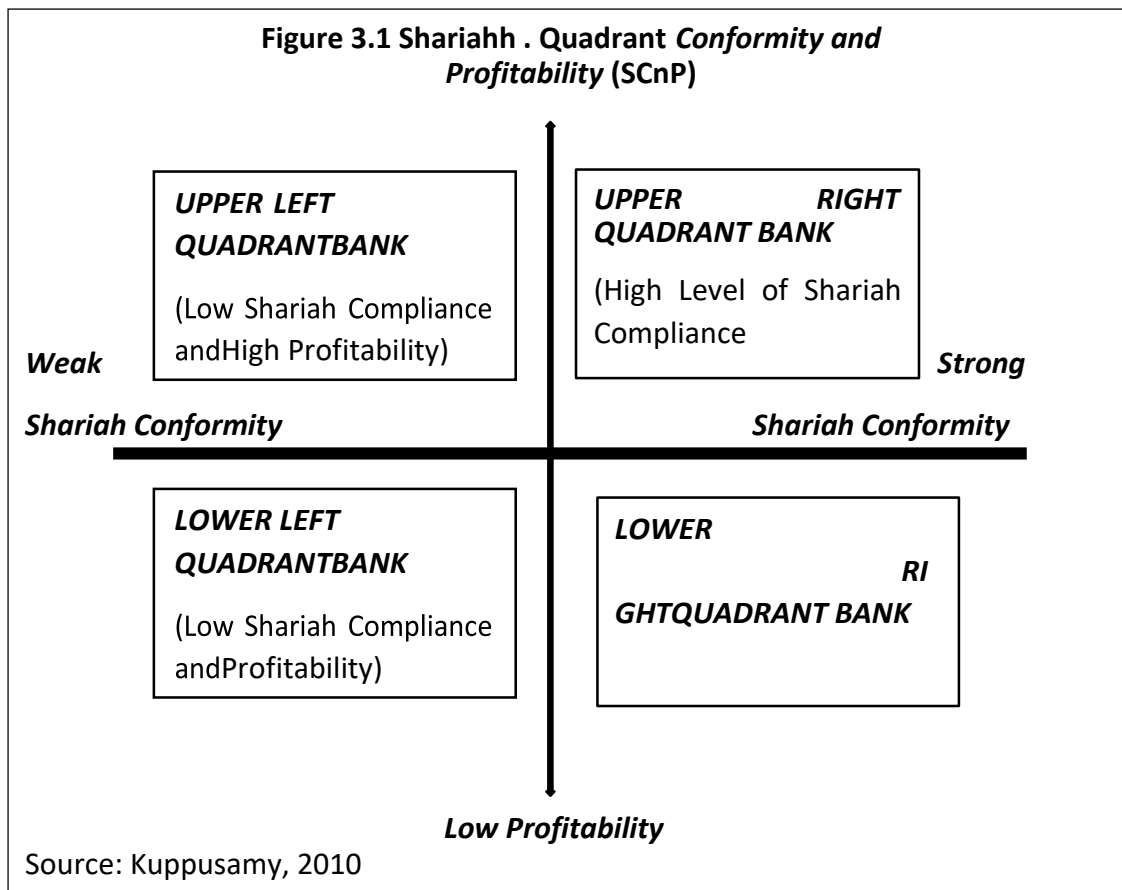
Where:

$\bar{X}SC$: average variable ratio Shariah Conformity

$\bar{X}P$: average ratio Profitability variable

Average SC will be used as a point on the X coordinate (Shariah Conformity) and the average P will be used as a point on the Y coordinate (Profitability). XX

- 3) Make a graph of Shariah Conformity and Profitability (SCnP) and place the position of the sample bank in the analysis of the research results in accordance with the predetermined Shariah Conformity and Profitability quadrant.



RESULTS AND DISCUSSION

1. Research result

Descriptive statistics are statistics for analyzing data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations (Sugiyono, 2014).

a. Risk-Based Bank Rating (RBBR) Method

Table 4.1

Determination of the Composite Rating of Bank Soundness Level Assessment with the RBBR Method for Islamic Bank Syariah Mandiri (BSM) Year 2017-2019

Year	Component Factor	Ratio	Ratio (%)	Composite Rating					Criteria	Composite Rating
				1	2	3	4	5		
2017	Risk Profile	NPF	10.19				X		Not good	Healthy (Good) PK-2
		FDR	77.76		X				Good	
	GCG	GCG	1.53	X				Very good		
	Profitability	ROA	0.55			X			Pretty good	
		BOPO	91.73	X					Very good	

Year	Component Factor	Ratio	Ratio (%)	Composite Rating					Criteria	Composite Rating
				1	2	3	4	5		
	Capital	CAR	15.89	X					Very good	
	Composite Value		30	15	4	3	2		(24/30)x100% = 80%	
2018	Risk Profile	NPF	4.12		X				Good	Very healthy (Very good) PK-1
		FDR	74.19	X					Very good	
	GCG	GCG	1.31	X					Very good	
	Profitability	ROA	0.82			X			Pretty good	
		BOPO	87.33	X					Very good	
	Capital	CAR	16.26	X					Very good	
	Composite Value		30	20	4	3			(27/30)x100% = 90%	
2019	Risk Profile	NPF	2.57		X				Good	Very healthy (Very good) PK-1
		FDR	73.34	X					Very good	
	GCG	GCG	1.34	X					Very good	
	Profitability	ROA	1.52		X				Good	
		BOPO	15.11	X					Very good	
	Capital	CAR	16.15	X					Very good	
	Composite Value		30	20	8				(28/30)x100% = 93.33%	

Source: Processed primary data

Table 4.2

Determination of the Composite Rating of Bank Soundness Level Assessment with the RBBR Method of Bank Negara Indonesia Syariah (BNIS) 2017-2019

Year	Component Factor	Ratio	Ratio (%)	Composite Rating					Criteria	Composite Rating
				1	2	3	4	5		
2017	Risk Profile	NPF	2.27		X				Good	Very Healthy (Very Good) PK-1
		FDR	80.31		X				Good	
	GCG	GCG	2.00		X				Good	
	Profitability	ROA	1.17		X				Good	
		BOPO	55.32	X					Very good	
	Capital	CAR	20.14	X					Very good	

Year	Component Factor	Ratio	Ratio (%)	Composite Rating					Criteria	Composite Rating
				1	2	3	4	5		
	Composite Value		30	10	16				(26/30)x100%= 86.67%	
2018	Risk Profile	NPF	2.33		X				Good	Very Healthy (Very Good) PK-1
		FDR	79.72	X					Very good	
	GCG	GCG	2.00		X			Good		
	Profitability	ROA	1.34		X			Good		
		BOPO	58.37	X				Very good		
	Capital	CAR	19.31	X				Very good		
	Composite Value		30	15	12			(27/30)x100%= 90%		
2019	Risk Profile	NPF	2.57		X			Good	Very Healthy (Very Good) PK-1	
		FDR	74.43	X				Very good		
	GCG	GCG	2.00		X		Good			
	Profitability	ROA	1.60		X		Good			
		BOPO	56.43	X			Very good			
	Capital	CAR	18.88	X			Very good			
	Composite Value		30	15	12		(27/30)x100%= 90%			

Source: Processed primary data

Table 4.3

Determination of Composite Rating for Bank Soundness Level Assessment with the RBBR Method of Bank Rakyat Indonesia Syariah (BRIS) for 2017-2019

Year	Component Factor	Ratio	Ratio (%)	Composite Rating					Criteria	Composite Rating
				1	2	3	4	5		
2017	Risk Profile	NPF	7.90			X			Pretty good	Healthy (Good) PK-2
		FDR	72.08	X				Very good		
	GCG	GCG	1.57		X		Good			
	Profitability	ROA	0.47				X	Not good		
		BOPO	66.53	X				Very good		
	Capital	CAR	20.28	X				Very good		

Year	Component Factor	Ratio	Ratio (%)	Composite Rating					Criteria	Composite Rating
				1	2	3	4	5		
	Composite Value		30	15	4	3	2		(24/30)*100% = 80%	
2018	Risk Profile	NPF	6.38			X			Pretty good	Healthy (Good) PK-2
		FDR	75.74		X				Good	
	GCG	GCG	1.54		X				Good	
	Profitability	ROA	0.40				X		Not good	
		BOPO	57.77	X					Very good	
	Capital	CAR	29.73	X					Very good	
	Composite Value		30	10	8	3	2		(23/30)*100% = 76.67%	
2019	Risk Profile	NPF	4.97		X				Good	Healthy (Good) PK-2
		FDR	80.24		X				Good	
	GCG	GCG	1.66		X				Good	
	Profitability	ROA	0.27				X		Not good	
		BOPO	59.89	X					Very good	
	Capital	CAR	25.25	X					Very good	
	Composite Value		30	10	12		2		(24/30)*100% = 80%	

Source: Processed primary data

b. Shariah Conformity and Profitability (SCnP) Model

Shariah Conformity and Profitability (SCnP) is a measuring instrument for the financial performance of Islamic Commercial Banks based on shariah observations. This model measures the performance of Islamic banking through two approaches (variables), namely the Shariahh Conformity variable and the Profitability variable. The final result of this model is to place the sample banks into four quadrants based on the calculation results of their Shariahh Conformity and Profitability.

1) Shariah Conformity

Table 4.4

Shariah Conformity Financial Performance Assessment Percentage Shariah Commercial Banks 2017-2019

No	Bank name	2017	2018	2019
1.	Bank Syariah Mandiri (BSM)	76.00	76.83	76.01
2.	Bank Negara Indonesia Syariah (BNIS)	72.40	74.98	77.44

No	Bank name	2017	2018	2019
3.	Bank Rakyat Indonesia Syariah (BRIS)	76.71	79.64	78.69

Source: financial report (processed data)

2) Profitability

Table 4.5

Profitability Financial Performance Assessment Percentage Shariah
Commercial Banks 2017-2019

No	Bank name	2017	2018	2019
1.	Bank Syariah Mandiri (BSM)	3.98	5.82	10.95
2.	Bank Negara Indonesia Syariah (BNIS)	7.44	8.81	10.95
3.	Bank Rakyat Indonesia Syariah (BRIS)	3.35	2.63	1.64

Source: financial report (processed data)

DISCUSSION

1. Risk-Based Bank Rating (RBBR) Method

Based on previous research conducted by Pambudi and Darmwan (2018) entitled "Performance Analysis of Islamic Commercial Banks Using the Risk Based Bank Rating (RBBR) Method to Determine Bank Soundness Level for the 2014-2016 Period", with the results showing that Bank Syariah Mandiri (BSM), Bank Negara Indonesia Syariah (BNIS), Bank Rakyat Indonesia Syariah (BRIS) are in the Composite Rating (PK-2) of "Healthy" or "Good". The results of this study are different from the results in the current study, where Bank Negara Indonesia Syariah (BNIS) was able to improve its performance and had the best Composite Rating (PK-1), namely "Very Healthy" or "Very Good" during 2017-2019. Meanwhile, Bank Syariah Mandiri (BSM) which was able to increase its Composite Rating (PK-2) in 2017 namely "Healthy" or "Good" to Composite Rating (PK-1) which is "Very Healthy" or "Very Good" in 2018- 2019. Meanwhile, Bank Rakyat Indonesia Syariah (BRIS) tends to be stable at the Composite Rating (PK-2), namely "Healthy" or "Good".

a. Risk Profile (Risk Profile)

There are 2 financial ratios used in the risk assessment, namely credit risk using the Non-Performing Finance (NPF) formula and liquidity risk using the FDR formula (Financing to Deposit Ratio). This is based on PBI No.13/1/PBI/2011 aspects measured in the Risk Profile factor, namely Credit Risk and Liquidity Risk.

b. Good Corporate Governance (GCG)

Good Corporate Governance (GCG) is an indicator to grow the integrity of the company and maintain the trust of stakeholders. The soundness of the bank in terms of the average value of Good Corporate Governance (GCG) at Islamic umm banks in 2017-2019 was 1.70%, 1.61% and 1.67%. The average value of Good Corporate Governance (GCG) in 2017-2019 shows that the quality of banks in conducting self- assessment on the implementation of Governance and compiling implementation reports is in a "Healthy" or "Good" condition, so that Islamic Commercial Banks are classified as trusted banks in 2017-2019. Shariah Commercial Banks that have a good predicate reflect that they have been able to implement Good Corporate Governance (GCG) which is generally "Healthy" or "Good",

The implementation of Good Corporate Governance (GCG) is one of the efforts to protect the interests of stakeholders and improve compliance with applicable laws and regulations and generally accepted ethical values in the Islamic banking industry. Good Corporate Governance (GCG) is also an indicator to foster corporate integrity and maintain the trust of stakeholders.

c. Earnings (Profitability)

The financial ratios used in the assessment of the profitability of Islamic Commercial Banks in this study use two indicators, namely using the Return On Assets (ROA) and Operating Expenses to National Income (BOPO) formulas:

1) Return On Assets (ROA)

Return On Assets (ROA) is the level of ability to generate profits by optimizing the assets owned by the bank. Average Return On Assets (ROA) 2017-2019 were 0.73%, 0.85% and 1.13% respectively. The greater the Return On Assets (ROA) of a bank, the greater the profit earned by the bank and the better the ability of the bank to manage its assets into profits.

2) Operating Expenses to Operating Income (BOPO)

This ratio is to measure the level of efficiency and ability of the bank in carrying out its operational activities. The average value of Operating Expenses to Operating Income (BOPO) during 2017- 2019 was 71.19%, 67.94%, and 67.88%, respectively. The BOPO ratio shows the efficiency level of the bank and the bank's ability to carry out operational activities in a "Very Healthy" or "Very Good" condition. This is in accordance with the determination of the BOPO rating where the BOPO ratio 94% included in the "Very Healthy" or "Very Good" criteria.

d. Capital (Capital)

Capital Adequacy Rasio (CAR) is a ratio that shows a bank's ability to maintain its capital adequacy to support assets that contain or generate risk. The average value of the Capital Adequacy Ratio (CAR) during 2017-2019 was

18.77%, 21.77%, and 20.09%, respectively. The Capital Adequacy Ratio (CAR) indicates the level of capital adequacy of the bank owned by the bank and the fulfillment of the Minimum Capital Adequacy Requirement (KPMM) is in the "Very Healthy" or "Very Good" condition. This is in accordance with the determination of the Capital Adequacy Ratio (CAR) rating where the ratioCAR 12% included in the "Very Healthy" or "Very Good" criteria.

The greater the ratio of Capital Adequacy Ratio (CAR) owned by the bank, the better, this is because banks are able to provide large amounts of capital, thus anticipating potential losses caused by disbursement of financing. A high Capital Adequacy Ratio (CAR) can also increase public trust in channeling funds to Islamic Commercial Banks.

2. Shariah Conformity and Profitability (SCnP) Model

Based on the measurement table SCnP Model2017-2019 shows that the sample of Islamic Commercial Banks is spread in three quadrants including the URQ (Upper Right Quadrant), LRQ (Lower Right Quadrant) and ULQ (Upper Left Quadrant) quadrants. Based on the observations that have been made, it can be seen that Bank Syariah Mandiri (BSM) in 2017 was in the LRQ (Lower Right Quadrant) position, which indicates a high level of shariah compliance and low profitability. Then in 2018 Bank Syariah Mandiri (BSM) experienced a shift in the position of the previous quadrant from the LRQ (Lower Right Quadrant) quadrant to the ULQ (Upper Left Quadrant) quadrant. Then in 2019 Bank Syariah Mandiri (BSM) was still in the ULQ (Upper Left Quadrant) quadrant position, which indicated that the level of shariah compliance was low and profitability was high. Meanwhile, Bank Syariah Mandiri (BSM) tends to be able to increase its profitability significantly, because it is able to move from the Lower side (low profitability) to Upper (high profitability). Based on research conducted by Lia Anggraeni and Lukman Hakim Handoko (2016) entitled "Measurement of Performance of Islamic Commercial Banks with Maqashid Index and Shariahh Conformity and Profitability (SCnP)", with the result that Bank Syariah Mandiri (BSM) is the second Islamic Commercial Bank established in Indonesia are in the URQ quadrant, namely in 2010 and 2011. The results in this study are different from the results in the current study,

Meanwhile, Bank Negara Indonesia Syariah (BNIS) in 2017-2018 is in the ULQ quadrant position (Upper Left Quadrant), which shows the bank has a low level of shariah compliance and high profitability. In 2019, Bank Negara Indonesia Syariah (BNIS) was in the best quadrant, namely the URQ (Upper Right Quadrant), which indicates that the level of shariah compliance and profitability is high. This should be appreciated because the movement to the right, especially in the best quadrant, namely the URQ (Upper Right Quadrant) indicates that Bank Negara Indonesia Syariah (BNIS) has increased its shariah compliance value and profitability level compared

to the previous year. This proves that Bank Negara Indonesia Syariah (BNIS) is more stable than the other sample banks. In other words, Bank Negara Indonesia Syariah (BNIS) is able to provide a high level of profitability, in addition to providing a high level of shariah compliance in 2019. Meanwhile, Bank Negara Indonesia Syariah (BNIS) tends to be stable in terms of profitability, because it continues to be on the Upper side (high profitability). Based on previous research conducted by Balqis Nur Vonza entitled "Analysis of Shariah Banking Performance Using the Maqashid Syariah Index and Shariahh Conformity and Profitability (SCnP) Methods" with the results of the SCnP measurement for the period 2014-2017, shariahh commercial banks obtained the highest score on the profitability variable is Bank Negara Indonesia Syariah (BNIS).

Furthermore, Bank Rakyat Indonesia Syariah (BRIS) tends to be stable in the LRQ quadrant (Lower Right Quadrant) during 2017-2019, which indicates a high level of shariah compliance and low profitability. Meanwhile, Bank Rakyat Indonesia Syariah (BRIS) tends to be stable in terms of its Shariahh Conformity because it continues to be on the Right side (high shariah compliance). Based on previous research conducted by Lia Anggraeni and Lukman Hakim Handoko (2016) entitled "Measurement of Performance of Islamic Commercial Banks with Maqashid Index and Shariahh Conformity and Profitability (SCnP) with SCnP measurement results for the period 2010-2014" determined Bank Rakyat Indonesia Syariah (BRIS)) tends to be consistently in the left quadrant which indicates that the level of shariah compliance is still low. The results in this study are different from the results in the current study, where Bank Rakyat Indonesia Syariah (BRIS) tends to be stable in terms of its Shariahh Conformity because it continues to be on the Right side (high shariah compliance). In addition to the low level of shariah compliance, the level of profitability is also relatively low. This can be proven from the frequent occurrence of Bank Rakyat Indonesia Syariah (BRIS) in the LLQ (Lower Left Quadrant) and LRQ (Lower Right Quadrant) quadrants.

Measurement by method Shariah Conformity and Profitability (SCnP) Model for three periods sets Bank Negara Indonesia Syariah (BNIS) as an investment target with the achievement of shariah financial performance and good profitability because it is in the best quadrant, namely URQ (Upper Right Quadrant). This shows that Bank Negara Indonesia Syariah (BNIS) has a high level of shariah compliance and profitability. Meanwhile, Bank Syariah Mandiri (BSM) is a bank that is able to increase its profitability significantly, because it is able to move from the Lower side (low profitability) to Upper (high profitability). While the measurement using the Shariahh Conformity and Profitability (SCnP) Model determines that Bank Rakyat Indonesia Syariah (BRIS) is a bank that has good Shariahh Conformity, because it continues to be on the Right side (high shariah compliance).

Banks that tend to provide a high level of shariah compliance, will tend to move to the right towards the Upper Right Quadrant (URQ) and Lower Right Quadrant (LRQ). Meanwhile, banks that tend to provide a high level of profitability will tend to move upward towards the Upper Left Quadrant (ULQ) and Upper Right Quadrant (URQ).

My low level of conformity happy due to the achievement of the value of Islamic Investment Ratio, Islamic Income Ratio and Profit-Sharing Ratio, while the low level of profitability is caused by the value of ROA, ROE, and low NPM as well. In addition, the cause of the low Shariahh Conformity (shariah conformity level) in Islamic Commercial Banks is the low financing with profit sharing principles (musharaka and mudharabah) which is one of the important components in Shariahh Conformity.

CONCLUSION

Based on the soundness of Islamic Commercial Banks for the 2017-2019 period, it shows that on average Islamic Commercial Banks are in a "Healthy" or "Good" condition. There is one Shariah Commercial Bank that is recommended for customers, namely Bank Negara Indonesia Syariah (BNIS). This is because in general the performance of Bank Negara Indonesia Syariah (BNIS) is able to maintain a Composite Rating (PK-1) which is "Very Healthy" or "Very Good". Then Bank Syariah Mandiri (BSM) is the second bank recommended for customers because it is able to increase the composite rating from "Healthy" or "Good" to a Composite Rating (PK-1) which is "Very Healthy" or "Very Good", while Bank Rakyat Indonesia Syariah (BRIS) tends to be stable at the Composite Rating (PK-2) which is "Healthy" or "Good".

Financial performance with Shariahh Conformity and Profitability (SCnP) Model Year 2017-2019 shows the results that the sample of Islamic Commercial Banks is spread in three quadrants, namely URQ (Upper Right Quadrant), LRQ (Lower Right Quadrant) and ULQ (Upper Left Quadrant). Bank Syariah Mandiri (BSM) in 2017 is in the LRQ (Lower Right Quadrant) position, which indicates a high level of shariah compliance and low profitability. Then in 2018 Bank Syariah Mandiri (BSM) experienced a shift in the position of the previous quadrant from the LRQ (Lower Right Quadrant) quadrant to the ULQ (Upper Left Quadrant) quadrant. Then in 2019 Bank Syariah Mandiri (BSM) was still in the ULQ (Upper Left Quadrant) quadrant position, which indicated that the level of shariah compliance was low and profitability was high. Meanwhile, Bank Syariah Mandiri (BSM) tends to be able to increase its profitability significantly, because it is able to move from the Lower side (low profitability) to Upper (high profitability). Meanwhile, Bank Negara Indonesia Syariah (BNIS) in 2017-2018 is in the ULQ (Upper Left Quadrant) quadrant position, which shows the bank has a low level of shariah compliance and high profitability. Bank Negara Indonesia Syariah (BNIS) in 2019 was in the best quadrant, namely the URQ (Upper Right Quadrant), which indicates that the level of shariah

compliance and profitability is high. The measurement using the Shariah Conformity and Profitability (SCnP) Model for three periods set Bank Negara Indonesia Syariah (BNIS) as an investment target with the achievement of shariah financial performance and good profitability because it was able to be in the URQ (Upper Right Quadrant) quadrant. Meanwhile, Bank Negara Indonesia Syariah (BNIS) tends to be stable in terms of profitability, because it continues to be on the Upper side (high profitability). Furthermore, Bank Rakyat Indonesia Syariah (BRIS) tends to be stable in the LRQ (Lower Right Quadrant) quadrant in 2017-2019, which indicates a high level of shariah compliance and low profitability. Meanwhile, Bank Rakyat Indonesia Syariah (BRIS) tends to be stable in terms of its Shariah Conformity because it continues to be on the Right side (high shariah compliance).

REFERENCES

- Dewi, M. 2018. "Analisis Tingkat Kesehatan Bank Dengan Menggunakan Pendekatan RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) [Analysis of Bank Soundness Level Using RGEC Approach (Risk Profile, Good Corporate Governance, Earnings, Capital)]. *Ihtiyath: Journal of Islamic Financial Management*, Vol.2, No.2, December 2018.
- Fahlevi, H., & Randa, P. 2017. "Financial Performance and Shariah Compliance: A Comparative Analysis Of Indonesian And Malaysian Islamic Banks". *DLSU Business & Economics Review*, DLSU 26(2) 2017.
- Kuppusamy, M., Saleh, AS, & Samudhram, A. 2010. "Measurement of Islamic Banks Performance Using a Shariah Conformity and Profitability Model". *Review of Islamic Economics*, Vol 13, No.2 2010.
- Kuswahariani, W., Siregar, H., & Syarifuddin, F. 2020. "Analisis Non-Performing FINane (NPF) Secara Umum dan Segmen Mikro Pada Tiga Bank Syariah Nasional di Indonesia [Analysis of Non- Performing Financials (NPF) in General and Micro Segments in Three National Shariah Banks in Indonesia]. *Journal of Management and Business Applications*, vol.6 No.1, January 2020.
- Muhammad. 2011." *Manajemen Bank Syari'ah Edisi Revisi Kedua* [Management of Shariah Banks Second Revision Edition]. *Yogyakarta: YKPN College of Management*.
- Pongoh, M. 2013." *Analisis Laporan Keuangan untuk Menilai Kinerja Keuangan PT. Bumi Resources Tbk* [Financial Statement Analysis to Assess Financial Performance of PT. Bumi Resources Tbk]. *EMBA Journal: Journal of Economic Research, Management, Business and Accounting*, vol. 1 No. 3 September 2013.
- Prasetyowati, LA, & Handoko, LH 2016. "Pengukuran Kinerja Bank Umum Syariah dengan Maqasid Index dan Shariah Comformity and Profitability (SCnP) [Measurement of Performance of Islamic Commercial Banks with Maqasid

- Index and Shariah Conformity and Prof/itability (SCnP)]. *Journal of Islamic Accounting and Finance*, 4(2).
- Risda, I. A 2016. “Analisis Kinerja Keuangan Bank Syariah Dengan Model Risk Based Bank Rating (RBBR) dan Shariah Conformity and Profitability (SCnP) Model di Indonesia (Periode 2013-2015 [Financial Performance Analysis of Islamic Banks Using the Risk Based Bank Rating (RBBR) Model and Shariah Conformity and Profitability (SCnP) Model in Indonesia (2013-2015 Period)]. *Makassar Thesis: Hasanuddin University Makassar*.
- Sugiyono. 2009. “Metode Penelitian Kuantitatif Kualitatif dan R & D. [Quantitative Quantitative Research Methods and R & D]. Bandung: Alfabeta.
- Sukarno & Uli Yanuarti. 2011. “Analisis Kinerja Keuangan dan Pengukuran Tingkat Kesehatan PT. Bank DKI periode 2007-2009 dengan Menggunakan rasio Keuangan Bank dan Metode CAMELS [Analysis of Financial Performance and Measurement of Health Level of PT. Bank DKI for the period 2007-2009 using Bank Financial Ratios and the CAMELS Method]. *Konwil4 Incentive Economic Journal*4, 5(2).
- Sulastri, A. 2019. “Pengukuran Kinerja Bank Syariah Dengan Model Risk- Based Bank Rating (RBBR) Dan Shari’ah Conformity and Profitability (SCnP) Pada Bank Umum Syariah Bumn Periode 2013- 2017 [Measuring the Performance of Islamic Banks Using the Risk- Based Bank Rating (RBBR) and Shari'ah Conformity And Profitability (SCnP) Models in State-Owned Shariah Commercial Banks for the 2013-2017 Period]. *Thesis. Surakarta: IAIN Surakarta*.
- www.ojk.go.id
- www.bi.go.id
- www.syariahmandiri.co.id
- www.bnisyariah.co.id
- www.brisyariah.co.id