

**ANALYSIS OF FINANCIAL PERFORMANCE INDONESIA SHARIA
BANKS**

(Empirical Study on Muamalat Bank, BRI Sharia, BNI Sharia, and Bank Sharia Mandiri)

UNDERGRADUATE THESIS

**Submitted as Prerequisite for Bachelor Degree Faculty Of Administrative
Science Brawijaya University**

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PREFACE

Assalamualaikum Warahmatullahi Wabarakatuh

Praise and Gratitude Researcher pray to Allah Subhanahu Wa Ta'ala who has given His grace and guidance that gives way of easiness and determination of difficulty, for the researcher can finish this thesis well in order to fulfill one of requirement to get Bachelor degree in Business Administration study program concentration Finance management, Faculty of Administrative Sciences. In writing this thesis many find difficulties, but thanks to the help of various parties, the difficulty can be overcome so that this undergraduate thesis can be resolved although still far from perfection.

On this occasion, the researcher would like to express a big thanks to all those who have helped in the preparation of this undergraduate thesis and also has guided the researcher during his study in Universitas Brawijaya Faculty of Administrative Sciences (FIA), especially to:

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Researcher are very aware that many shortcomings and still far from the perfection of this thesis, therefore constructive criticism and suggestions will be

expected for the perfection of this thesis. Finally, researcher hope that this thesis can provide benefits for us all. Amiin. Thanks.

Malang, Mei 2018

Researcher,

Sisca Pratiwi



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ORIGINALITY STATEMENT

I declare in truth that to the best of my knowledge, there is no scientific work ever submitted by any other party to obtain works or opinions that have been written or published by any other person except those quoted in this text and mentioned in citation sources and bibliography.

If it turns out in the text of this thesis can be proved there are elements of plagiarism, I am willing to skip this aborted and academic degree I have obtained (S-1) canceled, and processed in accordance with applicable (Law No. 20 Years 2003, Article 25, paragraph 2 and article 70).

Malang, 25 Mei 2018



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RINGKASAN

Sisca Pratiwi, 2018, **Analysis of Financial Performance Indonesia Sharia Bank's** (Study on Muamalat Bank's, BRI Sharia, Mandiri Sharia Bank's, and BNI Sharia period 2013-2016). Dr. Dra. Siti Ragil Handayani, Hal.

Kinerja keuangan adalah suatu analisis yang dilakukan untuk melihat sejauh mana sebuah bank mampu mengelola modalnya dengan baik, salah satu factor yang penting bagi bank adalah dengan mengukur kinerja keuangannya, antara lain dipergunakan untuk menilai keberhasilan bank tersebut. Sampel dari penelitian ini adalah 4 bank Syariah umum yang ada di Indonesia yaitu, PT. Bank Muamalat, Tbk., PT. BRI Sharia, Tbk., PT. Mandiri Sharia, Tbk. dan PT. BNI Sharia, Tbk..

Rasio yang digunakan pada penelitian ini adalah *Rasio Profitabilitas* yang terdiri dari *Net Profit Margin* (NPM), *Return on Asset* (ROA), *Return on Equity* (ROE), rasio kedua adalah *Rasio Likuiditas* yang terdiri dari *Cash Rasio* dan *Financing Debt Ratio* (FDR), dan rasio terakhir adalah *Rasio Solvabilitas* yang terdiri dari *Capital Adequacy Ratio* (CAR) dan *Debt Equity Ratio* (DER).

Hasil dari penelitian ini bertujuan untuk membandingkan antara bank-bank syariah pemerintah di Indonesia yaitu PT. Muamalat Bank, Tbk., Sebagai bank syariah asli dan tiga bank syariah sebagai anak perusahaan dari bank besar konvensional yaitu PT. BRI Sharia Tbk., PT. Bank Mandiri Syariah, Tbk., Dan PT. BNI Sharia Tbk., Dengan Rasio Profitabilitas, Rasio Likuiditas dan Rasio Solvabilitas, yang diperoleh oleh peneliti adalah peringkat pertama dari bank syariah lainnya adalah BNI Syariah yang telah dibuktikan dengan rasio suku bunga NPM, ROA dan ROE yang rasio mengalahkan Muamalat Bank sebagai rasio terakhir NPM, ROA, dan rasio ROE. Dan juga BNI Syariah mengalahkan Bank Mandiri Syariah sebagai peringkat kedua bank syariah lainnya dengan rasio rasio FDR dan CAR mereka. Bank Mandiri Syariah sebagai peringkat kedua bank syariah lainnya terbukti dengan tingkat Cash Ratio mereka mengalahkan BRI Syariah. BRI Syariah sebagai

peringkat ketiga bank syariah lainnya telah dibuktikan dengan tingkat rasio DER mereka mengalahkan BNI Syariah.

Berdasarkan hasil penelitian ini bahwa Bank Muamalat merupakan peringkat terakhir karena kinerja keuangannya belum baik yang dibuktikan dengan rasio buruk dibandingkan dengan bank syariah lainnya. Ini karena Bank Muamalat sebagai satu-satunya bank asli yang dibuat dengan sendirinya dibandingkan dengan bank syariah lain yang dibuat dan dimiliki oleh bank-bank konvensional besar sebagai anak perusahaan..



SUMMARY

Sisca Pratiwi, 2018, **Analysis of Financial Performance Indonesia Sharia Bank's** (Empirical Study on Muamalat Bank's, BRI Sharia, Mandiri Sharia Bank's, and BNI Sharia period 2013-2016). Dr. Dra. Siti Ragil Handayani, 109 Pages.

Financial performance is an analysis conducted to see how the bank is able to manage their capital properly, The important thing for the bank is to measure their financial performance, and also used to measure success of the bank's. The sample of this research is 4 general sharia banks in Indonesia which is, PT. Bank Muamalat, Tbk., PT. BRI Sharia, Tbk., PT. Mandiri Sharia, Tbk. dan PT. BNI Sharia, Tbk.

This research used descriptive method, which the researcher used the secondary data obtained from www.bri.co.id, www.syariahamandiri.co.id, www.bankmuamalat.co.id, www.bnisyariah.co.id and the official website of the relevant banks, consist of prospectus and financial report from PT. Bank Muamalat, Tbk., PT. BRI Sharia Tbk., PT. Mandiri Sharia Tbk. dan PT. BNI Sharia Tbk..

Ratios that be used in this research is *Profitability Ratios* which is, *Net Profit Margin (NPM)*, *Return on Asset (ROA)*, *Return on Equity (ROE)*, the second ratios is *Likuidity Ratios* which is, *Cash Rasio* and *Financing Debt Ratio (FDR)*, and the last ratios is *Solvability Ratio* which is, *Capital Adequacy Ratio (CAR)* and *Debt Equity Ratio (DER)*.

The result of this research aim to compare between goverment sharia banks in Indonesia which is PT. Muamalat Bank, Tbk., as the original one bank sharia and three of bank sharia as the subsidiaries from the big conventional banks which is PT. BRI Sharia Tbk., PT. Mandiri Sharia Bank Tbk., and PT. BNI Sharia Tbk., with *Profitability Ratio*, *Liquidity Ratio* and *Solvability Ratio*, which obtained by the researcher is the first rank of the others sharia banks is BNI Sharia that has been proved with their rate ratio of NPM, ROA and ROE that ratios beat Muamalat Bank as the last rate of NPM, ROA, and ROE ratios. And also BNI Sharia beat Mandiri Sharia Bank as the second rank of the others sharia banks with their rate ratios of FDR and CAR. Mandiri Sharia Bank as the second rank of the others sharia banks proved with their rate of Cash Ratio beat BRI Sharia. BRI Sharia as the third rank of the others sharia banks has been proved with their rate of DER ratio beat BNI Sharia.

Based on result of this research that Muamalat Bank is the last rank because their financial performance is not in good yet that proved with their bad ratios compared with the others sharia banks. It because Muamalat Bank as the only original one bank created by itself comparing with the others sharia banks which created and owned by the big convetional banks as the subsidiaries.

THESIS APPROVAL SIGN

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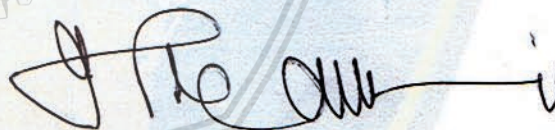
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VALIDATION SHEET

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CHAPTER I

INTRODUCTION

A. Research Background

Bank is a business entity that specifically carries important role as an intermediary institution linking the funds by surplus economic unit to deficit economic units. Therefore, banks with excellent performance can support the growth of businesses and enterprises in Indonesia because they role as the working capital investment funds provider for business and enterprise units in the effort to carry out production unit.

Bank also has functions as an institution that is receiving and distributing monetary policy made by the central bank (Bank of Indonesia). Whereas the central bank (Bank of Indonesia) has important role as an institution that allowed to release money and regulate the process of money circulation that goes through the banking (Kusumawardani, 2008). Therefore, banks should be able to maintain the health measurement in order to carry out its role as intermediary properly.

Bank performance is part of the bank general performance. Since bank performance is the image of bank achievement in its operations, both are related to financial aspects, marketing, funds collection and distribution, technology and human resources (Jumingan, 2009).

Bank is a financial institution which its business activities rely on public trust, hence, the bank health measurement should be well supervised and maintained. Health maintenance is executed by maintaining its liquidity, so banks are able to meet its obligations and maintain its performance in order to gain trust from community, public trust toward banks would be accomplished if banks are able to optimally improve their performance.

However, there are certain types of banks such as conventional banks that are lack of people trust because their interest rate is considered as “riba”. As generally known, the base of conventional banking practice is interest-based, which one party (the client), act as the borrower and the other party (the bank) act as the lender. As the consequence of the loan, the client bears interest as compensation for the debt payment deferment, by not considering whether the client's business is profiting or not. This practice is actually very similar to the practice of *riba jahiliah* during jahiliyah era. The difference found was, during *jahiliah* era the interest will be charged when the debtor can not pay off the debt at a predetermined time, as additional compensation payment. While in the practice of conventional banking, interest has been established since the first agreement was made, or since the debtor receives the loan. Hence many religious scholars said the practice of interest in the banking sector today is more *jahiliah* compared with *jahiliah* era itself. As the result, the Islamic community starts to comprehend the situation and becomes hesitate to choose the conventional bank. In addition, *riba* also occurs in the savings aspect. Whereas clients get a definite interest from the bank whether

the bank is having profits or deficit. In contrast to the Sharia system, Sharia banks do not promise fixed returns, but they give *nisbah* (i.e the banks profit percentage distribution). So that clients profit may obtain less or more according to the bank profit, thereby the term sharing profit was created. Therefore, many people prefer Islamic banks than conventional banks eventually.

Based on the above matters, the government issued the Constitution No.10 / 1998 which regulates the legal basis, and the types of business that can be operated and implemented by Sharia banks. The law also gives direction to the conventional banks for the conversion to the *sharia* system, either by opening Islamic branches or by doing total conversion to the *sharia* system. The opportunity was welcomed enthusiastically by conventional banks. Some banks convert and open *sharia* branches such as; Mandiri sharia, BRI sharia and BNI sharia.

Sharia banking as part of the national banking system has an important role in the economy. In contrast to conventional banking, Sharia banking applies the Sharia law principles in financial transactions and operations. Sharia banking emerged as an answer to people's need for financial transactions with Sharia principles. In general, the main purpose of Islamic banks is to conduct banking activities (financial), commercial and investment in line with the Sharia principles in order to encourage and accelerate the society economic progress (Institut banker Indonesia, 2003).

The implementation of Constitution (UU) No. 21 Year 2008 concerning Sharia Banking completed the UU Number 10 Year 1998 as the changing result of UU Number 3 Year 2004 on changes to UU Number. 23 Year 1999 regarding Bank of Indonesia, to provide a foundation for Sharia banking in conducting operations and also direct conventional banks which about to open their Sharia banks branches (Anshori, 2009, p. 32).

The sharia banks in Indonesia are young, the development so slow in Indonesia, but the realization occurred in 1992 by one of the government banks, Bank Muamalat Indonesia, with clear law. Indonesia Muamalat Bank (BMI), established in 1991, is the first bank in Indonesia to apply the principles of sharia, both in terms of capital and business activities

The bank was initiated by the Indonesian Ulema Council (MUI) and the government as well as the support of the Indonesian Muslim Intellectuals Association (ICMI) and several Muslim businessmen. During the 1998 economic crisis that caused President Soeharto to step down, bankers wondered why Bank Muamalat could survive a crisis that made dozens of other conventional banks falling helplessly. Inspired by Bank Muamalat's stand against the crisis, Bank Mandiri Sharia stands, the second Sharia bank in Indonesia. Mandiri Sharia Bank is a combination of several state-owned banks that happened to be affected by the crisis in 1998.

Of course the bankers are betting again whether this bank will survive or not. They believe, if the Mandiri Sharia Bank can survive then sharia banking has a promising future in Indonesia. Who would have thought

eventually Mandiri Sharia bank was quite successful and so the emerging emergence of various other Islamic banks in Indonesia. Currently the existence of sharia banks in Indonesia has been regulated in the Act that is Law no. 10 of 1998 on Amendment of Law no. 7 of 1992 concerning Banking.

Along with the development of banks in Indonesia, many conventional banks are turning their business into sharia banks. Establishment of Sharia banks is certainly based on the principles of sharia. Based on Article 1 paragraph (7) of Law Number 21 Year 2008 concerning Sharia Banking means sharia bank as a bank conducting its business activities based on sharia principles and according to its type consist of sharia commercial bank and bank of bank financing of sharia. Conventional commercial banks wishing to convert their business activities into sharia-compliant banks must comply with the provisions contained in PBI No.9 / 7 / PBI / 2007 Ali Syukron (2013: 2).

Bank Muamalat is the original bank or the first bank to apply with sharia system. Because Indonesia is a country with the largest Muslim population in the world, with 87.18% of the population is adherents of Islam. For that reason Bank Muamalat stands by offering a sharia system in accordance with Muslim life guidelines; *Al-Qur'an*. This resulted in conventional bank customers becoming more convinced to leave conventional bank and to move to Bank Muamalat, and also because of the global crisis in Indonesia that has an impact on conventional banks because sharia banks are not disturbed by the global crisis, so Bank Muamalat increasingly in demand.

Despite the impact of the global crisis and the distrust of Muslim populations with conventional banks as they are believed to implement the system; usury. So that it becomes the reason why conventional banks convert themselves into Bank Sharia.

BRI sharia, Mandiri Sharia bank, and BNI Sharia are subsidiaries from the big conventional banks. Besides distrust from people has believed that conventional bank is *riba* in their system, so many people switch to bank with sharia system which means is system with *profit-sharing*. Because of that conventional banks convert to sharia bank. BRI Sharia, Mandiri Sharia bank, and BNI Sharia as subsidiaries from big conventional bank have main support from their parent bank besides support from government. So that why very easy for sharia banks as subsidiaries from conventional banks to develop very quick.

Although sharia banks in Indonesia are still very young but the development is very good in every year. The sustainable development of Sharia banking in Indonesia is not without obstacles. Sharia banks journey in Indonesia have faced many challenges. The main challenge is how to achieve people's trust to running their bussiness based on Sharia Law, since there are so many people hesitate to believe that conventional bank convert to sharia bank. That conversion was judged only as imaging. Therefore, the researcher is interested in conducting this research entitled **"Analysis of Financial Performance of Indonesia Sharia Banks" in the period of 2013-2016 (Empirical Study on Bank Muamalat, BRI Sharia, BNI Sharia, Bank**

Sharia Mandiri). This research aims to seek the truth based on the background above and to compare the performance of Sharia banks that are studied.

Researcher wants to simplify the object of study by only focusing on the comparison of the financial performance of Sharia banks. Researcher compares and only focuses to the performance between Sharia banks which is Muamalat Bank as the original one bank and BRI Sharia, Mandiri Sharia, BNI Sharia as the subsidiaries from the big conventional banks. Since the researcher attempt to only focus on Muamalat Bank as the original one bank and BRI Sharia, Mandiri Sharia, BNI Sharia as the subsidiaries from the big conventional banks, the researcher will rule out Bank BTN Sharia because it is a Business Unit. Researcher analyzes each object through the data from annual financial report published by each bank selected as object by the researcher. From the data, the researcher tries to measure it using financial ratios limited to quantitative data, which becomes the primary limitation in this study, so the researcher rules out qualitative data contained in the financial report.

B. Research Problem

According to the background of the study above, the question of this research is: What is the comparison financial performance of Sharia banks, which is Bank Muamalat as the original one bank with BRI Sharia, Mandiri Sharia, and BNI Sharia as the subsidiaries from big conventional in the period of 2013-2016?

C. Research Objectives

The objective of this study is to find out the financial performance between Sharia banks, which is Bank Muamalat as the original one bank with BRI Sharia, Mandiri Sharia Bank and BNI Sharia as the subsidiaries from big conventional banks period 2013-2016. This study aims to find out how major the comparison between Sharia banks, by measuring the financial ratios.

D. Research Contributions

a. For the Bank

The results of this study are expected to be comparison among Sharia Banks in Indonesia deficiency approval and to be the reason for a better change in the future banking.

b. For the government

From the results of this study, the government is expected to initiate changes in the Islamic BUMN banking to gain more trust from people and not only be seen as an imaging proposes by some parts of society, making Bank Muamalat as a reference of the better change in the future.

c. For the public

To provide information to the public in order for them having better understanding regarding Sharia bank performance so people will not be mistaken and hesitate to choose Sharia banks.

E. Systematic Discussion

Systematic discussion that is needed to broaden understanding of this study contents, are as follow:

CHAPTER I INTRODUCTION

This chapter describes the background of the study, problems of study, research objectives, research contribution (the beneficial contribution) and systematic discussion.

CHAPTER II REVIEW OF RELATED LITERATURE

This chapter consists of previous researches and theoretical frameworks that support this research. Furthermore, this concept will be formulated and eventually formed the framework for this study.

CHAPTER III RESEARCH METHOD

This chapter explains about type of research, concept, definition of operational variable, research population and sample, data source and data collection methods, variable and variable measurement as well as data analysis method.

CHAPTER IV RESULT AND DISCUSSION

This chapter explain about overview of research object, data presentation of the annual finance statement, ratios analysis, and analysis banking ratios.

CHAPTER V CONCLUTION AND SUGGESTION

The last chapter explain about conclusion and suggestion.



CHAPTER II

REVIEW OF RELATED LITERATURE

A. Previous Research

1. Dio Sasta Yuhansyah (2013)

The title of this research is "Analysis of the Performance of Sharia Bank and Conventional Bank". This research studied the financial performance of Sharia State Owned Enterprises (BUMN) compared with conventional BUMN Bank. This research also analyzed the alternative establishment of Sharia BUMN Bank. Bank performance indicator assessment was based on the bank health rate examined through capital, rent-ability quality and liquidity management aspects. This research took six bank samples, which were; BRI, Bank Mandiri, BNI, BRI Sharia, BNI Sharia dan Bank Sharia Mandiri. This research was conducted by using comparative data analysis, in which comparing one data to another. CAMEL variables used to analyze the health rate consists of 8 (ratio): capital adequacy ratio (CAR), non-performing loan (NPL), net profit margin (NPM), return on assets (ROA), return on equity (ROE) net interest margin (NIM), operating costs on operating income (BOPO), and loan to deposit ratio (LDR). The results of this study indicate conventional banks have better performance compared to the Sharia banks. And, the alternative of establishing Islamic BUMN Bank to create a better performance bank was done by combining the entity and conventional in the same bank.

2. Candra Puspita Ningtyas (2013)

The title of this research is "Comparison of Financial Performance Conventional Bank and Sharia Bank using Financial Ratios". This study aims to know and explain: 1) how comparison financial performance between Conventional bank with Sharia Bank, 2) differences in financial performance of PT Mandiri Bank and PT Mandiri Sharia Bank viewed of CAR, APYD, AP, ROA, ROE, NIM, NOM, BOPO, and REO. This research conducted at Mandiri Bank and Mandiri Sharia Bank. Using financial ratios. The result of this research is based on ningtyas research showed Capital ratio of Mandiri Bank better than Mandiri Sharia Bank because on period 2009-2012 Mandiri Bank showed increased trend compare with Mandiri Sharia Bank has fluctuated. Rate of APYD Mandiri Bank also better than Mandiri Sharia because Mandiri Sharia more have significant fluctuative although the both shows that decreased trend. Ratio rentabilitas which is ROA, NIM, BOPO Mandiri Bank more better than Mandiri Sharia.

3. Aprilia Nurul Cholifah (2016)

The title of this research is "Analysis of Financial Performance Banking Before and After Joint Venture" This study aims to know and explain: 1) Financial performance of PT Bank Mandiri before and after the establishment of Joint Venture PT Bank Mantap, 2) differences in financial performance of PT bank mandiri viewed Of CAR, NPL, LDR, ROE, ROA and BOPO ratios. This research is conducted at Indonesia Stock Exchange. Using normality test method and dependent test of T-test sample. The result of this

research is based on cholifah research that mean CAR is better than before Joint Venture, mean mean in NPL, LDR, ROE, ROA and BOPO better before Joint Venture formed after Joint Venture and there is difference of CAR level And BOPO at PT Bank Mandiri before and after the formation of Joint Venture, while in NPL, LDR, ROE, and ROA PT. Bank Mandiri there is no difference before and after the formation of Joint Venture

Table 2.1 Mapping Prior Research

No	Researcher	Title	Analysis	Variable	Result of research
1	Yuhansyah (2013)	Analysis of the Performance of Sharia Bank and Conventional Bank	CAMEL Methodology	Independent Variable: Capital ratio, asset, management, rent, liquidity	In the analysis of CAR, ROA, NPL, NPM, NIM, ROE, BOPO, LDR were calculated. With CAMEL method, 1. The health level of conventional bank is better than Sharia bank, considered from capital, asset quality, management, rent, and liquidity aspects. 2. The health growth of conventional bank is better than the health growth of Sharia bank through capital, asset quality,

Continued from table 2.1

No	Researcher	Title	Analysis	Variable	Result of Research
					management, rent, and liquidity aspects.
2	Ningtyas (2013)	Comparison Financial Performance of Conventional Bank and Sharia Bank (Study on PT Mandiri Bank and PT Mandiri Sharia Bank period 2009-20012)	Descriptive financial ratios	CAR, APYD, AP, ROA, ROE, NIM, NOM, BOPO, REO	Capital ratio of Mandiri Bank better than Mandiri Sharia Bank because on period 2009-2012 Mandiri Bank showed increased trend compare with Mandiri Sharia Bank has fluctuated. Rate of APYD Mandiri Bank also better than Mandiri Sharia because Mandiri Sharia more have significant fluctuative although the both shows that decreased trend. Ratio rentabilitas which is ROA, NIM, BOPO Mandiri Bank more better than Mandiri Sharia. But ROE of Mandiri Sharia bank better than Mandiri Bank

Continue from table 2.1

No	Researcher	Title	Analysis	Variable	Result of Research
3	Cholifah (2016)	Analysis of Financial Performance Banking Before and After Joint Venture	Normality T-test sample	Independent Variable: CAR, NPL, LDR, ROE, ROA and BOPO	The result of this research is based on cholifah research that mean CAR is better than before Joint Venture, mean mean in NPL, LDR, ROE, ROA and BOPO better before Joint Venture formed after Joint Venture and there is difference of CAR level And BOPO at PT Bank Mandiri before and after the formation of Joint Venture, while in NPL, LDR, ROE, and ROA PT. Bank Mandiri there is no difference before and after the formation of Joint Venture

(sources: data processed)

B. Research GAP

Based on table 2.1 above the research GAP between previous research with this research is, because this research is the first time raised with the title

above, in the previous research try to compared conventional bank with bank sharia, but in this research researcher try to compared sharia bank with the other bank sharia.

C. Bank

1. The Definition of Bank

According to Constitution (UU) Number 10 of November 10th, 1998 about banking, "Bank is a business organization that collect fund from the society in the form of saving and distribute the fund to the society in the form of credit and/or other forms with the aim to improve the living standard of the society"

In *Kamus Besar Bahasa Indonesia*, the definition of bank is an organization that manage, receive money saving, receive saving and give loan with some interest. Kuncoro and Suhardjo (2011: 68) defined bank as a financial organization which main task is to collect and distribute the fund to the society and the money flow.

From the definitions above, it can be concluded that bank is an intermediating institution which specialize in financial area where its main task is to collect fund and distribute them to the society, it also provide service in payment flow in order to make the society's activities easier.

2. Principle of Bank

According to Lukman (2009:20), there are three principles that must be heeded by bank, which are:

- a. Liquidity is a principle where bank must be able to fulfill its duty.
- b. Solvability is the ability to fulfill the financial duty if the said company is liquidized. A solvable bank is a bank that is able to guarantee all its debt.
- c. Rent-ability is the ability of a company to produce profit in a certain period.

3. Function of Bank

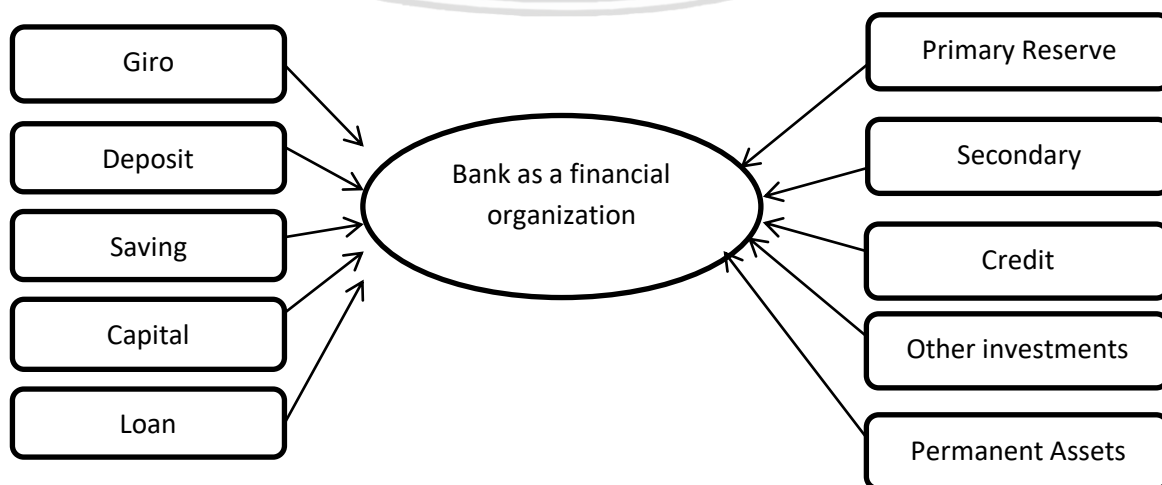
According to Kuncoro and Suhardjono (2011: 68) the main functions of bank in the development of economy are:

- a. Bank as an organization that collects fund from the society in the form of saving.
- b. Bank as an organization that distributes fund to the society in the form of credit.
- c. Bank as an organization that smoothen trading transactions and money flow.

The role of a bank in the society can be described in the figure below:

Figure 2.1

The main function of Bank as Financial Intermediary



Source: Kuncoro and Suhardjono (2011: 68)

4. Bank Performance

The definition of performance by Simanjuntak (2011:47) is a level of achievement from conducting a certain task to achieve the target, purpose, mission and vision of an organization, and to improve the purpose of the company.

The definition of bank performance according to Jumingan (2009:33) in Lestari and Abdullah (2015) is a part of the whole bank performance. The performance of bank as a whole is a description of achievement which is achieved by the bank in its operation, whether in financial aspect, marketing aspect, collecting and distributing fund, technology, or human resources.

Based on the statements above, bank performance is the description of the bank financial condition in a certain period about the fund collecting aspect and fund distributing aspect measured by the capital sufficiency, liquidity, and the bank profitability indicators.

5. The Advantage of Performance Measurement

The advantages of performance measurement (Munawir, 2010:35) are as follow:

- a. To measure the achievement achieved by an organization in a certain period which reflects the level of the success of realization of the activities.
- b. It can be used to measure the contribution of a certain part or division in the attainment of the company's goal as a whole.
- c. It can be used as the base of the company determining the future strategy.

- d. Give guidance in decision making and the organization's activity in general and specifically for a certain division or part of organization.
6. The Purpose of Performance Measurement

The purpose of performance measurement according to (Munawir, 2010:35) are as follow:

- a. To know the liquidity level, which is the company ability to get its financial duty which needs to be fulfilled soon or the company ability to fulfill its financial when billed.
- b. To know the solvability level, which is the company ability to fulfill its financial duty if the company is liquidized, whether it be the short-term financial duty or long-term financial duty.
- c. To know the rent-ability level or profitability, which is showing the company ability to produce profit in a certain period.
- d. To know the business stability level, which is the acompany ability to do its business with stability. It is measured by considering the company ability to pay its loan interest including paying back its main loan on time, and th ability to pay the deviden regularly to the share holders without a hitch or money crisis.

C. Types of Bank

1. Conventional Bank

Conventional bank can be described like the definition of common bank in Article 1 Clause 3 UU Number 10 Year 1998 with ommiting the sentence "and/or based on the sharia principle", which is banks that do business activities conventionally which provide service in payment flow (Saragih, 2010:41).

2. Sharia Bank

a. The Definition of Sharia Bank

Sharia bank is a bank that does business activity based on sharia principle, which is the rule based on Sharia law between the bank and other parties to save the fund and/or pay the business activities, or other activities that are stated in accordance with the sharia. Sharia bank or Islamic bank in other countries is different from conventional bank. The main difference lays on the base of operation that is used. While conventional bank operates based on interest, Islamic bank operates based on profitsharing plus trading rent (Yumanita, 2005).

This is based on the belief that interest contains *riba* which is forbidden in Islam. According to Islamic view, there is injustice in interest system because the fund owners make the borrowers pay more than what they owe without considering whether the borrowers actually gain profit or not. On the other hand, profit sharing system used by Sharia bank is a system where the borrower and the fund owner share the risk and the profit based on the agreement (Yumanita, 2005).

In this case there is no party that is being inflicted to financial loss. Furthermore, if it is seen from economic perspective, Sharia bank can also be defined as intermediating organization which supplies public investation optimally (with its duty to pay the *zakat* and *riba* ban) and productively (with its gambling ban) and run based on Islamic value, ethic, moral, and principle (Yumanita, 2005).

b. Basic Principle of Sharia Bank

The limitations that must be followed by Sharia banks in conducting their business are based on Islamic syariat or Islamic law. This situation causes Sharia bank to implement principles that are in accordance and not contradictory with Islamic syariat (Antonio, 2009:19). The principles of Sharia bank are as follow:

a) Deposit or Saving Principle (*Al-Wadiah*) *Al-Wadiah* can be defined as pure deposit of a person to another person, either individually or body corporate, that must be taken care of and returned whenever the deposit owner wanted (Antonio, 2009). Generally, there are two types of *al-wadiah*, they are:

- 1) *Wadiah Yad Al-Amanah* (Trustee Depository) is money/goods deposit agreement where the deposit keeper is not allowed to use the money/goods that are being deposited and will not be held responsible for the damage or loss of the money/goods that is not caused by the deposit keeper. The actual application of this deposit in Islamic bank is in the form of safe deposit box (Antonio, 2009).
- 2) *Wadiah Yah adh-Dhamanah* (Guarantee Depository) is money/goods deposit agreement where the deposit keeper can use the money/goods with or without the deposit owner's consent and must be held responsible for the

damage or loss of the money/goods. All the advantages and profit gained from the use of the money/goods belong to the deposit owner. This principle is applied in the form of giro product and saving (Antonio, 2009)

b) Profit Sharing Principle.

This system is a system regarding the method of sharing the profit between the fund provider and the fund manager. The products based on this principle are:

- 1) Al-Mudharabah. Al-Mudharabah is a business cooperation agreement between two parties where the first party (shahibul maal) provides all (100%) capital, while the other party manages the capital (mudharib). The profit from mudharabah is divided based on the agreement that is written in the contract, however, if they experience loss, the loss will fall upon the capital owner's hand as long as the loss is not caused by the dereliction of the capital manager. If the loss is caused by the capital manager's fraudulence or dereliction, the capital manager must be held responsible for the loss (center communication economic sharia, 2008: 37).
- 2) Al-Musyarakah. Al-Musyarakah is a cooperative agreement between two or more parties in a certain business where each party gives funding contribution

under the agreement that the profit and loss will be carried together in accordance with the agreement (Antonio, 2010).

c) Trading Principle (Al-Tijarah).

This principle is a system that uses buying-selling sistem where the bank will buy the needed goods beforehand or select a client to be the bank agent to buy the goods in the name of the bank, then the bank sells the goods to the clients with the same buying price plus margin (Antonio, 2009). The implication is:

- 1) Al-Murabahah. Murabahah is goods trading agreement by stating the agreed buying price and margin by the seller and buyer (Antonio, 2009)
- 2) Salam. Salam is ordered goods trading agreement with the shipping postponement by the seller and the full payment is executed as soon as possible by the buyer before the goods are received based on certain requirements. The bank can act as either the buyer or the seller in salam transaction. If the bank acts as the seller then asks other party to provide an ordered goods using salam then this situation is called as salam parallel (Antonio, 2009)
- 3) Istishna'. Istishna' is the sales contract between the buyer and the producer, where the producer also acts as the

seller. The payment method can be cash in advance, installment, or temporary withholding. The ordered goods' characteristics that generally should be known are: type, technical specification, quality, and quantity. Bank can act as the buyer or the seller. If a bank acts as a seller then orders to other parties to provide the ordered goods by istishna, then it is called a parallel istishna (Antonio, 2009)

- d) Rent Principle (Al-ijarah). Al-Ijarah is the transfer contract of usufructuary right of goods and services, through renting wage payment, but it is not followed by the transfer of ownership right of the goods. Al-ijarah is divided into two types: (1) Ijarah, true lease. (2) ijarah al muntahiya bit tamlik is the combination of lease and purchase, in which the renter has the rights to own the goods at the end of renting time (Antonio, 2009)
- e) Service Principle (Fee-Based Service). This principle includes all non-financing services provided by the bank (Antonio, 2009).

All of the products based on this law are:

- 1) Al-Wakalah. The client gives the power for the bank to represent him/herself to do a particular service work, like transfer.

2) Al-Kafalah. The insurance given by the guarantor to the third party to fulfill the second party's obligation or the guaranteed parties.

3) Al-Hawalah. Al Hawalah is the debt shifting from the levered person to other who is obligated to bear the debt. The hawalah contract in banking is usually applied in the Factoring, Post-dated check, where the bank acts as the field collector without paying the receivable first (Antonio, 2009).

4) Ar-Rahn. A-Rahn is holding one of the properties owned by the borrower as the insurance for the loan received by the borrower. The goods that are held have an economic value. Therefore, the parties who held the goods have the insurance to get back all or some of their receivable. In short, rahn is a kind of debt or pledge insurance (Antonio, 2009).

5) Al-Qardh. Al-Qardh is giving others an asset that can be recollected/re-owned or in other words, lending without expecting a return. This product is utilized for helping small business or social needs. The fund is acquired from zakat, infaq, dan shadaqah (Antonio, 2009).

1. Sharia Bank Operational System

In the Sharia bank operational system, the fund owner invests their money to the bank without the motive to get the bank's interest, but to get the profit sharing benefit. Then, the client's fund went to those who need it

(business capital for instance), with the profit sharing agreement that is in accordance to the commitment (Rindawati, 2007). The operational system consists of:

- a. Fund Collector System. The fund collecting method in the conventional banks were based on the theory stated by Keynes, who stated that people needed money for three functions; as a medium of exchange, as a store of value, and as a unit of account. This theory makes the fund collecting products are designed to fulfil those three functions, they are in the forms of giro, savings, and deposit. Meanwhile, Sharia bank does not conduct a single approach in providing the fund collecting system for its clients (Rindawati, 2007). Basically, by looking into its source, Sharia bank funding consists of:
 - 1) Capital. Capital is the fund given by the owner. The capital fund can be used to purchase building, land, equipment, and etc. that does not directly bring out anything (fixed asset/non-earning asset). Besides that, capital can also be used for the productive activities like financing. If the financing comes from the capital, the earnings will be acquired by the capital owner and not shared to the other fund owners. The mechanism of capital participation for shareholders, in the sharia banking, can be done through musyarakah fi sahm asysyarikah or equity participation in the bank's company share (Rindawati, 2007).

- 2) Deposit (Wadi'ah). One of the principle used by Islamic bank to mobilize the fund is by using deposit principle. The contract suitable for this principle is al-wadi'ah. In this principle, the bank receives the deposit from the client and fully responsible for the deposit. The client, as the depositor, has the rights to take it anytime, in accordance to the regulations in effect (Rindawati, 2007).
- 3) Investment (Mudharabah). The contract suited for investment principle is mudharabah, which had the same cooperation objective between the fund owner (shahibul maal) and the fund manager (mudharib); the bank, in this context. The fund owner as the depositor in Sharia banks acts as the genuine investor who is responsible for the sharing risk aspect and the return from bank. Therefore, depositor is not the lender or the creditor for the bank, as it is in the conventional bank (Rindawati, 2007).

b. Financing. Financing product in the Sharia bank can be developed into three models, which are:

- 1) Financing transaction aimed to own goods is done by employing the sales principle. This sales principle is developed into financing forms of: murabahah, salam dan istishna' (Rindawati, 2007).
- 2) Financing transaction aimed to acquire services is done by using the renting principle (Ijarah). The ijarah transaction were based on

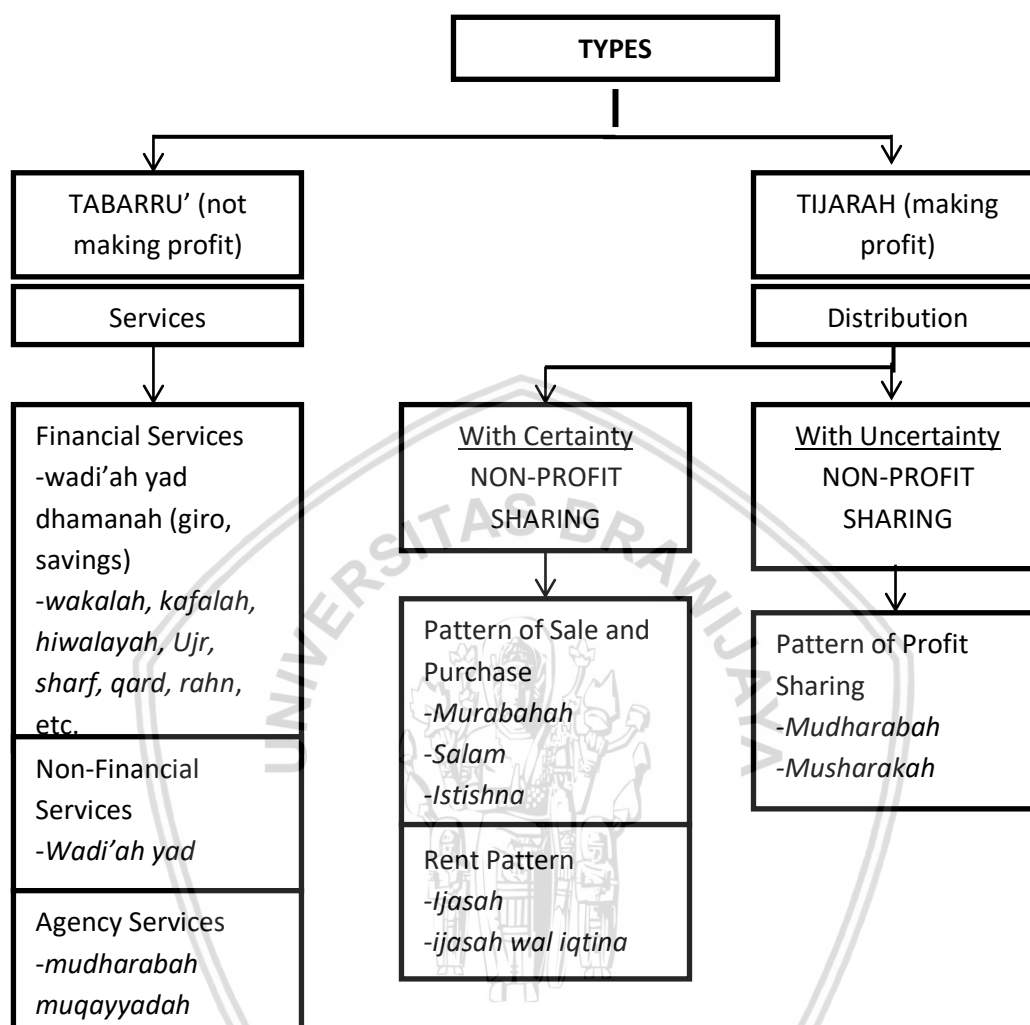
the transfer of benefit. Hence, basically, Ijarah principle is the same as sales principle, but the aim of these transactions is different. For sales principle, the transaction aim is goods; while for ijarah, the transaction aim is services (Rindawati, 2007).

2. Sharia Bank Transaction

Besides conducts transaction to get profits, sharia bank also conducts a non-profit transaction. This transaction is included in the services (fee based income). Some services provided by Islamic bank to its clients are financial, agent, and non-financial services. Financial services includes *Wadi'ah yad dhamanah* or deposit (in the form of giro and savings), *wakalah* (the power transfer for bank to represents the clients), *kafalah* (the insurance given by someone to ensuring the fulfillment of second parties' obligations), *hiwalah* (fund/debt transfer from the depositor/debtor to the receiver/creditor), *rahn* (loan with an insurance/ pledge or mortgage), *sharf* (sale and purchase of currencies) (Yumanita, 2005).

Sharia bank also may act as the investigation agent in the form of *mudharabah muqayyadah* or bound investment, when an investor client gives the investment limitation they wanted. Bank only act as the agent or intermediary for arranging meeting between investor and businessman. Other than that, there are also many Sharia banks that could give non-financial services, like safe deposit box services (Yumanita, 2005). In short, the types of Sharia bank transaction could be seen from the figure 2.2:

Figure 2.2: Types of Sharia bank's transaction



Source: Yuanita (2009)

3. The Comparison between Conventional and Sharia Bank

According to Antonio (2007) in some circumstances, conventional and Sharia bank have some similarities, especially in the technical side of receiving money, transfer mechanism, the usage of computer technology, and other general requirements to receive financing. But, there are many fundamental differences between them. The differences are in the legal, organization structure, the financed business and work environment.

a. Contract and legality aspect

In Sharia bank, the contract done have world and *ukhrowi* (afterlife) consequences because the contract is done based on the law of Islam. Every contract in Islamic banking, whether it is about the goods, the person conducting the transaction, or other regulation, needs to fulfill the regulation of contract (Antonio, 2007).

b. Dispute Settlement Institution

Differs from conventional bank, if there are differences or disputes between the bank and its clients, both parties will not settle it in the district court, but it will be settled by following the Islamic regulation and substantive law. The institution that manage the Islamic substantive law in Indonesia is known as Badan Arbitrase Muamalah Indonesia or BPMUI which founded by The General Attorney of the Republic of Indonesia and Majelis Ulama Indonesia (Antonio, 2009).

c. Organization Structure

Sharia bank could have the same structure as the conventional bank, for example like the board of commissioners and directors, but the most distinctive feature between Islamic and conventional bank is the obliged existence of Sharia Supervisory Board which duty is to supervise the bank's operations and products to be corresponded with Islamic regulation (Antonio, 2009).

d. The Financed Business and Work

In Sharia bank, the business and the work will not be separated from Islamic filtering. Because of that, Islamic bank will not finance a business with forbidden feature or not suited with Islamic law (Antonio, 20010).

e. Work Environment and Corporate culture

An Sharia bank should likely to have a work environment that in accordance with the Islamic law. For example, in the ethical aspects, the *amanah* and trusted personality should be acquired by every employee so it could mirrored the good Muslims executive integrity. Other than that, Islamic bank employees should be skillful, professional and able to work in team where the information is spread in all of the functional organization. It also applies for reward and punishment; it also requires a law of justice that in accordance with the Islamic law (Antonio, 2007).

D. The theories exhibit bank performance

1. Profitability Theory

The bank financial performance is picturing the financial condition of a bank in certain period, whether it is fund collecting or fund financing aspects. The assessment for a bank performance could be done by conducting an analysis for its financial report. Where the profitability is used for calculating the management effectiveness based on the returns resulting from the loan investment. The factors that affecting the bank profitability could

came from every profitability performances which showed by some indicator (Nasser : 2003).

Profitability as the base for the existence of relations between the operational efficiency and the quality of services produced by a bank. Profitability is the specific size of a performance of a bank, where it is the objective of a management of a company by maximize the value from every shareholders, optimization of various return level, and minimize the existing risk (Hadad et al., 2003).

Profitability Ratio is the ratio that used to calculate the effectivity of company management as a whole, which showed by how big is the profits acquired by the company. Profitability ratios is considered as the most valid tool to assess the results of company's operation, because the profitability ratio is the comparison tool for every alternative investment that corresponded with the risk level. The bigger the investment risk, it is expected that the acquired profitability will also bigger. (weygandt et al : 1996 in Adyani : 2011)

Financial ratio to assess how big the profits level acquired by the company, where the profits is bigger, it shows how better is the management of the company. So to know the profitability level of a company, it could be calculated by using the financial ratios, which are (Sutrisno: 2009):

a) Net Profit Margin (NPM)

Net Profit Margin (NPM) is a ratio that depicts the rate of bank profit, compared to the revenue earned from its operational activities. In which NPM refers to bank's international income, especially the one that is

earned from credit giving activity which, in practice, has a lot of credit risks (problem and bad debt credit), and also foreign exchange rate (if the credit is given in the form of foreign exchange). (Sutrisno : 2008).

According to Bank of Indonesia's Circular (No.6/23/DPNP on May 31st, 2004), a good NPM standard is 5%. Hence, the higher the value of NPM is, the more productive the company performance is, and it will also increase the investor's trust to invest their capital on that company. The NPM Formula is:

$$NPM = \frac{\text{Net Income}}{\text{Operating Income}} \times 100\%$$

b) Return On Asset (ROA)

The important profitability ratio for a bank is Return on Asset (ROA). ROA is important for the bank since ROA is used to measure the company's effectivity in earning profit by utilizing the asset owned by it. ROA is a ratio between profit before tax and total asset. The higher the ROA is, the better the company's performance is, since the return rate increases. (Husnan: 1998 as cited in Adyani: 2011).

On Asset (ROA) is one of many profitability ratios used to measure company's effectiveness in earning profit by utilizing the total it has. According to Dendawijaya (2009), this ratio is used to measure the capability of bank management in earning profit in general.

According to Bank of Indonesia's Circular (No.6/23/DPNP on May 31st, 2004), hence a good ROA standard is 1,5%. Therefore the higher ROA value, the better the company's performance is since the return rate increases. The ROA formula is:

$$ROA = \frac{\text{Profit Before Tax}}{\text{Total Asset}} \times 100\%$$

c) Return On Equity (ROE)

Return On Equity (ROE) is a ratio used to measure the capability of bank management in managing capital to earn net income. (Kasmir : 2012) on the other hand, according to Dendawijaya (2009) ROE is a comparison between bank's net income and self capital. In which ROE is an important indicator for shareholders to know the bank's capability in earning net income related to dividend.

If this ratio increases, the net income of a bank will also increase, and it will affect the stock price of that bank consecutively. According to Bank of Indonesia's Circular (No.6/23/DPNP on May 31st, 2004), hence a good ROE standard is 12%. The higher the value of ROE is, the higher the return earned by the capital owner for the invested capital. The ROE formula is:

$$ROE = \frac{\text{Net Income}}{\text{Equity}} \times 100\%$$

2. Liquidity Teory

Liquidity refers to the company's capability in fulfilling its short term liability. In which conventional period is considered as a year's period. Liquidity is also a factor that determines the success or failure of a company. Therefore, the availability of cash and sources to fulfil the need also determines the rate of risk borne by the company. (Wild et al : 2010).

According to Sutrisno (2009), defining liquidity is the company's capability to pay their obligation. The obligation needs to be fulfilled is the short term debt, since the ratio used is liquidity ratio in which the ratio is used to measure the safety rate of short term creditor, and also to measure whether a company is affected once the short term liability is billed. Liquidity ratio consists of three measurements, they are:

a) Cash Ratio

Cash Ratio is the most stringent and conservative liquidity ratio on the bank's ability to cover its debt or short-term liabilities. This is because the Cash Ratio only takes into account the most liquid short-term current assets or assets that are the easiest and quickest cash and cash equivalents to use in paying off its current liabilities. The formula of quick ratio is:

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}} \times 100\%$$

Information:

1. Cash and Cash Equivalent consist of Cash, Placement with BI, Demand deposit with another banks, placement with other banks, and Securities purchased under agreement to resel

2. Current Liabilities consists of Immediately liabilities, deposit, Acceptance payable, Fund borrowing, and taxes payable

b) Financing to Deposit Ratio (FDR)

In Sharia banking, the term loan is not acknowledged; it is better known as financing. In general, the same concept can be found in Sharia banking while measuring the liquidity, in which it uses Financing to Deposit Ratio (Muhammad : 2005). Kasmir (2012) According to Bank of Indonesia's Circular (No.6/23/DPNP on May 31st, 2004), hence a good FDR standard is between 85%-110%. FDR is formulated as follow:

$$FDR = \frac{\text{The Total of Financing}}{\text{Third Party Total Fund}} \times 100\%$$

Information:

- a. The total of financing consists of: murabahah receivables, Qardh loans, Mudharabah and Musyrakah financing, and net Ijarah
- b. Total Third Party Funds received by the Bank

3. Solvability Theory

Solvability ratio is the ratio to measure the achievement of the company in terms of rentability or rentatability of the business on capital that we use. this ratio is a measure of achievement of the company's management or the manager of the company or entrepreneur itself. the rentability ratio can be calculated by the following ratio:

a) Capital Adequacy Ratio (CAR)

Capital adequacy ratio is the way to calculates bank capital which showed as a bank's risky credit opening if the bank capital was high, then the bank could handle every upcoming credit risks.

Capital Adequacy Capital (CAR) is the indicator for the bank performance to cover its decrease of aktivitas as the effect of bank's losses which caused by the most risky activa with its capital adequacy. Capital Adequacy Ratio (CAR) is the ratio that could be used to calculate bank performance in keeping the capital and the bank performance to identify, supervise, and control the risks which appears and affects how big the bank capital is. Kuncoro (2002).

Based on the regulation of Bank Indonesia circular letter (No.6/23.DPNP May 31, 2004), The good CAR standard is 8%. Therefore, the higher the CAR, the bank performance will be stronget to bear the risks of every credit or risky productive activa Wardiah (2013). CAR is formulated as below:

$$CAR = \frac{\text{Total Bank Capital}}{\text{RWA}} \times 100\%$$

Information:

1. Bank Capital is the total capital of the bank consists of core capital and complementary capital
 2. Risk Weighted Assets are weighted assets consisting of market risk and credit risk
- b) Debt to Equity Ratios

Debt to Equity Ratio or in the Indonesian language is called the Debt to Equity Ratio or Capital Debt Ratio is a financial ratio that shows the relative proportion of Equity and Debt used to finance the company's assets. Debt to

Equity Ratio is also known as Leverage Ratio (leverage ratio) is the ratio used to measure how well the structure of a company's investment (Kasmir, 2009).

Debt to Equity Ratio or DER is the main financial ratio and is used to assess the financial position of a company. This ratio is also a measure of the company's ability to pay its obligations. Debt to Equity ratio is an important ratio to consider when checking the financial health of the company. If the ratio increases, this means that the company is financed by the creditor (s) and not from his own financial resources that may be a dangerous trend (Kasmir, 2011).

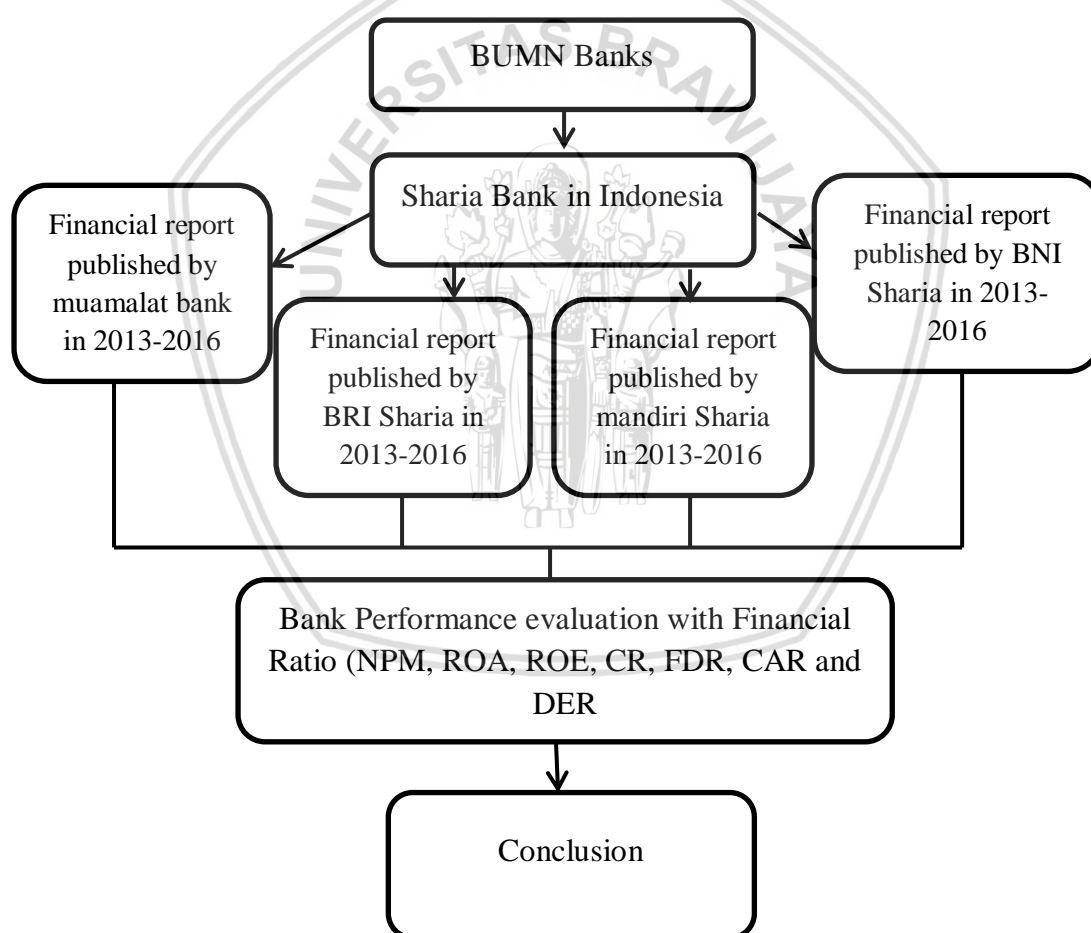
Lenders and Investors usually choose a low Debt to Equity Ratio because their interests are better protected if there is a business downturn in the company. Thus, a company that has a Debt to Equity Ratio or a High Debt to Equity Ratio may not be able to withdraw capital by borrowing from another party. The good standart of DER is 1%. Debt to Equity Ratio (DER) with a figure below 1%, indicates that the company has a debt smaller than the capital (equity) it holds (Kasmir, 2011) The formula is:

$$DER = \frac{\text{Liabilities}}{\text{Equity}} \times 100\%$$

E. Theoretical Framework

Theoretical framework is a model that explains how the theory related to important factors. Theoretical framework as a conceptual model of how theorists theorize about the interest among the factors that have been identified as important matters (sekaran, 2003). Researchers want to illustrate the concise concept of sample, data source, variable and conclusion.

Figure 2.3 Theoretical Framework



CHAPTER III

RESEARCH METHOD

A. Type of Research

This research used descriptive research by employing quantitative approach. Descriptive research is a research that tries to give a systematic illustration regarding a situation, problem, phenomena, service or program, or give information about, for instance, the condition of a society in certain area, the norm applies to a society, and also situation, behavior, view, occurring process, effect of a phenomenon, thorough measurement regarding a phenomenon in a society. Generally, in descriptive research, the researcher develops a concept, gathering facts, but does not examine a hypothesis (Widi: 2010:46).

According to Nazir (2011) descriptive method is a method in investigating the status of a group, an object, a set of condition, a thinking system, or a phenomenon class in the present time. The aim of descriptive research is to make a description or illustration in a systematic, factual, and accurate way regarding facts, characteristics and relation between phenomena being investigated. This research tries to describe the data or fact by employing purposive sampling technique, based on the company's financial report that is in the form of balance report, income statements, and then those data will be developed and analyzed using financial ratio analysis.

B. Location of Research

The research is located Muamalat Bank, BRI Sharia, Mandiri Sharia, and BNI Sharia publish their annual financial report routinely. The researcher takes the 2013-2016 annual report to analyze the financial performance of Islamic banks in Indonesia, by focusing on private Islamic bank (Bank Muamalat) and commercial Islamic bank (BRI Syariah, BNI Syariah, and bank Mandiri Syariah).

C. Research Variable

The researcher want to simplify this research. The research limitation is aimed to give direction, also for the research object not to expand and more directed. By using financial ratio. The focus or the variable of this research is:

The assessment of financial performance based on financial ratio analysis, the financial ration employed are:

- a. Profitability Ratio
 - 1) Net Profit Margin
 - 2) Return on Asset (ROA)
 - 3) Return on Equity (ROE)
- b. Liquidity Ratio
 - 1) Quick Ratio
 - 2) Financing Deosit Ratio (FDR)
- c. Solvability Ratio
 - 1) Caital Adequacy Ratio
 - 2) Debt to Equity Ratio

D. Research Population and Sample

1. Research Population

According to Sugiyono (1997:57) the population is a generalization area consisted of objects or subjects that become certain quantity and characteristic that is determined by the researcher to be studied and concluded. Research population in this research is the annual financial reports that are published by Muamalat Bank, BRI Sharia, Mandiri Sharia and BNI Sharia.

2. Research Sample

Arikunto (1998:117) stated that sample is a part of population. Research sample is a part of population that is taken as the data source and it can represent the entire population. Sugiono (1997:57) stated that sample is a part of the total and characteristic owned by the population. Therefore, the sample of this research is the Islamic banks existed in Indonesia, the private and commercial Islamic bank during 2014-2016, with the determined criteria of:

- a. Private or pure Islamic bank
- b. Commercial Islamic bank that has the provision as commercial bank that employs Islamic system
- c. The Islamic bank publish its financial report consecutively during 2014-2016
- d. The Islamic bank have its ratio measurement that will be studied

Table 3.1

The selection result of Sharia bank in Indonesia

Bank's Name	The Original one Sharia Bank	Conventional Bank with Sharia System	Publishing Financial Report consecutively during 2013-2016	Owning Ratio Measurement that will be studied
Muamalat Bank	√		√	√
BRI Sharia		√	√	√
Mandiri Sharia		√	√	√
BNI Sharia		√	√	√

*(Source: Data Processed)***E. Data Collecting Technique**

The data type in this research is secondary data. Such as book, other literature, and financial report analysis that is related to the problem being studied. This research uses secondary data that is in the form of annual financial report published by each bank, either private or commercial Islamic bank. They are: Muamalat Bank, BRI Sharia, Mandiri, BNI Sharia. The data of this research is taken from the related official bank, they are: www.bankmuamalat.co.id; www.brisyariah.co.id; www.syariahmandiri.co.id , and www.bnisyariah.co.id.

F. Data Analysis Technique

The data analysis from the data collecting is an important step in the completion of a research, since data analysis is used to solve a problem in a research. "Data analysis is the process of collecting, modeling, and transforming the data with the aim of highlighting and acquiring useful information, giving

suggestion, concluding, and supporting the decision making” (Widi, 2010: 253).

The steps in analyzing the data related to this research are as follows:

- a. Conducting financial ratio analysis on the bank's financial report that is published annually by the bank, in relation to the research by employing time series analysis comparison that will be analyzed quantitatively, since the data acquired in finance is quantitative.

1) Profitability Ratio

- a) Conducting Net Profit Margin (NPM) calculation, using the formula:

$$\text{NPM} = \frac{\text{Net Income}}{\text{Operating Income}} \times 100\%$$

Source: Kasmir (2015:209)

- b) Conducting Return on Asset (ROA) calculation, using the formula:

$$\text{ROA} = \frac{\text{Profit Before Tax}}{\text{Total Asset}} \times 100\%$$

Source: Kasmir (2015:201)

- c) Conducting Return on Equity (ROE) calculation, using the formula:

$$\text{ROE} = \frac{\text{Net Income}}{\text{Equity}} \times 100\%$$

Source: Kasmir (2015:204)

2) Liquidity Ratio

a) Conducting Cash Ratio calculation, using the formula:

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}} \times 100\%$$

Source: Kasmir (2015: 139)

b) Conducting FDR calculation, using the formula:

$$\text{FDR} = \frac{\text{Total Fund}}{\text{The Total of Financing Third – Party}} \times 100\%$$

Source: SK DIR BI No. 30/12/Kep/Dir and SE BI No. 30/3/IPPB

3) Solvability Ratio

a) Conducting CAR calculation, using the formula:

$$\text{CAR} = \frac{\text{Bank Capital}}{\text{RWA}} \times 100\%$$

Source: Kasmir (2015:98)

b) Conducting DER calculation, using the formula:

$$\text{DER} = \frac{\text{Liabilities}}{\text{Equity}} \times 100\%$$

Source: SK DIR BI No. 30/12/Kep/Dir and SE BI No. 30/3/IPPB

G. Observation Period

This research using descriptive method by analyzing any financial statement or annotation related to the research. researchers have analyzed the completeness of the data in this study sourced from the financial statements of banks. hence the existence of data limitations so that the researcher use the period of 2013-2016. The research data is divided into two parts; focus on sharia banks as the original one bank and 3 sharia banks as subsidiaries of 3 big conventional banks.

H. Research Instrument

Research instrument is a tool or facility used by the researcher in collecting data, in order to make the work will be easier and the result will be better. In other words, the data will be more accurate, complete, and systematic, so that the data will be easier to process. The research instrument used by the researcher in this research is the documentation guide. In other words, the documentation tool used in this research is in the form of bank's documentation copy or annual report's annotation, also the bank's financial report during the period determined. The period includes the bank's data needed by the researcher in this research.





CHAPTER IV

RESULT AND DISCUSSION

A. Overview of Research Objects

1. Muamalat Bank's

a. Brief History of Muamalat Bank's

PT Bank Muamalat Indonesia Tbk, established on 24 Rabiul Tsani 1412 H or 1 November 1991, was initiated by the Indonesian Ulema Council (MUI) and the Indonesian Government, and commenced its operations on 27 Syawal 1412 H or 1 May 1992. With concrete support from the exponents of the Association Indonesian Muslim scholars (ICMI) and several Muslim businessmen, the establishment of Bank Muamalat also received public support, as evidenced by the commitment to purchase the Company's shares worth Rp 84 billion at the signing of the deed of establishment of the Company (bankmuamalat.co.id, 2017).

Furthermore, in the event *silaturahmi* memorial establishment in Bogor Palace, obtained additional commitment from the West Java community who participated in investing worth Rp 106 billion. On October 27, 1994, just two years after its founding, Bank Muamalat succeeded in bearing the title of Foreign Exchange Bank. This recognition further strengthens the Company's position as the first and leading Islamic bank in Indonesia with a variety of services and products that continue to be developed (bankmuamalat.co.id, 2017).

In the late 90s, Indonesia was hit by a monetary crisis that devastated most of Southeast Asia's economy. The national banking sector is rolled up by bad loans in the corporate segment. Bank Muamalat was affected by the crisis. In 1998, the ratio of non-performing financing (NPF) reached more than 60%. The Company recorded a loss of Rp. 105 billion. Equity reached a low of Rp 39.3 billion, less than one-third of the initial deposit capital (bankmuamalat.co.id, 2017).

In an effort to strengthen its capital, Bank Muamalat seeks potential investors, and is responded positively by the Islamic development bank (IDB) based in Jeddah, Saudi Arabia. At the AGM on June 21, 1999 IDB officially became one of the shareholders of Bank Muamalat. Therefore, the period between 1990 and 2002 was a time of challenge and success for Bank Muamalat. Within that period, Bank Muamalat managed to reverse the condition of loss to profit thanks to the efforts and dedication of every crew of Muamalat, supported by strong leadership, appropriate business development strategy, and pure obedience to the implementation of banking (bankmuamalat.co.id, 2017).

Through these difficult times, Muamalat bank managed to rise from the ketepurukan. Beginning with the appointment of a new board of directors in which all members of the Board of Directors are appointed from within the body of Muamalat, Bank Muamalat then

rolls out a five-year work plan with emphasis on (i) not relying on additional capital injection from shareholders, (ii) not levying any resources (iii) the restoration of confidence and confidence of the Muamalat Crew became the first priority in the first year of the new Board of Directors, (iv) laying the foundation of the new business by enforcing the discipline of Muamalat's work into the main agenda of the second year, and (v) the construction of business milestones by creating and growing business opportunities targeted by Bank Muamalat in the third year onwards, which ultimately brings our Bank, with the grace of God Rabul Izzati, to the era of new growth entering 2004 etc (bankmuamalat.co.id, 2017).

Currently Muamalat Bank provides services for more than 3.5 million customers through 275 outlets spread across 33 provinces in Indonesia. The BMI network is supported by alliances through more than 4000 Online Post offices / SOPP throughout Indonesia, 32,000 ATMs, and 95,000 debit merchants. BMI is currently also the only sharia bank that has opened an overseas branch, namely in Kuala Lumpur, Malaysia. To improve customer accessibility in Malaysia, the cooperation is run with Malaysian Electronic Payment System (MEPS) network so that BMI services can be accessed at more than 2000 ATMs in Malaysia (bankmuamalat.co.id, 2017).

As the First Pure Sharia Bank, Muamalat Bank is committed to deliver banking services that are not only comply to sharia, but also

competitive and accessible for the public to the corners of the archipelago. The commitment is appreciated by the government, mass media, national and international institutions and the wider community through more than 70 prestigious awards received by BMI in the last 5 years. Awards received include Best Islamic Bank in Indonesia 2009 by Islamic Finance News (Kuala Lumpur), as Best Islamic Financial Institution in Indonesia 2009 by Global Finance (New York) as well as The Best Islamic Finance House in Indonesia 2009 by Alpha South East Asia (Hongkong) (bankmuamalat.co.id, 2017).

b. Vision and Mission

Vision

Becoming the Main Sharia Bank in Indonesia, dominant in the spiritual market, and admired in the rational market.

Mision

Become a Role Model of a Sharia World Financial Institution with an emphasis on entrepreneurial spirit, management excellence, and innovative investment orientation to maximize value for stakeholders.

2. BRI Sharia

a. Brief History of BRI Sharia

Starting from the acquisition of PT. Bank Rakyat Indonesia (Persero) Tbk., To Bank Jasa Arta on December 19, 2007 and after

obtaining permission from Bank Indonesia on October 16, 2008 through its letter no. 10/67 / KEP.GBI / DpG / 2008, then on November 17, 2008 PT. Bank BRISyariah changed the business activities that originally operated conventionally, then converted into banking activities based on Islamic sharia principles (brisyariah.co.id, 2017).

Two years more PT. Bank BRISyariah present presents a leading modern retail bank with financial services according to customers' needs with the easiest reach for a more meaningful life. Serve customers with excellent service (excellent service) and offer a variety of products that meet customer expectations with the principles of sharia (brisyariah.co.id, 2017).

The presence of PT. Bank BRISyariah in the midst of the national banking industry is confirmed by the meaning of glowing light that follows the company logo. This logo describes the wishes and demands of society against a modern bank. The combination of colors used is a derivative of blue and white as a red thread with the brand PT. Bank Rakyat Indonesia (Persero) Tbk. (brisyariah.co.id, 2017).

PT. Banks became stronger after 19 December 2008 signed the deed of separation of Syariah Business Unit PT. Bank Rakyat Indonesia (Persero) Tbk., To merge into the PT. Bank BRISyariah

(spin off process) which became effective on January 1, 2009. The signing was done by Mr. Sofyan Basir as President Director of PT. Bank Rakyat Indonesia (Persero) Tbk., And Mr. Ventje Raharjo as the President Director of PT. Bank BRISyariah (brisyariah.co.id, 2017).

Currently PT. Bank BRISyariah became the third largest sharia bank by assets. PT. Bank BRISyariah grew rapidly in terms of assets, financing and third party funds. By focusing on the downward segment, PT. Bank BRISyariah targets to become a leading modern retail bank with a wide range of banking products and services (brisyariah.co.id, 2017).

In accordance with his vision, currently PT. Bank BRISyariah pioneered the synergy with PT. Bank Rakyat Indonesia (Persero) Tbk., By utilizing the network of PT. Bank Rakyat Indonesia (Persero) Tbk., As the Office of Sharia Services in developing a business focusing on public fundraising activities and consumer activities based on Sharia principles (brisyariah.co.id, 2017).

b. Vision and Mision

Vision

Become a leading modern retail bank with a wide range of financial services to suit customers' needs with the easiest reach for a more meaningful life

Mision

- a) Understand the diversity of individuals and accommodate the diverse needs of financial clients
- b) Provide products and services that promote ethics in accordance with the principles of syariah.
- c) Provide convenient access through various means whenever and wherever
- d) Allow individuals to improve the quality of life and bring fame to mind.

3. Mandiri Sharia Bank (BSM)

a. Brief History of Mandiri Sharia Bank (BSM)

The values of the company that lead to high humanity and integrity have been firmly embedded in all the Bank of Shariah Mandiri (BSM) since its inception. The presence of BSM since 1999, is actually a blessing as well as a blessing after the economic and monetary crisis of 1997-1998. As we know, the economic and monetary crisis since July 1997, followed by a multi-dimensional crisis including on the national political stage, has generated tremendous negative impacts on all aspects of people's lives, not to mention the business world. Under these conditions, the national banking industry dominated by conventional banks experienced a tremendous crisis. The government finally took action by restructuring and recapitalizing it as banks in Indonesia.

One of the conventional banks, PT. Bank Susila Bakti (BSB) owned by Yayasan Kesejahteraan Pegawai (YKP) PT. Bank Dagang

Negara and PT Mahkota Achievement are also affected by the crisis. BSB is trying to get out of the situation by merging with several other banks and inviting foreign investors.

At the same time, the government merged four banks (Bank Dagang Negara, Bank Bumi Daya, Bank Exim and Bapindo) into a new bank named PT Bank Mandiri (Persero) Tbk, on July 31, 1999. The merger policy also placing and appointing PT Bank Mandiri (Persero) Tbk, as the new majority owner of BSB.

As a result of the merger decision, Bank Mandiri consolidated and established a Sharia Banking Development Team. This establishment aims to develop syariah banking services in the group of companies of Bank Mandiri, in response to the enactment of Law no. 10 year 1998, which provides opportunities for commercial banks to serve sharia transactions (dual banking system).

The Sharia Banking Development Team considers that the enactment of the Act is the right momentum to convert PT Bank Susila Bakti from conventional bank to sharia bank. Therefore, the Sharia Bank Development Team will immediately prepare the system and its infrastructure, so that BSB's business activities will be changed from conventional bank to a bank operating under sharia principles under the name of PT Bank Syariah Mandiri as stated in Notarial Deed: Sutjipto, SH, No. 23 dated 8 September 1999.

The change of business activities of BSB into a sharia bank is confirmed by the Governor of Bank Indonesia through the Decree of the Governor of BI. 1/24 / KEP.BI / 1999, October 25, 1999. Furthermore, through the Letter of Decision of Senior Deputy Governor of Bank Indonesia. 1/1 / KEP.DGS / 1999, BI approved the change of name to PT Bank Syariah Mandiri. Following the inauguration and legal recognition, PT Bank Syariah Mandiri officially commenced operations on Monday 25 Rajab 1420 H or November 1, 1999.

PT Bank Syariah Mandiri is present, performing and growing as a bank capable of combining business ideals with spiritual values, which underlies its operational activities. Harmony between business idealism and spiritual values is one of the benefits of Bank Syariah Mandiri in its work diperankan Indonesia. BSM is here to jointly build Indonesia to a better Indonesia.

b. Visi dan Misi

Vision

"Leading and Modern Sharia Bank"

Leading Bank Syariah: being a sharia bank that always excels among sharia banking industry players in Indonesia in the consumer, micro, SME, commercial and corporate segments

Modern Sharia Bank: to be a syariah bank with an advanced service system and technology that exceeds customer expectations.

Mision

- a) Achieve growth and profitability above the industry's continuous averages.
- b) Improve the quality of technology-based products and services that exceed customer expectations.
- c) Prioritize the accumulation of low-cost funds and the distribution of financing in the retail segment.
- d) Develop business on the basis of universal sharia values.
- e) Develop talent management and a healthy working environment.
- f) Increasing concern for the community and the environment.

4. BNI Sharia

a. Brief History of BNI Sharia

The temporary monetary crisis in 1997 proved the resilience of the sharia banking system. Sharia Principle with 3 (three) pillars that is fair, transparent-able to answer society need to banking system more just. Based on Law No.10 of 1998, on April 29, 2000, was established Sharia Branch Unit (UUS) BNI with 5 branch offices in Yogyakarta, Malang, Pekalongan, Jepara, and Banjarmasin. Furthermore, UUS BNI continues to grow to 28 Branch Offices and 31 Sub Branch Offices (bnisyariah.co.id, 2017)

In addition, customers can also enjoy sharia services at Branch Office BNI Conventional (office channeling) with approximately 1500 outlets spread across the territory of Indonesia. In the implementation of banking operations, BNI Syariah still pays attention to adherence to sharia aspects. With the Sharia Supervisory Board (DPS) currently

headed by KH.Ma'ruf Amin, all BNI Syariah products have been tested from DPS so as to comply with Sharia rules (bnisyariah.co.id, 2017).

Based on Decree of the Governor of Bank Indonesia Number 12/41 / KEP.GBI / 2010 dated May 21, 2010, regarding granting of the business license to PT Bank BNI Syariah. And in UUS BNI's Corporate Plan in 2003 it was determined that UUS status would be temporary and would be a spin-off in 2009. The plan was implemented on June 19, 2010, with the operation of BNI Syariah as a Sharia (BUS) Commercial Bank. The realization of the spin-off time in June 2010 is inseparable from external factors such as the regulation aspect which is conducive with the issuance of Law No.19 of 2008 on State Sharia Securities (SBSN) and Law No.21 of 2008 on Sharia Banking (bnisyariah.co.id, 2017).

In addition, the Government's commitment to the development of sharia banking is stronger and awareness of the superiority of sharia banking products is also increasing. In 2004, an updated corporate identity began to be used to illustrate better future prospects, after the success of wading through tough times. The term 'Bank BNI' is shortened to 'BNI', while the founding year of "46" is used in the company logo to affirm the pride of being the first national bank born in the era of the Unitary State of the Republic of Indonesia. Departure from the spirit of struggle rooted in history, BNI determined to provide

the best service as the country, and senatiasa be the pride of the State (bnisyariah.co.id, 2017).

b. Vision and Mision

Vision

"Being a community sharia bank that excels in service and performance"

Realizing a vision, it must be supported with missions. Mission is a statement that confirms the vision, which outlines the steps taken to achieve the vision and according to its vision Bank BNI Syariah continuously make improvements in service and performance with a series of training and motivation to improve the quality and quality of services to be given to the community.

Mision

- a) Provide positive contributions to the community and care for the environment
- b) Providing solutions for the community for the needs of sharia banking services
- c) Providing optimal investment value for investors
- d) Creating the best vehicle as a place of pride to work and achievement for employees as the embodiment of Worship

B. Data Presentation the Annual Financial Statement

Table 4.1 Annual Financial Report of Muamalat Bank

(on million rupiah)

No	Post-post	Years			
		2016	2015	2014	2013
1	Total Assets	55,786,397	57,140,616	62,413,310	53,723,978
2	Total Liabilities	9,476,756	8,952,097	9,463,142	9,875,686
3	Total Temporary	42,690,894	44,669,926	48,926,215	40,527,084
4	Syirkah Fund				
4	Total Equity	55,786,397	57,140,616	62,413,310	53,723,978
5	Net Income	80,511	74,492	57,173	165,144
6	Total Capital	5,219,890	4,992,717	5,839,159	5,108,337
7	Risk Weighted Assets- Credit	36,673,812	37,684,991	41,139,421	36,305,962
8	Risk Weighted Assets- Market	10,000	29,000	194,766	64,312
9	Risk Weighted Assets- Operational	40,977,834	41,616,699	-	-

(Sources: Published on Annual Report Muamalat Bank, data processed: may 2017)

Table 4.2 Annual Financial Report of BRI Sharia

(on million rupiah)

No	Post-post	Years			
		2016	2015	2014	2013
1	Total Assets	55,786,397	57,140,616	62,413,310	53,723,978
2	Total Liabilities	9,476,756	8,952,097	9,463,142	9,875,686
3	Total Temporary	42,690,894	44,669,926	48,926,215	40,527,084
4	Syirkah Fund				
4	Total Equity	55,786,397	57,140,616	62,413,310	53,723,978
5	Net Income	80,511	74,492	57,173	165,144
6	Total Capital	5,219,890	4,992,717	5,839,159	5,108,337
7	Risk Weighted Assets- Credit	36,673,812	37,684,991	41,139,421	36,305,962
8	Risk Weighted Assets- Market	10,000	29,000	194,766	64,312

(Sources: Published on Annual Report BRI Sharia, data processed: may 2017)

Table 4.3 Annual Financial Report of Mandiri Sharia Bank

(on million rupiah)

No	Post-post	Years			
		2016	2015	2014	2013
1	Total Assets	78,831,721	70,369,708	66,942,422	63,965,361
2	Total Liabilities	11,232,796	9,883,107	8,329,956	11,029,685
3	Total Temporary	60,831,488	54,372,863	53,175,487	47,573,677
4	Syirkah Fund				
	Total Equity	6,392,432	5,613,738	4,936,978	4,861,998
5	Net Income	325,413	289,575	71,778	651,240
6	Total Capital	6,942,002	6,187,390	5,571,760	5,344,901
7	Risk Weighted Assets- Credit	42,213,944	40,923,163	37,614,065	36,841,216
8	Risk Weighted Assets- Market	601,469	139,366	131,959	61,725
9	Risk Weighted Assets- Operational	6,740,505	7,084,024	-	-

(Sources: Published on Annual Report Mandiri Sharia Bank, data processed: may 2017)

Table 4.4 Annual Financial Report of BNI Sharia

(on million rupiah)

No	Post-post	Years			
		2016	2015	2014	2013
1	Total Assets	28,314,174	23,017,667	19,490,112	14,708,504
2	Total Liabilities	4,684,758	3,310,505	3,084,547	3,838,672
3	Total Temporary	21,142,851	17,491,504	14,457,565	9,565,152
4	Syirkah Fund				
	Total Equity	2,486,566	2,215,658	1,950,000	1,304,680
5	Net Income	277,375	228,525	163,251	117,154
6	Total Capital	2,486,260	2,254,181	2,004,358	1,365,396
7	Risk Weighted Assets- Credit and Market	13,964,260	12,477,294	10,878,620	8,413,837
8	Risk Weighted Assets- Operational	2,701,744	2,111,736	-	-

(Sources: Published on Annual Report BNI Sharia, data processed: may 2017)

A. Ratios Analysis of Banking Financial (Time Series Analysis)

Financial data from Bank Muamalat, BRI Sharia, Bank Mandiri Sharia and Bank BNI Sharia, obtained the further calculation of banking financial ratios, Profitability Ratios, Liquidity Ratios and Solvability Ratios. Here is the calculation of the financial ratios:

1. Profitability Ratios

Profitability Ratio is the ratio that used to calculate the effectivity of company management as a whole, which showed by how big is the profits acquired by the company. Profitability ratios are considered as the most valid tool to assess the results of a company's operation, because the profitability ratio is the comparison tool for every alternative investment that corresponded with the risk level, it could be calculated by using the financial ratios, which are: NPM, ROA, and ROE (Kasmir, 2011).

a. *Net Profit Margin (NPM)*

Net Profit Margin (NPM) is a ratio that depicts the rate of bank profit, compared to the revenue earned from its operational activities. In which NPM refers to bank's international income, especially the one that is earned from credit giving activity which, in practice, has a lot of credit risks (problem and bad debt credit), and also foreign exchange rate) if the credit is given in the form of foreign exchange). (Sutrisno: 2008:63) And the formula of NPM as below:

$$NPM = \frac{\text{Net Income}}{\text{Operating Income}} \times 100\%$$

Kasmir (2015:209)

Table 4.5 Calculation of Net Profit Margin (NPM) Muamalat Banks

(On Million Rupiah)

Muamalat/Year	2016	2015	2014	2013
Net Income (I)	80,511	74,491	57,173	165,144
Operating Income (II)	3,801,050	4,949,359	5,173,869	4,334,152
NPM (I/II) x 100%	2,1%	1,5%	1,1%	4%
Increase/Decrease	0,6%	0,4%	(2,9%)	-

(Sources: data processed)

Based on the table 4.6, NPM on PT. Muamalat Indonesia (Persero), Tbk. is an original one bank, it can be seen that between 2013-2014 has decreased. In the year 2013 showed a figure of 4%, while in the next year the NPM decreased by the number of 1.1%. In 2014-2015 NPM increased by 1.5% and also increased again in the next year which was 2016 with a figure of 2.1%.

The growth of Bank Muamalat NPM shows that NPM has a negative and positive growth. Negative growth occurred in 2013-2014. Means that Bank Muamalat was not able to improve its financial performance, whereas in 2014-2016 Muamalat banks have those positive growths, show that Bank Muamalat able to improve its financial performance.

Table 4.6 Calculation of Net Profit Margin (NPM) BRI Sharia*(On Million Rupiah)*

BRI Sharia/Year	2016	2015	2014	2013
Net Income (I)	170,209	122,637	6,577	129,564
Operating Income (II)	2,634,201	2,429,101	2,056,602	1,737,511
NPM (I/II) x 100%	6,5 %	5%	0,3%	7,5%
Increase/Decrease	1,5%	4,7%	(7,2%)	-

(Sources: data processed)

Based on the table 4.6, NPM of PT. BRI Sharia (Persero), Tbk. in 2013-2014 has decreased. In 2013 the NPM was 7.5%, while in the next year the NPM decreased to 0.3%. This is because of the effect of the decline on operating profit in 2014 that caused by the increase of the company's operating expenses which was higher than its business income's growth. In 2014-2015 NPM increased to 5% and 6.5% in 2016.

The growth of NPM BRI Sharia indicates that NPM experienced negative and positive growth. Negative growth occurred in 2013-2014 showed that was Sharia BRI not able to improve its financial performance, whereas 2014-2016 the NPM has a positive growth, showing BRI Sharia able to improve financial performance.

Table 4.7 Calculation of Net Profit Margin (NPM) Mandiri Sharia Banks*(On Million Rupiah)*

Mandiri Sharia/Year	2016	2015	2014	2013
Net Income (I)	325,413	289,575	71,778	651,240
Operating Income (II)	6,467,897	5,960,015	5,546,561	5,437,851

Continued from table 4.7

	2016	2015	2014	2013
NPM (I/II)x 100%	5 %	4,9 %	1,3 %	12%
Increase/Decrease	0,1%	3,6%	(10,7%)	-

(Sources: data processed)

Based on the table 4.7, NPM of PT. Mandiri Sharia Bank's (Persero), Tbk. in 2013-2014 has decreased. In the year 2013 the NPM was 12%, while in the next year NPM to 13% which is very concerning or decreased as much as (10,7%) compared to the previous year. This is because Net Income decreased drastically by 71.778 compared to the previous year 651,240. This decrease indicates that the performance of Bank Mandiri Sharia management in managing the assets to get profit is not going well. In 2014-2015 NPM increased by 4.9% and increased again in the next year that is 2016 to 5%.

The growth of NPM on Mandiri Sharia showed that NPM has a negative and positive growth. Negative growth occurred in 2013-2014 showed that Mandiri Sharia that was less able to improve its financial performance, this becomes an evaluation for the management of Bank Mandiri Sharia to be more effective in the allocation of assets for business to increase profit in the period in the future. And in 2014-2016 have a positive growth, showed that the performance of Mandiri Sharia better so that Mandiri Sharia able to improve its financial performance.

Table 4.8 Calculation of Net Profit Margin (NPM) BNI Sharia Banks*(On Million Rupiah)*

BNI Sharia/Year	2016	2015	2014	2013
Net Income (I)	277,375	228,525	163,251	117,462
Operating Income (II)	2,801,575	2,429,243	2,026,108	1,333,245
NPM (I/II)	10 %	9,4 %	8 %	8,8 %
Increase/Decrease	0,6%	1,4%	(0,8%)	-

(Sources: data processed)

Based on table 4.8, NPM on PT. BNI Sharia Bank's (Persero), Tbk. in 2013-2014 has decreased. In 2013 NPM showed a figure of 8.8%, while in the next year NPM decreased to 8%. In 2014-2015 NPM increased by 9.4% and increased again in the next year that is 2016 to 10%.

The growth of NPM on BNI Sharia showed that NPM has a negative and positive growth. Negative growth occurred in 2013-2014. Shows that BNI Sharia is less able to improve its financial performance, and in 2014-2016 experienced positive growth, showing that the performance of BNI Sharia better so as to improve its financial performance

b. Return on Assets (ROA)

ROA Return on Assets is the ratio of the ratio between the overall profit before tax with total assets owned by the bank. ROA ratio is used to determine the level of management efficiency in generating profit seen from the amount of assets owned. The formula used as follows:

$$ROA = \frac{\text{Profit Before Tax}}{\text{Total Assets}} \times 100\% \text{ (Kasmir, 2015: 201)}$$

Table 4.9 Calculation of Return on Assets (ROA) Muamalat Banks*(On Million Rupiah)*

Muamalat Sharia/Year	2016	2015	2014	2013
Profit Before Tax (I)	116,459	109,909	96,719	239,350
Total Asset (II)	55,786,397	57,141,616	62,413,310	53,723,978
ROA (I/II)x 100%	0,20 %	0,19 %	0,15 %	0,45 %
Increase/Decrease	0,01	0,04%	(0,3%)	-

(Sources: data processed)

From table 4.9 it is known that the level of ROA in 2013 is 0.45% which means that the management of muamalat bank in 2013 was able to earn a profit of 0.45% of its total assets, it means that every Rp 1, - of the assets generate the profit of 0,0045, -. As in the year 2014 ROA Bank Muamalat get decreased to 1.15%. The decrease in 2013-2014 is due to an unbalanced increase in pre-tax profit on a significant increase in total assets indicating that the assets held are not well managed thus affecting income. In the next year, ROA increased to 0.19% and to 0.2% in 2016.

The growth of Muamalat Bank's as the original one bank shows that ROA has a negative and positive growth. Negative growth occurred in 2013-2014. In 2014-2016 have positive growth. The negative growth in ROA shows that Muamalat banks are less able to maintain their financial performance. It means the performance of Bank Muamalat isn't good.

Table 4.10 Calculation of Return on Assets (ROA) BRI Sharia*(On Million Rupiah)*

BRI Sharia/Year	2016	2015	2014	2013
Profit Before Tax (I)	238,609	169,069	15,385	183,942
Total Asset(II)	27,676,188	24,230,247	20,343,249	17,400,914
ROA	0,9 %	0,7 %	0,06 %	1 %
Increase/Decrease	0,2%	0,64%	(0,94%)	-

(Sources: data processed)

Based on table 4.10, ROA PT. BRI Sharia Bank's, Tbk. in 2013-2014 ROA has decreased. In 2013 ROA shows a 1% rate, it means that every Rp 1, - of assets generates a profit of 0.01, while next year ROA get decreases to 0.06%, decrease in 2013-2014 that caused by an unbalanced increase in pre-tax profit on a significant increase in total assets indicates that the assets held are not well managed thus it was affecting income. In 2014-2015 ROA increased to 0.7% and in 2015-2016 BRI Sharia ROA increased to 10%.

The growth of BRI Sharia ROA shows that ROA has a negative and positive growth. Negative growth occurred in 2013-2014. As much (0.94%). And in 2014-2016 have positive growth. The negative growth in ROA shows that BRI Sharia is less able to maintain its financial performance.

Table 4.11 Calculation of Return on Assets (ROA) Mandiri Sharia Bank's*(On Million Rupiah)*

Mandiri Sharia/Year	2016	2015	2014	2013
Profit Before Tax	434,704	374,126	109,793	883,836
Total Asset	78,831,721	70,369,709	66,942,422	63,965,361

Continued from table 4.11

	2016	2015	2014	2013
ROA	0,6 %	0,5 %	0,2 %	1,4 %
Increase/Decrease	0,1%	0,3%	(0,2%)	-

(Sources: data processed)

Based on table 4.11, ROA PT. Mandiri Sharia Bank's, Tbk. in 2013-2014 ROA has decreased. In 2013 ROA shows a 1.4%, it means that every Rp 1, - of the asset generates a profit of 0.014, - while in the next year ROA decreased to 0.06%. Decreased in 2013-2014 that caused by an unbalanced increase of pre-tax profit on a significant increase of total assets indicating that the assets held are not well managed thus it was affecting income. In 2014-2015 ROA increased to 0.7% and in 2015-2016 BRI Sharia ROA increased to 10%.

The growth of Mandiri Sharia ROA showed that ROA has a negative and positive growth. Continued from table 4.26 occurred in the year 2013-2014 and in 2014-2016 have a positive growth. The growth negative of Mandiri Sharia Bank's shows that Mandiri Sharia Bank's performance is not able to maintain its financial performance.

Table 4.12 Calculation of Return on Assets (ROA) BNI Sharia

(On Million Rupiah)

BNI Sharia/Year	2016	2015	2014	2013
Profit Before Tax (I)	373,197	307,768	220,133	179,616
Total Asset (II)	28,314,175	23,017,667	19,492,112	14,708,504
ROA (I/II) x 100%	1,31 %	1,33 %	1,12 %	1,22 %
Increased/Decreased	(0,02)	0,21%	0,1%	

(Sources: data processed)

Based on table 4.12, ROA of PT. BNI Sharia Bank, Tbk. in 2013-2016 ROA has fluctuated. ROA of 2013 is 1.22%, it means that every Rp 1,- of assets generated profit of Rp 0.0122-, and the next year ROA has decreased to 1.12%. In 2014-2015 ROA has increased to 1.33% and for 2015-2016 ROA of BRI Sharia has decreased to 1.31%. Increased and decrease of ROA in 2013-2016 that caused by increase in unbalanced profit before tax on the increase of total assets indicates that the assets that are owned are not managed well, thus it was affecting the income.

The growth of ROA BNI Sharia showed that ROA has fluctuated, negative and positive growth. Negative growth occurred in 2013-2014, and in 2014-2015 have a positive growth, and in 2015-2016 also have negative growth. ROA Growth Shows that the financial performance of BNI Sharia is unstable or unable to maintain their performance.

c. Return On Equity (ROE)

Return On Equity (ROE) is the ratio between bank net profit after tax with own capital. ROE indicates the ability of core capital to generate profits for the company in the form of percentage (Kasmir, 2015). The formula used as follows:

$$ROE = \frac{\text{Net Income}}{\text{Capital}} \times 100\%$$

Source: Kasmir (2015:204)

Information:

- a. Net profit in question is net profit after tax or current year profit
- b. Own Capital is the core capital owned by the bank

Table 4.13 Calculation of Return on Equity (ROE) Muamalat Bank's

(On Million Rupiah)

Muamalat Sharia/Year	2016	2015	2014	2013
Net Income	80,511	74,491	57,173	165,144
Equity	3,618,746	3,518,592	4,023,951	3,321,106
ROE	2,2 %	2 %	1,4 %	5 %
Increased/Decreased	0,2%	0,6%	(3,6%)	

(Sources: data processed)

Based on table 4.13 showed that the ROE of 2013 is 5% it means that every Rp 1,- from the capital able to generate profits of Rp 0.05, - the improvement of its ROE indicates that Bank Muamalat was good enough in generating the profit because on 2013 the profits was quite a lot to earn. In 2014 ROE has decreased to 1.4% it means that in 2014 Bank Muamalat in less healthy profit. This decrease is due to the increase of Rp 4,023,951,000,000 capital is not offset by the increase of Net Income of Rp 57,173,000,000. And in the next year that only increased to 2% in 2015, and also the year after has increased to 2.2%. That caused by an increase in Net Income from the previous year, although capital in 2015 and 2016 decreased not as much as in 2014, Net Income can be balanced with capital.

The ROE ratio has a positive and negative growth, negative ROE occurred in 2014 although the previous year ROE of Bank Muamalat is quite good because

Bank Muamalat can generate good net income. And the positive ROE occurs in 2015 and 2016, that meaning that Bank Muamalat can improve ROE well. Which means Bank Muamalat as the original one bank able to improve its performance from year to year.

Table 4.14 Calculation of Return on Equity (ROE) of BRI Sharia Bank's

(On Million Rupiah)

BRI Sharia/Year	2016	2015	2014	2013
Net Income	170,209	122,637	6,577	129,564
Equity	2,510,014	2,339,812	1,714,490	1,711,348
ROE	7 %	5%	0.4%	8%
Increased/decreased	2%	4.6%	(7.6%)	

(Sources: data processed)

On table 4.14 showed that BRI Sharia ROE has decreased and increased. In 2013 the ROE of BRI Sharia is 8%. It means that every Rp 1, - from the capital able to produces profit equal to Rp 0,08, -. Have a very good ROE on this year which means BRI Sharia able to produces very good profits derived from a very large business profit obtained. So in 2013 BRI Sharia has a very good performance. In the following year, the ROE has decreased significantly (7.6%) which is 0.4%, which means that in 2014 BRI Sharia produces unhealthy profits, this is due to increased operating expenses causing net income fall down to Rp 6,577,000,000 which Net Income cannot be offset by a capital of Rp 1,714,490,000,000, -, compared with the previous year which produces has excellent net income. So that in 2014 BRI Sharia was not able to produces a good performance. In 2015-2016 ROE has increased to 5% which means BRI Sharia

earned good returns, followed by the next year which also increased to 7%, this was due to an increase in net income and capital from the previous year.

The ROE ratio has a positive and negative growth, negative ROE occurred in 2014 although the previous year ROE of Bank Muamalat is very good, because BRI Sharia can produce good net income. And the positive ROE occurs in 2015 and 2016, meaning BRI Sharia can improve ROE well. Which means BRI Sharia able to improve its performance from year to year.

Table 4.15 Calculation of Return on Equity (ROE) Mandiri Sharia Bank's

(On Million Rupiah)

Mandiri Sharia/Year	2016	2015	2014	2013
Net Income	325,413	289,575	71,778	651,240
Capital	6,392,436	5,613,738	4,936,978	4,861,998
ROE	5 %	5,2 %	1,5 %	13 %
Increased/Degreased	(0,2%)	3,7%	(11,5%)	

(Sources: data processed)

On table 4.15 shows the fluctuated of Mandiri Sharia ROE. In 2013 ROE Mandiri Sharia was 13%. It means that every Rp 1,- from the capital was able to produces a profit of Rp 0,013, -. Have a good ROE on this year it means Mandiri Sharia was able to produce good profits derived from the very large business profits earned. So in the year 2013 Mandiri Sharia has very good performances. In the following year, the ROE has decreased significantly (11.5%) to 1.5%, which means in 2014 Mandiri Sharia produces unhealthy profits, this caused by increased operating expenses causing net income fall down to Rp 71,778,000,000,-, thus causing Net Income not to be offset by capital of Rp

4,936,978,000,000,- compared to the previous year which produces excellent net income. So that in 2014 Mandiri Sharia did not produce a good performance. In 2015-2016 ROE increased by 5.2% which means Mandiri Sharia can produce good profit, and in the next year Mandiri Sharia decreased to 5%, it means that the profit produces by Mandiri Sharia is unstable so that Mandiri Sharia cannot maintain financial performance.

The growth of Mandiri Sharia ROE showed that ROE has fluctuated, negative and positive growth. Negative growth occurred in 2013-2014, and in 2014-2015 it had a positive growth, whereas 2015-2016 the ROE had a negative growth again. ROE growth showed that Mandiri Sharia's financial performance is unstable or is not good enough to maintain their performance.

Table 4.16 Calculation of Return on Equity (ROE) BNI Sharia Bank's

(On Million Rupiah)

BNI Sharia/Year	2016	2015	2014	2013
Net Income	277,375	288,525	163,051	117,462
Capital	2,486,566	2,215,658	1,950,000	1,304,680
ROE	9 %	13 %	8 %	10 %
Increased/Decreased	(4%)	5%	(2%)	

(Sources: data processed)

On table 4.16 shows the ROE BNI Sharia has fluctuated. In 2013, BNI Sharia ROE is 10%. It means that every Rp 1, - from the capital was able to produces a profit of Rp 0,10,-. Have a very good ROE on this year which means Mandiri Sharia was able to produces a very good profit. So in 2013 Mandiri Sharia has a very good performance. In the next year, the ROE has decreased to

8%, in 2014 Mandiri Sharia produces more profit than the previous year, but with an increase in added capital so that net income was not balanced with capital so in the year 2013-2014 decreased to 2%. In the year 2014-2015 ROE has increased to 13% which means BNI Sharia can increase a good profit. And in 2015-2016 BNI also has decreased to 9%, this was due to unstable net income due to increased operating expenses.

The ROE ratio of BNI Sharia has a positive and negative fluctuated, a negative ROE occurred in the year 2013-2014 which means BNI Sharia has not good enough to produces a good performance. in the Year 2014-2015 BNI Sharia has a positive ROE because Mandiri Sharia can produce an increased net income. And BNI Sharia has a negative ROE back in the year 2015-2016, which means the growth of BNI Sharia ROE was unstable. From 2013-2016 BNI Sharia produces excellent ROE, so BNI Sharia produces excellent performance.

2. Liquidity Ratios

The obligation needs to be fulfilled is the short term debt, since the ratio used is liquidity ratio in which the ratio is used to measure the safety rate of short term creditor, and also to measure whether a company is affected once the short term liability is billed (Kasmir, 2012). Liquidity ratios, they are: Cash Ratio, Current ratio and FDR

a. Cash Ratio

The Cash Ratio is a ratio used to measure a bank's capability in fulfilling its liability that has to be paid immediately with the liquid

price owned by the bank (Kasmir, 2012: 110). Therefore, the higher Cash Ratio is, the better bank's capability in fulfilling its liability to pay its immediate debt. The formula of cash Ratio is:

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current liabilities}} \times 100\%$$

Source: Kasmir (2015: 139)

Information :

- a. Cash and Cash Equivalent consists of Cash, Placement with BI, Demand deposit with another banks, placement with other banks, and Securities purchased under agreement to resel
- b. Current Liabilities consists of Immediately liabilities, deposit, Acceptance payable, Fund borrowing, and taxes payable

Table 4.17 Calculation of Cash Ratio on Muamalat Bank's

(On million rupiah)

Post-post/Year	2016	2015	2014	2013
A. Cash and Cash Equivalents				
1. Cash	891,776	1,194,367	1,146,478	1,003,584
2. Placement with BI	5,372,595	5,346,205	8,322,292	4,749,818
3. Current accounts with other banks	820,477	1,334,160	970,144	666,562
4. Placement with other banks	25,430	22,647	94,857	26,310
5. Securities purchased Under Agreement to Ressel	402,325	-	-	-

Continued from table 4.17

Total of Cash and cash Equivalent I	2016	2015	2014	2013
	7,512,605	7,898,381	10,533,751	6,445,927
B. Current Liabilities				
1. Liabilities Due Immediately	175,053	178,661	115,568	57,643
2. Deposit	5,638,431	5,702,942	6,121,893	6,425,054
3. Acceptance Payable and Taxes payable	933,557	575,496	786,871	1,418,577
4. Fund borrowing	2,669,202	1,804,925	1,804,925	1,506,000
Total Current Liabilities II	8,816,243	8,262,024	8,042,711	9,407,274
Cash Ratio (I/II)x100%	85%	95%	130%	68%
Increased/Degreased	(10%)	(35%)	62%	

(Sources: data processed)

Based on table 4.17 showed the increase and decrease of cash ratio. In 2013 cash ratio of 68%. It means that every Rp 1,- of current liabilities is guaranteed by cash availability of Rp 0.68, -. In 2013-2014 cash ratio has increased to 130%. This is due to the increased of cash and cash equivalent and current liabilities. In 2014-2016 cash ratio decreased to 95% in year 2015 and 85% in year 2016, although cash ratio decreased but cash ratio of Muamalat Bank's was very good, so it means that Muamalat bank can maintain cash ratio quite well. More higher cash ratio obtained, it can be concluded that the current liabilities owned by Bank Muamalat was guaranteed by the availability of adequate cash or when the maturity date, then the bank muamalat able to pay on time.

The growth of cash ratio of Bank Muamalat as the original one bank shows that CR has a negative and positive growth. Positive growth occurred in 2013-2014. Whereas in years 2014-2016 has a negative growth. Although the

negative growth in CR but CR Bank Muamalat was good enough to showed that Bank Muamalat was able to maintain their financial performance.

Table 4.18 Calculation of Cash Ratio on BRI Sharia Bank

(On million rupiah)

Post-post/Year	2016	2015	2014	2013
A. Cash and Cash Equivalents				
1. Cash	318,105	279,855	240,483	237,904
2. Placement with BI	2,464,178	3,719,138	2,260,268	1,676,612
3. Current accounts and Placement with other banks	453,391	130,417	194,604	63,588
Total of Cash and cash Equivalent I	3,235,674	4,129,410	2,695,355	1,978,104
B. Current Liabilities				
1. Liabilities Due Immediately	86,911	48,237	57,999	43,182
2. Deposit	6,279,480	5,545,612	4,887,435	4,048,434
3. Acceptance Payable and Taxes payable	49,613	49,613	27,887	26,453
4. Fund borrowing	100,000	100,000	100,000	100,000
Total Current Liabilities II	6,516,004	5,745,062	5,073,321	4,218,069
Cash Ratio (I/II)x100%	49%	71%	53%	49%
Increased/Decreased	(22%)	18%	4%	

(Sources: data processed)

Based on table 4.18 showed the increase and decrease Cash Ratio. In 2013 Cash Ratio of 49%. It means that every Rp 1,- from Current Liabilities is guaranteed by cash availability of Rp 0.49, -. In 2013-2015 cash ratio has increased to 53% in the year 2014 and 71% in the year 2015. This is due to the increase in cash and cash equivalent and Current liabilities so it can be balanced as well. In 2015-2016 Cash Ratio has decreased to 49%, this is due to cash and

cash equivalent decreased, although Cash Ratio decreased but Cash Ratio BRI Sharia in 2016 is quite good, so it means that BRI Sharia can maintain Cash Ratio with very good. More higher Cash Ratio obtained, it can be concluded that the current liabilities owned BRI Sharia guaranteed by the availability of adequate cash or when the due date, the BRI Sharia able to pay on time.

The growth of BRI Sharia cash ratio showed that cash ratio has a negative and positive growth. Positive growth in years 2013-2015. And in 2015-2016 have a negative growth. Although the negative growth in cash ratio but cash ratio of BRI Sharia was good to showed that BRI Sharia was able to maintain their financial performance.

Table 4.19 Calculation of Cash Ratio on Mandiri Sharia Banks

(On million rupiah)

Post-post/Year	2016	2015	2014	2013
A. Cash and Cash Equivalents				
1. Cash	1,086,568	1,611,124	1,513,579	1,444,785
2. Giro with BI	3,356,501	2,905,040	2,723,019	3,238,728
3. Giro with other banks	1,551,019	530,986	533,399	687,470
4. Placement with BI	4,598,197	3,507,670	7,544,019	5,818,389
5. Placement with other banks	320,000	-	195,000	50,000
Total of Cash and cash Equivalent I	10,912,288	8,554,821	12,509,745	11,239,373
B. Current Liabilities				
1. Liabilities Due Immediately	1,010,958	912,489	690,312	753,630
2. Deposit	9,510,850	8,102,372	6,929,228	9,143,535
3. Acceptance Payable	79,863	105,699	51,733	28,199

Continued from table 4.19

and Taxes payable	2016	2015	2014	2013
Total Current Liabilities II	10,601,671	9,120,560	7,671,273	9,897,165
Cash Ratio (I/II)x100%	102%	93%	163%	113%
Increased/Decreased	9%	(70%)	50%	

(Sources: data processed)

Based on the table 4.19 showed a fluctuate of cash ratio. In the year 2013 cash ratio of 113%. It means that every Rp 1,- from current liabilities is guaranteed by cash availability of Rp 0.113,-. In the year 2013-2014 cash ratio has increased to 163%. This was due to the increased of cash and cash equivalent and current liabilities. In 2014-2015 cash ratio has decreased to 93%, this was due to cash and cash equivalent has decreased, although cash ratio has decreased but cash ratio Mandiri Sharia in 2015 was quite good, it means that Mandiri Sharia can maintain cash ratio with very good. In the year 2015-2016 cash ratio has increased to 102%. This proves that Mandiri Sharia is very good for maintaining their performance because it has a very good cash ratio. More higher of Cash Ratio obtained, it can be concluded that the current liabilities owned independently Sharia guaranteed by the availability of adequate cash or when the maturity, the Mandiri Sharia can pay on time.

The growth of Cash Ratio of BRI Sharia showed fluctuate, that cash ratio has a negative and positive growth. Positive growth occurred in years 2013-2014. In the years 2014-2015 has a negative growth. And in 2015-2016 has a positive growth. Although the negative growth occurred in cash ratio in 2015, the cash ratio of Mandiri Sharia was good to showed that Mandiri Sharia was able to maintain their financial performance.

Table 4.20 Calculation of Cash Ratio BNI Bank's

(On million rupiah)

Post-post/Year	2016	2015	2014	2013
A. Cash and Cash Equivalents				
1. Cash	159,912	145,965	153,331	201,157
2. Giro and placement with BI	3,059,796	2,583,736	1,851,201	607,984
3. Giro with other banks	174,820	90,650	158,900	607,984
4. Placement with other banks	51,000	-	200,000	210,083
Total of Cash and cash Equivalent I	3,445,528	2,820,351	2,363,432	1,187,481
B. Current Liabilities				
1. Liabilities Due Immediately	33,109	18,942	15,654	19,404
2. Deposit	4,111,148	2,833,838	2,630,753	2,308,472
3. Acceptance Payable and Taxes payable	38,439	23,005	32,540	17,873
Total Current Liabilities II	4,182,696	2,875,785	2,678,947	2,345,749
Cash Ratio (I/II)x100%	82%	98%	88%	50%
Increased/Decreased	(16%)	10%	38%	

(Sources: data processed)

Based on the table 4.20 showed the increase and decrease of cash ratio. In the year 2013 Cash Ratio of 50%. It means that every Rp 1,- from current liabilities is guaranteed by cash availability of Rp 0.50,-. In the year 2013-2015 cash ratio has increased to 88% in 2014 and also increased to 98% in 2015. This is due to the increased of cash and cash equivalent and current liabilities. In 2015-2016 cash ratio has decreased to 82%, this is due to cash and cash equivalent decreased, although the cash ratio decreased but cash ratio of BNI Sharia in 2016 was very good, so that showed if BNI Sharia can maintain cash ratio with very

good. More higher the cash ratio obtained, it can be concluded that the current liabilities owned BNI Sharia was guaranteed by the availability of adequate cash or when the maturity, the BNI Sharia can pay on time.

The Cash Ratio of BNI Sharia has a negative and positive growth. Positive growth occurred in 2013-2015. In year 2015-2016 has a negative growth. Although the negative growth in cash ratio but cash ratio of BNI Sharia was very good to showed that BNI Sharia was able to showed their excellent financial performance.

b. Financing to Deposit Ratio (FDR)

Financing to Deposit Ratio (FDR) in sharia banking, the term loan is not acknowledge; it is better known as financing. In general, the same concept can be found in Sharia banking while measuring the liquidity, in which it uses Financing to Deposit Ratio (Kasmir, 2012). FDR Formula as bellow:

$$FDR = \frac{\text{The Total of Financing}}{\text{Third party Total Fund}} \times 100\%$$

Source: SE/No.14/35/DPNP, 31 Mei 2012

Information:

- a. The total of financing consists of: murabahah receivables, Qardh loans, Mudharabah and Musyrakah financing, and net Ijarah
- b. Total Third Party Funds received by the Bank

Table 4.21 calculation of Financing to Debt Ratio (FDR) Muamalat Banks*(On million rupiah)*

Muamalat/year	2016	2015	2014	2013
A. Financing				
1. Piutang Murabahah	16,902,237	17,350,112	20,213,021	19,402,401
2. Qardh Loan	549,170,103	230,580	127,455	420,636
3. Cost of Mudharabah and Musyarakah	794,219	1,050,197	1,723,619	2,170,219
4. Ijarah				
	20,343,577	20,426,826	19,800,169	18,044,598
Total Financing (I)	38,588,000	39,065,090	41,896,264	40,037,854
Third Party (II)	2016	2015	2014	2013
	41,920,000	45,080,000	51,210,090	41,790,000
FDR ((I/II)x 100%)	92%	86%	82%	96%
Increase/Degrease	6%	4%	(14%)	-

(source: data processed)

Based on the table 4.21 showed the decrease and increase of FDR. In 2013 the FDR is 96%. It means that every Rp 1,- of the third-party is guaranteed by the availability of Total Financing of Rp 0.96,-. In the year 2013-2014 the FDR has decreased to 82%. This caused by Qardh loan and cash of Mudarabah decreased in the previous year, so with the total of third-party funds was increased so that FDR in 2014 has decreased, although FDR of this year has decreased FDR was quite good. In the year 2014-2016 FDR has increased to 86% in the year 2015 and also increased to 92% in the year 2016, that caused by the total of financing increases and can be offset by third-party funds.

The growth of Bank Muamalat's as the original one bank showed that FDR has a negative and positive growth. Negative growth in years 2013-2014. In years 2014-2016 has a positive growth. Although in the years 2013-2014 there was a negative growth in the FDR but the Bank Muamalat FDR's was very good, thus that Muamalat bank is able to show their excellent financial performance.

Table 4.22 calculation of Financing to Debt Ratio (FDR) BRI Sharia Banks

(On million rupiah)

BRI/year	2016	2015	2014	2013
A. Financing				
1. Piutang	10,506,533	9,787,350	9,868,113	8,861,644
Murabahah	293,119	387,535	587,139	958,514
2. Qardh Loan	5,185,890	6,189,529	876,311	936,688
3. Cost of				
Mudharabah and				
Musyarakah	1,557,866	46,259	4,097,185	3,173,080
4. Ijarah				
Total Financing (I)	17,537,208	16,283,056	15,428,748	13,929,926
Third Party (II)	22,050,000	20,150,000	16,711,516	13,794,869
FDR ((I/II)x 100%)	80%	81%	92%	102%
Increase/Degrease	(1%)	(11%)	(10%)	

(source: data processed)

Based on the table 4.22 FDR of BRI Sharia 2012-2016 has decreased. The highest FDR occurred in 2013 of 102%. It means that every Rp 1,- of the Third Party is guaranteed by the availability of Total Financing of Rp 0.102, -. And the next year have a decreased of 92% in year 2014, an 81% decrease in year 2015 and 80% in year 2016. This is because the Third Party is rising so Financing does not balance the Third Party so that its percentage decreases, even though the FDR

in 2012-2016 decreased but the value of FDR still a quite good, so the performance of BRI Sharia is a quite good.

The growth FDR of BRI Sharia have a negative growth. Negative growth in 2012-2016. Although in 2012-2016 there is a negative growth in the FDR but the FDR BRI Sharia is quite good, so that BRI Sharia is able to showed a their good financial performance.

Table 4.23 calculation of FDR Mandiri Sharia Banks

(On million rupiah)

Mandiri/year	2016	2015	2014	2013
A. Financing				
1. Piutang Murabahah	34,787,465	33,443,570	32,654,390	32,363,254
2 Qardh Loan	1,963,321	1,931,683	3,585,399	5,554,738
3 Cost of Mudharabah and Musyarakah	16,086,762	13,111,451	10,337,905	10,752,404
4 Ijarah	907,190	806,048	817,813	267,552
Total Financing (I)	53,744,648	49,292,752	47,385,507	48,936,948
Third Party (II)	60,831,488	54,372,133	53,173,487	47,573,677
FDR ((I/II)x 100%)	88%	91%	89%	102%
Increase/Degrease	(3%)	2%	(13%)	

(source: data processed)

Based on the table 4.23 has fluctuated FDR. In 2013 the FDR of 102%. It means that every Rp 1,- of the third-party is guaranteed by the availability of Total Financing of Rp 0.102,. In 2013-2014 FDR has decreased to 89%. This caused by Qardh loan, and cash of Mudarabah has decreased in the previous year and also that caused by the total of third-party funds increased so that FDR in 2014

decreased, although FDR in this year was decreased but the FDR was quite good. In the year 2014-2015 FDR has increased to 91%, this caused by the total of financing was increased and can be offset by third-party funds. In 2015-2016 FDR has decreased to 88%, that was caused by the Third Party also increased.

The FDR Mandiri Sharia showed that FDR has a fluctuated negative and positive growth. Negative growth occurs in 2013-2014. And in 2014-2015 has a positive growth. Then the negative growth next year 2015-2016. Although FDR has a negative growth in FDR but the FDR Mandiri Sharia has a very good so that Mandiri Sharia was able showed their excellent financial performance.

Table 4.24 calculation of FDR BNI Sharia Banks

(On million rupiah)

BNI/year	2016	2015	2014	2013
A. Financing				
1. Piutang Murabahah	14,821,164	13,218,300	11,292,122	7,969,128
2. Qardh Loan	906,652	559,209	638,347	627,739
3. Cost of Mudharabah and Musyarakah	4,089,070	3,358,807	2,421,699	1,768,300
4. Ijarah	115,745	247,675	434,470	685,927
Total Financing (I)	19,932,631	17,383,991	14,786,638	11,051,094
Third Party (II)	21,142,851	17,491,504	14,457,565	9,565,152
FDR ((I/II)x 100%)	94%	99%	100%	115%
Increase/Degrease	(5%)	(1%)	(15%)	

(source: data processed)

Based on the table 4.24 FDR of BNI Sharia 2012-2016 has decreased. The highest FDR occurred in 2013 of 115%. It means that every Rp 1,- of the third-

party is guaranteed by the availability of Total Financing of Rp 0.115,-. And a decrease in the next year is 100% in the year 2014, a decrease of 99% in the year 2015 and 94% in the year 2016. This caused by the third-party increasing so that Financing doesn't balance the third-party, Although the FDR in 2012-2016 has decreased but the FDR rate was very good, so the performance of BNI Sharia was very good.

The FDR of BNI Sharia showed that FDR has a negative growth. Negative growth occurred in years 2012-2016. Although in 2012-2016 there was a negative growth in the FDR but the FDR BNI Sharia was very good so that BNI Sharia was able to showed excellent financial performance.

3. Solvability Ratios

Solvability ratio is the ratio to measure the achievement of the company in terms of rentability or rentatability of the business on capital that we use. this ratio is a measure of achievement of the company's management or the manager of the company or entrepreneur itself (Kasmir, 2012). The rentability ratio can be calculated by the following ratio:

a. Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio (CAR) is the way to calculate bank capital showed as a bank's risky credit opening if the bank capital was high, then the bank could handle every upcoming credit risks. Based on the

regulation of Bank Indonesia circular letter (No.6/23.DPNP May 31, 2004), The good CAR standard is 8%. CAR formulated as bellow:

$$CAR = \frac{\text{Bank Capital}}{\text{RWA}} \times 100\%$$

Source: Kasmir (2015:98)

Information:

1. Bank Capital is the total capital of the bank consists of core capital and complementary capital
2. Risk Weighted Assets are weighted assets consisting of market risk and credit risk

Table 4.25 calculation of Capital Adequacy Ratio (CAR) Muamalat Banks

(On Million Rupiah)

Muamalat/Year	2016	2015	2014	2013
Bank Capital (I)	5,219,890	4,992,717	5,839,159	5,108,337
Risk Weight Assets (II)	36,683,812	37,713,991	41,334,187	36,370,274
CAR (I/II)x 100%	14 %	13,2 %	14,2%	14 %
Increase/Degrease	0,8%	(1%)	0,2%	

(source: data processed)

Based on the table 4.25, CAR of Bank Muamalat as the original one bank showed in 2012-2016 has a fluctuated. In 2013 CAR of Bank Muamalat is 14% of Risk Weighted Assets (RWA) is available capital from Bank Muamalat, it means that every Rp 1,- from RWA is guaranteed by the capital of Rp 0,14,-. In the year 2013-2014 have an increased to 14.2%. Then decreased by 13.2% in the year 2014-2015. This is due to the decreased in bank capital which is unbalanced with the decrease of RWA. In years 2015-2016 CAR has increased 0.8% to 14%.

Although Bank Muamalat has fluctuated, the CAR that occurs in Muamalat bank has a very small difference, with CAR 2012-2016 Bank Muamalat classified as having excellent CAR with good CAR Bank Muamalat is very good in managing capital, so it can be concluded that the performance of Bank Muamalat is very good.

The growth of CAR of Muamalat Bank as the original one bank shows that CAR has a fluctuated, negative and positive growth. Positive growth happens in 2013-2014. And in 2014-2015 have a negative growth. The positive growth in the next year 2015-2016. Although CAR has a negative growth in CAR but the CAR of Muamalat Bank was very good, thus Muamalat Bank was able to show their excellent financial performance.

Table 4.26 Calculation of Capital Adequacy Ratio (CAR) BRI Sharia Banks

(On Million Rupiah)

BRI Sharia/Year	2016	2015	2014	2013
Bank Capital (I)	3,467,399	2,343,243	1,767,087	1,765,133
Risk Weight Assets (II)	14,417,453	14,816,788	13,710,805	12,180,403
CAR (I/II)x 100%	24 %	16 %	13 %	15 %
Increased/Increased	8%	3%	(2%)	

(source: data processed)

Based on the table 4.26 BRI Sharia during 2012-2016 has a decreased and increased CAR. In 2013, BRI Sharia CAR is 15%, which means 15% of Risk Weighted Assets (RWA) is capital available from BRI Sharia, it means that every Rp 1,- from RWA is guaranteed by the capital of Rp 0,15,-. In the year 2013-2014 decreased 2% to 13%. This is due to an increase in bank capital that is unbalanced

with the increased of RWA. In 2014-2016 it has increased 16% in the year 2015 and in the year 2016 is 24%. This is due to the increase in bank capital and also increase in RWA, which has a good impact on the CAR. Because more higher the CAR meanings that the bank can managing bank capital as well, with the CAR 2012-2016 BRI Sharia which has a very good CAR, so it can be concluded that the performance of BRI Sharia is very good.

The growth of CAR BRI Sharia showed that CAR has a negative and positive growth. Negative growth occurred in 2013-2014. And in 2014-2016 has a positive growth. Although in 2013-2014 there was a negative growth in the CAR but the CAR BRI Sharia was very good, thus BRI Sharia was able to show excellent financial performance.

Table 4.27 Calculation of Ratio CAR Mandiri Sharia Banks

(On Million Rupiah)

Mandiri/Year	2016	2015	2014	2013
Bank Capital (I)	6,942,002	6,187,390	5,571,760	5,344,901
Risk Weight Assets (II)	42,815,413	41,062,529	37,746,957	37,841,216
CAR (I/II)x 100%	16 %	15 %	14,7 %	14 %
Increased/Decreased	1%	0,3%	0,7%	

(source: data processed)

Based on the table 4.27 the CAR of Mandiri Sharia during the year 2013-2016 has increased. On the year 2013 is 14%, which means 14% of Risk Weighted Assets (RWA) is available capital from Bank Muamalat, it also means that every Rp 1,- from RWA secured by capital of Rp 0.14,-. Then increased in

the year 2014 to 14.7%. And in 2015-2016 CAR also increased to 15% in the year 2015 and 16% in 2016. The increased CAR in a row is due to a good capital increase so as to balance with the increase in RWA. The increasing of CAR means that the bank is able to manage the bank's capital as well. With this high CAR, so Mandiri Sharia performs very well.

The growth of CAR Mandiri Sharia showed that CAR has a positive growth during years 2013-2016. With this excellent Mandiri Sharia CAR growth, it shows that Mandiri Sharia is able to show their excellent financial performance.

Table 4.28 Calculation of CAR BNI Sharia Banks

(On Million Rupiah)

BNI/Year	2016	2015	2014	2013
Bank Capital (I)	2,486,260	2,254,181	2,004,358	1,365,396
Risk Weight Assets (II)	13,964,260	12,477,294	10,878,620	8,413,837
CAR (I/II)x 100%	17,8 %	18 %	18,4 %	16,2 %
Increased/Decreased	(0,2%)	(0,4%)	2,2%	

(source: data processed)

Based on the table 4.28, the CAR of BNI Sharia during the year 2013-2016 has increased and decreased. In 2013 CAR BNI Sharia is 16.2%, it means 16.2% of Risk Weighted Assets (RWA) is available capital from BNI Sharia, it also means that every Rp 1,- of RWA is secured by the capital of Rp 0.162,-. In the year 2013-2014 increased 2.2% to 18.4%. This caused by the increase in bank capital which is balanced with the increase of RWA in the previous year. In 2014-2016 decreased by 18% in the year 2015 and 17.8% in the year 2016. This caused by the increase in bank capital is unbalanced with the increase in RWA. Although

BNI Sharia has decreased, CAR BNI Sharia has a very small difference, with CAR during 2013-2016 BNI Sharia classified as having excellent CAR with good CAR BNI Sharia is very good in managing capital, so it can be concluded that BNI performance Sharia is very good.

The growth CAR of BNI Sharia showed that CAR has a positive and negative growth. Positive growth happens in 2013-2014. And in 2014-2016 have a positive growth. Although in 2014-2016 there was a negative growth in the CAR but the CAR BNI Sharia is very good, thus showing that BNI Sharia able to show their excellent financial performance.

b. Debt to Equity Ratios

Debt to Equity Ratio or in the Indonesian language is called the Debt to Equity Ratio or Capital Debt Ratio is a financial ratio that shows the relative proportion of Equity and Debt used to finance the company's assets. DER with ratio less than 1.00 indicates that the company has a debt that is smaller than its equity. However, banks tend to have higher DER. Because some of the funds has their manage are third party funds. So the greater the third party capital, then the possibility to get higher profits (Kasmir, 2015). DER with the following formula:

$$DER = \frac{\text{Liabilities}}{\text{Equity}}$$

Source: Kasmir (2015:158)

Table 4.29 calculation of Debt to Equity Ratio (DER) Muamalat Banks*(On Million Rupiah)*

Muamalat/Year	2016	2015	2014	2013
Liabilities	9,476,756	8,952,097	9,463,142	9,875,686
Equity	3,618,746	3,518,592	4,023,941	3,321,206
DER (%)	2,6	2,5	2,3	2,9
Increased/Decreased	0,1	0,2	(0,6)	

(source: data processed)

Based on the calculation of DER in the table 4.29 during year 2013-2016 has a decreased and increased, the highest DER Muamalat Bank in the year 2013 is 2.9%, which means 2.9% of Equity is Liabilities available from Muamalat Bank, this also means that every Rp 1,- of Equity is guaranteed by Liabilities of Rp 0.029,. DER in the years 2013-2014 has decreased 0.6% to 2.3%, this is because the increase in liabilities is not offset by an increase in Equity. In the years 2014-2016 DER has increased to 2.5% in the year 2015 and 2.6% in the year 2016. As has been explained earlier that higher of DER, also higher the third-party capital so the possibility to get higher profits.

The growth of Bank Muamalat as the original one bank showed that DER has a negative and positive growth. Negative growth occurred in 2013-2014. And in the year 2014-2016 has a positive growth. Although in the year 2013-2014 there is a negative growth in DER. That higher DER was indicating then higher the third party's capital, which for companies such as banks, the higher the third party funds the higher the possibility of higher profits. So the DER was quite good enough thus Muamalat Bank shows its financial performance was quite well.

Table 4.30 calculation of Debt to Equity Ratio (DER) BRI Sharia Banks*(On Million Rupiah)*

BRI/Year	2016	2015	2014	2013
Liabilities	8,464,428	6,421,573	5,608,590	4,504,515
Equity	2,510,014	2,339,812	1,707,843	1,698,128
DER (%)	3,3	2,7	3,2	2,6
Increase/Degrease	0.6	(0.5)	0.6	

(source: data processed)

Based on the calculation of DER in the table 4.30, during the year 2013-2016 have fluctuated, DER BRI Sharia in 2013 is 2.6%, which means 2.6% of Equity is Liabilities available from BRI Sharia, it also means that every Rp 1,- from Equity is guaranteed by Liabilities Rp.0,026,-. In the year 2013-2014 DER increased 0.6% to 2.3%, decreased in the next year which is 2014-2015 of 2.7%. This is because the increase in liabilities is not offset by an increase in Equity. In the year 2015-2016 DER has increased to 3.3% which is the highest DER during the year 2013-2016. As explained earlier that higher the DER, then higher the third party capital so the possibility to get higher profits.

The growth of DER BRI Sharia showed that DER has a positive and negative fluctuated growth. Positive growth occurred in 2014 and 2016. Although in 2015 have a negative growth in DER. That higher of DER indicates also higher the third party's capital, which for companies such as banks, higher the third party

funds than higher the possibility to get higher profits. So the DER is quite good enough to show BRI Sharia show its financial performance quite well.

Table 4.31 calculation of DER Mandiri Sharia Banks

(On Million Rupiah)

Mandiri/Year	2016	2015	2014	2013
Liabilities	11,232,796	9,883,107	8,329,956	11,029,685
Equity	6,392,432	5,613,738	4,936,978	4,861,998
DER (%)	1,75	1,76	1,68	2,3
Increase/Degrease	(0,01)	0,08%	(0,62%)	

(source: data processed)

Based on the calculation of DER on the table 4.31 during the year 2013-2016 have a fluctuated, the highest DER Mandiri Sharia is in 2013 is 2.3%, which means 2.3% of Equity is Liabilities available from Mandiri Sharia, it also means that every Rp 1,- from Equity is guaranteed by Liabilities Rp 0,023,-. DER in the year 2013-2014 has decreased 0.62% to 1.68%, an increase in the next year of 2014-2015 is 1.76%. And in the following year has decreased by a very small difference of 0.01% to 1.75%. The decreased that occurred in 2014 and 2016 is due to an increase in liabilities not offset by an increase in Equity. As explained earlier that more higher the DER, then more higher the third party capital so the possibility to get higher profits.

The growth of DER Mandiri Sharia showed that DER has a fluctuated growth. Negative growth occurred in 2014 and 2016. And in 2014-2015 has a negative growth. Although in 2014 and 2016 has a negative growth in DER. That more higher DER indicates more higher the third party's capital, which for the

companies such as banks, more higher the third party funds then more higher the possibility to get higher profits. So the DER is quite good enough to show Mandiri Sharia show its financial performance quite well.

Table 4.32 calculation of Debt to Equity Ratio (DER) BNI Sharia

(On Million Rupiah)

BNI/Year	2016	2015	2014	2013
Liabilities	4,684,758	3,310,505	3,084,574	3,838,672
Equity	2,486,566	2,215,658	1,950,000	1,304,680
DER (%)	1,8	1,4	1,5	2,9
Increase/Degrease	0,4	(0,1)	(1.4)	

(source: data processed)

Based on the calculation of DER on the table 4.33, during year 2013-2016 has decreased and increased, and the highest DER BNI Sharia in the year 2013 is 2.9%, which means 2.9% of Equity is Liabilities available from BNI Sharia, it also means that every Rp 1,- of Equity is guaranteed by Liabilities of Rp 0.029,-. In the year 2013-2015 DER has decreased 1.4% to 1.5% in the year 2014 and also decreased 0.1% to 1.4% in 2015, this is because the increase in liabilities is not offset by an increase in Equity. In 2015-2016 DER increased by 0.4% to 1.8%. As explained earlier that more higher the DER, then more higher the third party capital so the possibility to get higher profits.

The growth of Bank Muamalat DER showed that DER has a negative and positive growth. Negative growth occurred in 2013-2015. And in the year 2015-2016 have a positive growth. Although in 2013-2015 there is a negative growth in DER. That more higher DER indicates more higher the third party's capital, which

for the companies such as banks, more higher the third party funds then more higher the possibility to get higher profits. So the DER was quite good enough to show BNI Sharia shows its financial performance quite well.

D. Analysis of Banking Financial Ratios

Banking financial analysis using *cross sectional* approach method, financial ratios and other important financial information at PT. Bank Muamalat, Tbk. will be compared with the average financial ratios and other information from conventional sharia banks in Indonesia. In Indonesia Conventional Sharia Bank is common there are 3 banks, which is: PT. Bank Rakyat Indonesia Sharia (BRI Sharia), Tbk. PT. Mandiri Sharia, Tbk. dan PT. Bank Negara Indonesia Sharia (BNI Sharia), Tbk.

1. Comparative Financial Ratios

Table 4.33 Comparative Financial Ratios

Ratios	Samples	Years Period				Ratios
		2013	2014	2015	2016	Average
Profitability Ratios						
NPM	Muamalat Bank's	4%	1.1%	1.5%	2,1%	2.2%
	BRI Sharia	7.5%	0.3%	5%	6,5%	5%
	Mandiri Sharia	12%	1.3%	4.9%	5%	6%
	BNI Sharia	8.8%	8%	9.4%	10%	9%
Industry Average		8.1%	2.7%	5.2%	6%	5.55%
Highest Ratios						9%
Lowest Ratios						2.2%

Continued from table 4.33

Samples		2013	2014	2015	2016	Ratios Average
ROA	Muamalat Bank's	0.45%	0.15%	0.19%	0.20%	0.24%
	BRI Sharia	1%	0.06%	0.7%	0.9%	0.66%
	Mandiri Sharia	1.4%	0.2%	0.5%	0.6%	0.67%
	BNI Sharia	1.22%	1.12%	1.33%	1.31%	1.2%
	Industry Average	1.1%	0.39%	0.70%	3%	2.1%
Highest Ratios						0.24%
Lowest Ratios						1.2%
ROE	Muamalat Bank's	5%	1.4%	2%	2.2%	2,6%
	BRI Sharia	8%	0.4%	5%	7%	5%
	Mandiri Sharia	13%	1.5%	5.2%	5%	6%
	BNI Sharia	10%	8%	13%	9%	10%
	Industry Average	9%	2.8%	6.3%	5.8%	5.9%
Highest Ratios						10%
Lowest Ratios						2.6%
Likuidity Ratios						
Cash Ratio	Muamalat Bank's	68%	130%	95%	85%	94%
	BRI Sharia	49%	53%	71%	49%	55%
	Mandiri Sharia	113%	163%	93%	102%	117%
	BNI Sharia	50%	88%	98%	82%	79%
	Industry Average	70%	108%	89%	79.5%	86%
Highest Ratios						117%
Lowest Ratios						55%
FDR	Muamalat Bank's	96%	82%	86%	92%	89%
	BRI Sharia	102%	92%	81%	80%	88%
	Mandiri Sharia	102%	89%	91%	88%	92%
	BNI Sharia	115%	100%	99%	94%	102%
	Industry Average	104%	91%	89%	88%	93%
Highest Ratios						102%
Lowest Ratios						88%
Solvability Ratios						
CAR	Muamalat Bank's	14%	14,2%	13,2%	14%	14%
	BRI Sharia	15%	13%	16%	24%	17%
	Mandiri Sharia	14%	14,7%	15%	16%	59%
	BNI Sharia	16,2%	18,4%	18%	17,8%	70%
	Industry Average	14.8%	15.1%	15.5%	18%	40%
Highest Ratios						10%
Lowest Ratios						2.6%

Continued from table 4.33

Samples		2013	2014	2015	2016	Ratio Average
DER	Muamalat Bank’s	2.9%	2.3%	2.5%	2.6%	2.5%
	BRI Sharia	2.6%	3.2%	2.7%	3.3%	2.9%
	Mandiri Sharia	2.3%	1.68%	1.76%	1.75%	1.8%
	BNI Sharia	2.9%	1.5%	1.4%	1.8%	1.9%
Industry Average		2%	2.2%	2.1%	2.3%	2.3%
Highest Ratios		2.9%				
Lowest Ratios		1.8%				

(Sources: data processed)

Table 4.34 Recapitulation of the average calculation of financial ratios of PT. Muamalat Bank, Tbk., PT. BRI Sharia, Tbk., PT. Mandiri Sharia, Tbk., and PT. BNI Sharia, Tbk.

Financial Ratios	Muamalat Bank	BRI Sharia	Mandiri Sharia	BNI Sharia	Industry Average
<u>Profitability Ratios</u>					
NPM	2.2%	5%	6%	9%	5.5%
ROA	0.24%	0.66%	0.67%	1.2%	0.69%
ROE	2.6%	5%	6%	10%	6%
<u>Liquidity Ratios</u>					
Cash Ratio	94%	55%	117%	79%	86%
FDR	89%	88%	92%	102%	93%
<u>Solvability Ratios</u>					
CAR	14%	17%	59%	70%	40%
DER	2.5%	2.9%	1.8%	1.9%	2.3%

(Sources: data processed)

Based on the table 4.34, shows that the financial performance of PT. BNI Sharia was better than 3 other sharia banks. This caused by the average of financial ratios in terms of profitability, liquidity, and solvency, PT BNI Sharia was higher than the industry average. This indicates that BNI Sharia was better able to increase its wealth and inventory to increase business, third party, and capital, so the profit of BNI Sharia was better than 3 other sharia banks.

Financial performance of Mandiri Sharia is better than BRI Sharia and Muamalat Bank. This caused by the average financial ratios of Mandiri Sharia which is NPM, ROA, CR, FDR and CAR above the industry average. This indicates that Mandiri Sharia can improve business, third party funds well enough, although Mandiri Sharia was not good enough to increase its Equity, so the average of ROE and DER Mandiri Sharia financial ratio below the industry average, but Mandiri Sharia was better than with BRI Sharia and Muamalat Bank.

Financial performance of BRI Sharia was less good. This is because the average financial ratios of BRI Sharia are in terms of BRI Sharia's profitability, liquidity, and solvency below the industry average. This indicates that Mandiri Sharia is not good enough to increase business, third party fund, and capital, although BRI Sharia is below the industry average, but BRI Sharia has viewed from the average better financial ratio than Muamalat Bank

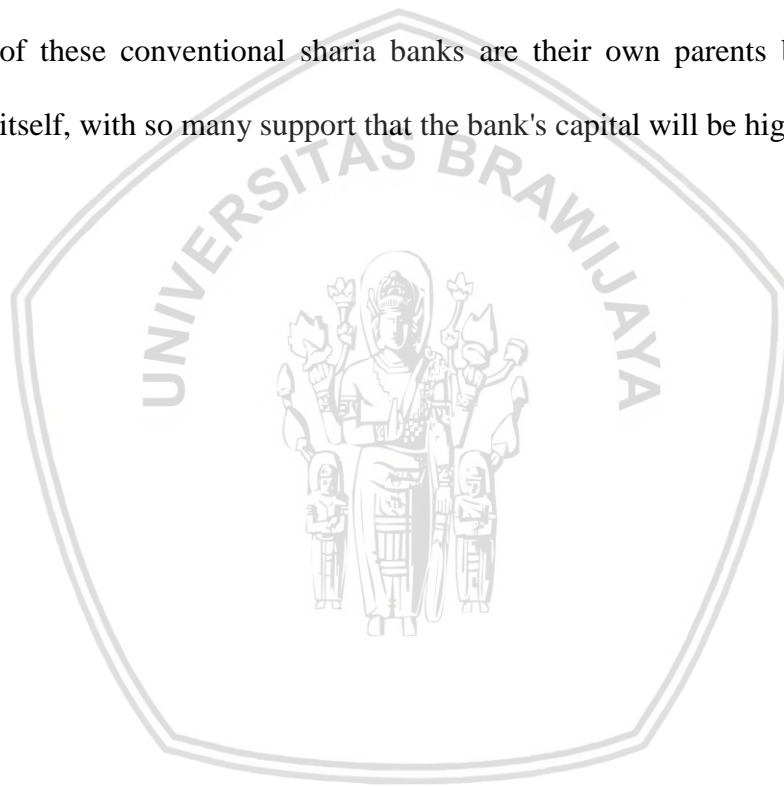
.Financial performance of Muamalat Bank was not good. This caused by the average ratio of Muamalat Bank's finances are in terms of profitability, liquidity, and solvency below the industry average and also below the average financial ratio of 3 other sharia banks. This is due to the inability of Muamalat Bank to increase its business, third party funds, and capital, thereby decreasing the bank profit in 3 years period. Muamalat banks are in the last position compared with 3 other sharia banks.

E. The Result Analysis Performance of Muamalat Bank, BRI Sharia, Mandiri Sharia and BNI Sharia.

As has been known from the results obtained, and to explain the doubts of the Indonesian population from background in Chapter I, the researchers wanted to compare briefly of the four samples: Muamalat Bank, BRI Sharia, Mandiri Sharia and BNI Sharia. As the original one bank, the bank's muamalat is not in a good position compared to conventional Sharia Banks, namely BRI Sharia, Mandiri Sharia and BNI Sharia. Although the bank muamalat is the first established sharia bank, the reason the muamalat performance is not good compared to the other three sharia banks due to the bank muamalat in the last 4 years is in trouble in managing its capital as based on the annual financial statements Muamalat Bank records total assets on in 2016 by 55.7% and net income of 34.17%. If the performance of bank muamalat continues like this there is a possibility of being threatened with bankruptcy.

According (Wibisono: 2017) as an economic center researcher that true Muamalat Bank notes performance less than the shrinking Profitability Ratio, shrinking capital until the burden of high operational costs . As a result of this, the profit and capital are disrupted to require additional capital. But the majority shareholders do not want to added capital to the original one bank sharia bank in Indonesia. But this will not make Muamalat Bank bankrupt because the 3rd quarter of last year is good enough.

Compared to Muamalat Bank which is in poor performance, these three conventional Sharia Banks are in excellent position. BNI Sharia is at the first level with excellent financial performance. Same with Mandiri Sharia is at the second level with a good financial performance, and on the third level is BRI Sharia which shows good financial performance. The reason sharia banks conventional derivatives is better than the original bank; Muamalat Bank. Since the main support of these conventional sharia banks are their own parents bank, beside from BI itself, with so many support that the bank's capital will be higher.



CHAPTER V

CONCLUTION AND SUGGESTION

A. Conclusion

Based on the results of research that has been finished, this study aims to determine the comparison of financial performance of sharia Bank in Indonesia, namely PT. Muamalat Bank's, Tbk., PT. BRI Sharia, Tbk., PT. Mandiri Sharia, Tbk., And PT. BNI Sharia, Tbk. starting from the period year 2013-2016, using the technique of financial ratio analysis of banking which is *series analysis* and *cross section* approach. From the discussion of the previous chapter it can be concluded that:

1. Financial performance of Muamalat Bank, BRI Sharia, Mandiri Sharia and BNI Sharia, showed that BNI Sharia Profitability Ratio is better than 3 other Sharia banks, showed by BNI Sharia with NPM, ROA and ROE rate during year 2013-2016 is very good, with rate of NPM is 9%, ROA rate is 1.2%, and ROE rate is 10%. while Mandiri Sharia is in second position with the NPM, ROA and ROE with rate of NPM is 6%, and ROA rate 0.67%, and ROE rate is 6%. under BNI Sharia, due to unstable bank performance in 2014 so greatly affect the development of banks in obtaining profit at that time, including two

other sharia banks, BRI Sharia and Muamalat Bank's. The third position is BRI Sharia is good enough in managing profit, showed by the NPM, ROA and ROE better than Muamalat Bank's. With rate of NPM is 5%, ROA rate is 0.66%, and ROE rate is 5%. Muamalat Bank's as the original one bank is in last position which indicates that Muamalat Bank's is less able to manage profit. With an average ratio of NPM is 2.2%, ROA rate is 0.24%, and rate of ROE is 2.6% it is clear that Muamalat Bank's isn't in good enough compared to three other sharia banks.

2. Financial performance of Muamalat Bank, BRI Sharia, Mandiri Sharia and BNI Sharia showed that the Liquidity Ratio of BNI Sharia and Mandiri Sharia better than Muamalat Bank's and BRI Sharia. What is shown by Mandiri Sharia who have Cash Ratio better than three other sharia banks in the period of 2013-2016 with the average ratio reached 117% compared with Muamalat Bank with an average of 94% and Mandiri Sharia with an average of 79%. And compared to BRI Sharia which has the lowest Cash Ratio rate is 55%, it means that BRI Sharia isn't in good at managing Cash Ratio. And BNI Sharia which showed its FDR rate with an average ratio of 102% better than three other sharia banks in 2013-2016, compared to Mandiri Sharia has a average ratio is 92% and third level is Muamalat Bank with average rate of 89%. BRI Sharia which has the lowest FDR rate compared is

88%. Which means during year 2013-2016 BRI Sharia has the most unfavorable Ratio Likuidity.

3. Muamalat Bank's financial performance, BRI Sharia, Mandiri Sharia and BNI Sharia showed that the first Solvability Ratio is CAR, the best rate is shown by BNI Sharia with 70% average ratio, which means that BNI Sharia is best in maintaining capital performance compared to Mandiri Sharia with rate of CAR is 59%, BRI Sharia with rate of CAR is 17% and Muamalat Bank's as the original one bank which have the lowest CAR of 14%, it means Muamalat Bank's isn't in good to managing their capital. While the best DER rate shown by BRI Sharia with 2.9%. Which means the higher the DER rate the greater the third party funds earned so that the possibility to earn greater profit. Compared with Muamalat Bank with rate of CAR is 2.5%, and compared with BNI Sharia with rate of DER is 1.9%. The lowest DER is shown by Mandiri Sharia with a value of 1.8%, it means that Mandiri Sharia isn't in good at managing DER.
4. Muamalat Bank as the original one bank has not good performance compared to the other three conventional Sharia banks due to the bank muamalat in the last four years is in trouble in managing its capital as based on the annual financial statements Muamalat Bank records total assets on in 2016 by 55.7% and net income of 34.17%. As a result of this, the profit and capital are disrupted to require additional capital.

But the majority shareholders do not want to added capital to the original one bank sharia bank in Indonesia. But this will not make Muamalat Bank bankrupt because the 3rd quarter of last year is good enough. Compared to Muamalat Bank which is in poor performance, these three conventional Sharia Banks are in excellent position. BNI Sharia is at the first level with excellent financial performance. Same with Mandiri Sharia is at the second level with a good financial performance, and on the third level is BRI Sharia which shows good financial performance. The reason sharia banks conventional derivatives is better than the original bank; Muamalat Bank. Since the main support of these conventional sharia banks are their own parents bank, beside from BI itself, with so many support that the bank's capital will be higher.

B. Suggestion

The suggestions on this research is one form of research contributions that can be exploited by various parties, especially for the PT. Muamalat Bank's, Tbk., PT. BRI Sharia, Tbk., PT. Mandiri Sharia, Tbk., And PT. BNI Sharia, Tbk. suggestions in this study include:

1. Management of Muamalat Bank's needs to improve in their performance for subsequent years in order to keep its banking financial ratios in good condition. Muamalat Bank's shows the lowest Profitability Ratio compared to BNI Sharia, Mandiri Sharia, so a better performance strategy is needed in order to improve its profitability in the coming years.
2. For the government about financial performance decreasing of the Muamalat Bank in the last 4 years, is expected to be more concerned and needed to be intervened directly by the government, as in the example of government in Malaysia, where the government issued supportive policies, such as tax incentives, research aid, and *APBN* and *APBD* is placed partially to sharia bank. And also auxiliary stock addition to bank muamalat and provide income and financing business assistance so that its capital can be stable. Not for Muamalat Bank only, it is expected that all other sharia banks in Indonesia, hope that government can applied and fair to all of Sharia Bank in Indonesia

3. All the Sharia Banks are good enough to produces Liquidity Ratios but it still need to improve so that in the coming years produce better Liquidity Ratios, especially for BRI Sharia. BRI Sharia showed the lowest Liquidity Ratio compared to three other sharia banks, so it is necessary to improve the financial performance of the banking system for the better.
4. For the all Sharia Banking in Indonesia should pay more attention the Solvability Ratio, especially on the CAR ratio, by continuing to increase the CAR in banks such as by providing funds such as increasing equity for business development, selling that unproductive assets that will reduce the RWA due to greater assets the greater the risk. So more higher the CAR ratio for that the bank be able to do their finance budgeting get well. And also for DER ratios, which are high DER rate, the greater the chances of earning bigger profits due to large third party funds. Especially for Muamalat Bank's which CAR and DER is the lowest compared to three other sharia banks. Performance improvement is required to obtain a stable and even better Solvability Ratio.

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