



The Effect of Financial and Non-Financial Indicators on the Profitability of Islamic Commercial Banks in Indonesia

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Article Info	Abstract
<p>Keywords: Financial indicators; Non-financial indicators; Profitability; Islamic commercial banks</p> <hr/> <p>JEL Classification: G120, F330, E290, P430</p> <p>DOI: 10.33830/jom.v17i1.971.2021</p> <hr/> <p>Article History Received: August 14, 2020 Accepted: January 12, 2021 Publish: June 2, 2021</p>	<p>The purpose of this research is to analyze the influence of financial (CAR, FDR, BOPO, NIM, NPF) and non-financial (number of bank offices, market share, GCG, CSR) indicators on the profitability proxied by Return on Assets (ROA) on Islamic commercial banks in Indonesia. This research made use of secondary data obtained from Islamic Banks from 2014 -2018. The collected data were analyzed using descriptive analysis, multiple linear regression and the classic assumption test. Findings. The results showed that CAR, NIM, FDR, Market share and GCG have a significant and positive effect. While BOPO, NPF, CSR and number of bank offices have a significant and negative effect. The adjusted R² value is 73.21%, while other variables outside the study influence the remaining 26.79%.</p>

1. Introduction

In Indonesia, there are two types of banking systems, namely Islamic and conventional banks. The difference between these two financial institutions is that Islamic banking activities are carried out according to Islamic laws that forbid interest rates, gharar (fraud), speculation investment in pig farming and companies that manufacture alcoholic drinks because all these are prohibited in the Al Quran. In addition, financial transactions need to be supported by real assets. Meanwhile, conventional banks are more experienced than Islamic banks (Zarrouk et al., 2016). Presently, many countries and companies use the Islamic banking system as an alternative source of financing. This is because it prohibits the use of interest rates, and there is an equitable distribution of profits and losses. The parties involved in the invested capital respect each other and share the profits and losses, thereby promoting justice (Alzoubi, 2018).

Profitability is an important measure used to predict current and future profits. It shows companies' financial benefits and risk sharing capabilities that tend to hinder their long-term survival. According to Husain et al. (2015), the Islamic banking system aims not only to provide investors with the best results, namely maximum profit or investment. In the present-day growing market, most Islamic banks create separate units or subsidiaries to focus on making profits and increasing their potentials with respect to the Muslim trend (Wasiuzzaman & Gunasevagan, 2013). According to data released by the Financial Services Authority Indonesia, in March 2019, there

was an increase of 5.94% in the market shares of Islamic banking. This was divided into 3 categories, namely 64.62% for Sharia Commercial Banks, 32.86% for Sharia Islamic Commercial Business Units and 2.52% for Islamic People's Financing Banks.

Preliminary studies reported nine independent variables, namely Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Operating Expenses on Operating Income (BOPO), Net Interest Margin (NIM), Non-Performing Financing (NPF) The Number of Bank Offices, Market share (MS), Good Corporate Governance (GCG), Corporate social responsibility (CSR) influences ROA (Return On Assets) of Sharia Commercial Banks. According to Yunita (2014), Mokoagow & Fuady (2015), Susanto & Kholis (2016) and Khadijah & Mahardika (2018), one of the variables CAR has a significant positive influence on the profitability of Islamic banks. Meanwhile, studies carried out by Febriyanti & Megawati (2016), Christaria & Kurnia (2016), Anwar & Murwaningsari (2017), and Suwarno & Muthohar (2018) stated that CAR has an insignificant positive directional effect. Ubaidillah (2016) and Lubis et al. (2017) stated that it has a significant negative effect. The research carried out by Pinasti & Mustikawati (2018), reported that CAR has an insignificant negative directional effect.

According to Yunita (2014), Husain et al. (2015) & Ubaidillah (2016) FDR has a significant positive effect on ROA. However, studies carried out by Mokoagow & Fuady (2015), Khadijah & Mahardika (2018) and Suwarno & Muthohar (2018), stated that it has an insignificant positive effect. Febriyanti & Megawati (2016) reported that FDR has an insignificant negative effect. Yunita (2014), Ubaidillah (2016), Pinasti & Mustikawati (2018), Lubis et al. (2017) and Suwarno & Muthohar (2018) stated that BOPO has a significant negative effect on ROA. Meanwhile, the research carried out by Susanto & Kholis (2016), reported that it has an insignificant negative effect. Conversely, the research carried out by Febriyanti & Megawati (2016) stated that BOPO has a significant positive effect.

According to Susanto & Kholis (2016), Lubis et al. (2017) and Pinasti & Mustikawati (2018), NIM has a significant positive effect on profitability (ROA). Meanwhile, studies carried out by Febriyanti & Megawati (2016) and Khadijah & Mahardika (2018) reported that NPF has a negative effect on ROA. On the contrary, Yunita (2014) and Suwarno & Muthohar (2018) stated that it positively affects ROA. Rohaya (2008) carried out a research on the number of bank offices. The results showed that it has a significant positive effect on the Islamic banking system's total assets. Meanwhile, the research carried out by Arif & Rahmawati (2017) stated that the distribution of bank offices does not affect profitability.

Rohman & Karsinah (2016) reported that Islamic banks' market shares have a positive effect on BOPO, CAR, ROA and FDR. However, the research carried out by Ubaidillah (2016) stated that it has a significant negative influence on ROA of Islamic Commercial Banks.

The research carried out by Suwarno & Muthohar (2018) stated that GCG has an insignificant positive effect. According to Surepno & Minoto (2018), it has no effect on Islamic banking's profitability. The research carried out by Pratama et al. (2018) stated that CSR has an insignificant positive effect on Islamic banking's financial performance. Therefore, the following hypothesis were proposed

- H₁: CAR has a positive effect on ROA of Islamic Commercial Banks
- H₂: FDR has a positive effect on ROA of Islamic Commercial Banks
- H₃: BOPO has a negative effect on ROA of Islamic Commercial Banks
- H₄: NIM has a positive effect on ROA of Islamic Commercial Banks
- H₅: NPF has a negative effect on ROA of Islamic Commercial Banks
- H₆: The number of bank offices has a positive effect on ROA of Islamic Commercial Banks
- H₇: Market share has a positive effect on ROA of Islamic Commercial Banks

H₈: GCG has a positive effect on ROA of Islamic Commercial Banks

H₉: CSR has a positive effect on ROA of Islamic Commercial Banks

2. Research Methods

This study was designed to analyze the effect of financial and non-financial indicators on the profitability of Islamic Banks from 2014 to 2018. This quantitative research used secondary data obtained within that period from the Sharia Commercial Bank Annual Report. Data analysis was carried out using descriptive statistics. The data collection was sourced from official documents, that were available both in printed form and online. Secondary data was obtained from the official websites of the Financial Services Authority Indonesia and Financial Statements from the Sharia Commercial Bank (2014 to 2018) which was further reprocessed.

Data were collected by recording or copying the Sharia Commercial Bank Publication Annual Financial Report from 2014 to 2018. The secondary source data used are CAR, FDR, BOPO, NIM, NPF, number of bank offices, market share, GCG and CSR of Islamic Banks within this period. The classic assumption test was carried out using the Eviews software to determine this study's reliability and validity. The population in this study comprises of as many as 14 Sharia Commercial Banks in Indonesia. However, 11 of them were selected as the research sample. The data collection techniques used involves studying the documentation sourced from annual financial and Good Corporate Governance (GCG) reports. Descriptive statistics were used to describe the data without intending to draw conclusions that apply to the public (Sugiyono, 2018). The data analysis techniques used are multiple linear regression and classic assumption tests.

3. Results and Discussions

This is used to determine the characteristics of the samples such as the mean, standard deviation, minimum and maximum values. The descriptive statistical data of the research variables are shown in Table 1. Based on Table 1, the CAR average value in the 11 Islamic Commercial Banks is 24.12% with a standard deviation of 22.31%. This means that the average value is greater than the standard deviation. The data on CAR does not vary, it is relatively homogeneous (grouped). Therefore, the CAR is excluded from the Bank of Indonesia regulations, which mandates that the minimum capital is 8% of the Risk-Weighted Assets (RWA). This reflects the bank's ability to handle risks such as loss and effectively fund its operational activities. The high average indicates the existence of firm capital adequacy at the bank, which causes it to freely finance profitable investments in order to increase profitability and reduce the possibility of being liquidated. This is because the capital owned by Islamic Commercial Banks covers the losses experienced (Mokoagow & Fuady, 2015).

The FDR average value was 97.02% with a standard deviation of 46.98%. Similarly, the average value is greater than the standard deviation, therefore the data is relatively homogeneous (group). An average FDR of 97.02% means that the distribution of financing is quite high, according to the Bank of Indonesia regulations, it needs to be between 78% to 92% with a maximum tolerance limit of 100%. This means that the value of the FDR needs to be maintained at safe limits in accordance with Bank of Indonesia regulations. However, when the distribution of financing exceeds the maximum limit of 100%, it is considered a threat to Islamic Commercial Banks liquidity, whereas when it is below 78%, the Sharia bank profit-sharing principle becomes less attractive to the public and the customers (Mokoagow & Fuady, 2015).

Table 1. Descriptive Statistics of the Research Variables

Variables	Mean	Standard Deviation	Minimum	Maximum
CAR (%)	24,12	22,31	11,51	163,07
FDR (%)	97,02	46,98	71,87	424,92
BOPO (%)	104	28,49	69,62	217,4
NIM (%)	4,46	3,15	-11,57	9,34
NPF (%)	5,94	7,64	0	43,99
NBO (units)	255,91	344,09	1	1348
MS (%)	8,49	10,17	0,04	34,57
GCG (meetings/year)	14,27	4,39	8	30
CSR (%)	0,76	0,1	0,56	0,94
ROA (%)	-0,52	3,94	-20,13	5,5

Sources: Eview's output

The average value of operating expenses to operating income is 104% with a standard deviation of 28.49%. It means that the average value is greater than the standard deviation, therefore the data does not vary, it is relatively homogeneous (group). This shows that the average BOPO is 104% outside the limits of Bank of Indonesia regulations. According to Lubis et al., (2017), this value is good, when it is below 90%, unfortunately when it is exceeded or approximately 100%, the bank is categorized as inefficient. This means that banks' costs for its operations are greater than the operating income, which reflects their inability to reduce its operational costs, thereby resulting in losses because Islamic Commercial Banks are incapable of managing their businesses (Febriyanti & Megawati, 2016).

The average value of NIM is 4.46% with a standard deviation of 3.15%. This means that the average value is greater than the standard deviation therefore, the data is relatively homogeneous (group). This shows that an average NIM of 4.46% is below the Bank of Indonesia's standard, which is mandated to be above 6%. Furthermore, it reflects interest income on productive assets managed by small banks in order to reduce the profits generated by the Islamic Commercial Banks (Lubis et al., 2017). Therefore, this financial institution has not been able to manage its productive assets properly to generate revenues.

NPF average value is 5.94% with a standard deviation of 7.64%. This means that the average value is smaller than the standard deviation. Therefore, the data varies and relatively heterogeneous. This shows that the average NPF of 5.94% is outside the limit of BI (Bank of Indonesia) regulations, which mandates that the NPF for Islamic Commercial Banks needs to be approximately 5%. This means that a large value reflects the bank's worsening performance due to uncollected funds, which led to the inability to finance other productive assets, thereby disrupting profitability and reducing income (Ubaidillah, 2016). It was concluded that Islamic Commercial Banks are unable to professionally manage their finances because of the enormous risks (Riyadi, 2006).

The average value of the number of bank offices is 255.91%, with a standard deviation of 344.09%. This means that the average value is smaller than the standard deviation therefore, the data varies, and is relatively heterogeneous (not in groups). This shows that an average of 255.91% is quite large and tends to accelerate the much-needed cooperation during the placement of funds between Islamic banks. However, this is related to liquidity problems (Antonio, 2001).

The average market share value for financing proxies was 8.49% with a standard deviation of 10.17%. Consequently, the average value is smaller than the standard deviation therefore, data on the financing proxy market share varies, and is relatively heterogeneous (not in groups). This shows that the average financing proxy market share of 8.49% is quite large. The greater the share of financing, the greater the increase in ROA, including the profitability of Islamic banks (Ubaidillah, 2016). Therefore, Islamic Commercial Banks play a role in supporting the national economy, reflected in the growing market shares (Saputra, 2014).

The average value of GCG as a proxy for the Sharia Supervisory Board meeting is 14.27% with a standard deviation of 4.39%. This means that the average value is greater than the standard deviation. The GCG data is relatively homogeneous (group). This shows that the average GCG proxy for the Sharia Supervisory Board meeting is 14.27%. This is in accordance with the provisions of Article 49 paragraph 1 PBI No.11/33/PBI/2009 concerning the Implementation of GCG in Sharia Commercial Banks and Business Units Sharia, which stipulates that the Sharia Supervisory Board meetings need to be held at least once a month or 12 times in a year (Surepno & Minoto, 2018). The greater the frequency or number of meetings, the greater the supervision of bank management which is in accordance with sharia principles, thereby increasing profitability (Surepno & Minoto, 2018).

The average value of the CSR a proxy of the Islamic Social Reporting Index (ISR) is 0.76% with a standard deviation of 0.10%. This means that the average value is greater than standard deviation. Therefore, the ISR proxy CSR data does not vary, it is relatively homogeneous (grouped). This shows that the Islamic Commercial Banks has effectively implemented CSR, which is intended to benefit the company in the long run (Pratama et al., 2018).

The average value of ROA is -0.52% with a standard deviation of 3.94%. This means that the average value is smaller than the standard deviation therefore, the data varies, and it is relatively heterogeneous (not grouped). This shows that the performance of Islamic Banks in generating profits by utilizing their assets for the poor (Lubis et al., 2017). It was concluded that these banks were unable to use their assets to generate profits efficiently.

3.1. Classic Assumption Test Results

The normality test was carried out using a residual histogram (Jarque Bera), as shown in Table 2. The results of the test show a probability value of 0.000000. Based on certain conditions, when the Jarque Bera probability value $> (\alpha)$ 5%, the regression residuals are normally distributed, and when the probability value $< (\alpha)$ is 5%, then the regression residuals are abnormally distributed. The test results show that the probability value is smaller than 0.05, therefore, the regression residuals (confounding) are abnormally distributed. Subsequently, the adjustment of normality was carried out by determining the natural logarithms of all the variables that obtained a probability value of 0.273007 or greater than 0.05, thereby, causing the regression model to be free from normality symptoms.

The multicollinearity test was carried out using Variance Inflation Factors. The provisions meet the requirements of the test when the value of the VIF is < 10 . Based on the results, none of the VIF values was above 10, the resulting regression model has no symptoms of the variable X and is free from problems associated with multicollinearity.

The heteroscedasticity test is carried out to determine whether there is an unequal variance from the observed residuals in the regression model. Conversely, when the residuals have similar variance, there is homoscedasticity, and when it is different variances, heteroscedasticity tends to occur. The heteroscedasticity test was carried out using the Glejser test. The results show that the

Obs*R-squared value is 38.83016 and the probability value is 0.0000, which is smaller than the 0.05 level, thereby leading to heteroscedasticity. In addition, the cure was performed using the White test. The results were used to obtain an Obs*R-squared, and probability values of 11.56740 and 0.2388, which is greater than the 0.05 level of confidence, which leads to homoscedasticity. Therefore, the regression model is free from heteroscedasticity symptoms, which means that the residuals have a similar variance.

Table 2: Classic Assumption Test Results

Classic Assumption Test	Method	Direction	Result	Decision	Recovery Result	Final Decision
normality	Jarque Bera	JB value > 5% (Normal) JB value < 5% (No Normal)	0.00000	not normal	0.2730	normal
multi-collinearity	Variance Inflation Factors	VIF<10 (Free multicollinearity) VIF>10 (multicollinearity)	All variable VIF < 10	free multicollinearity	-	free multi collinearity
heteroscedasticity	Glejser	p-value > 5% (No heteroscedasticity) p value < 5% (heteroscedasticity)	0.00000	heteroscedasticity	0.2388	free heteroscedasticity
auto correlation	Lagrange Multiplier	p-value > 5% (No autocorrelation) p value < 5% (autocorellation)	0.1422	free autocorrelation	-	free auto correlation

Sources: Eview's output

To determine whether there is a correlation between the confounding error (residual) in period t (current) and the error in period $t-1$ (previous), in a linear regression model, an autocorrelation test was performed. This was carried out using the Lagrange Multiplier menu Serial Correlation LM Test. Decision making is realized by determining the value of the probability. When it is $> \alpha$ 5%, it means that there is no autocorrelation. However, when the probability value is $< \alpha$ 5%, it means that there is autocorrelation. The autocorrelation test results shows that Obs*R-squared is 3,900781 with a Chi-Square probability value of 0.1422. This shows that the Chi-Square probability value is greater than α 5% (0.05). Therefore, the regression model is free of autocorrelation symptoms.

3.2. Multiple Regression Results

A multiple linear regression analysis was carried out to test the effect of two or more independent variables (explanatory) namely CAR, FDR, BOPO, NIM, NPF, JKB, MS, GCG and CSR on one dependent variable (ROA of Commercial Banks Sharia). The results of the multiple regression analysis passed the classic assumption test, as shown in Table 3.

The results showed that CAR has an insignificant effect on ROA of Sharia Commercial Banks in a negative direction. These results are inconsistent with the proposed hypothesis, which stated that CAR has a positive effect on ROA. In this case, the average CAR value for Islamic Commercial Banks from 2014 to 2018 fluctuated and tended to increase, meaning that the Sharia Commercial Bank ROA decreased. This indicates that the bank's ability to cover risks such as loss as well as fund its operational activities was quite good. The results are inconsistent with the hypothesis because the Sharia Commercial Bank does not optimize the channeling of existing funds and the addition of capitals. Therefore, the increase in CAR from 2014 to 2018 caused a decline in the value of ROA. This study's results are consistent with research carried out by Ubaidillah (2016), which stated that CAR has a negative effect on ROA.

Table 3. Multiple Regression Results

Variables	Estimate	Coefficient	<i>p-value</i>	Direction	Decision
CAR	(+)	-0,01139	0,5679	Negative	No Significant
FDR	(+)	-0,020267	0,1397	Negative	No Significant
BOPO	(-)	-0,163838	0	Negative	Significant
NIM	(+)	0,110248	0,024	Positive	Significant
NPF	(-)	-0,182305	0,0069	Negative	Significant
NBO	(+)	0,000313	0,536	Positive	No Significant
MS	(+)	-0,006217	0,6719	Negative	No Significant
GCG	(+)	-0,024691	0,4169	Negative	No Significant
CSR	(+)	-2,946365	0,0272	Negative	Significant

Sources: Eview's output

The provisions of the independent variables affect the dependent variable, namely

*When the value of p is $>$ degree of confidence (α) 0.05, then there is no significant effect.

*When the value of p is $<$ degree of confidence (α) 0.05 then it has a significant effect.

The results showed that FDR has an insignificant effect on ROA of Islamic Banks in a negative direction. The results are inconsistent with the proposed hypothesis which stated that FDR has a positive effect on ROA. In this case, the fluctuating FDR tend to decrease from 2014 to 2017 however, a significant increase was recorded in 2018, which means that the ROA of Islamic Banks declined. Therefore, not all FDR values represent high amounts of financing which means an increase in ROA or income. The amount of funding provided needs to be followed by quality financing. Subsequently, assuming the Islamic Commercial Banks is unable to maintain the FDR limit set by Bank Indonesia regulations, it becomes a threat to Sharia Commercial Banks. Large amounts of financing or credit can cause losses when the loans disbursed are not quality and problematic (Kasmir, 2014). This study's results are consistent with the research carried out by Febriyanti and Megawati (2016), which stated that the results of FDR on ROA of Sharia Commercial Banks has a negative effect.

BOPO information is relevant during decision making between the management and investors. This is based on this research results, which shows that BOPO has a significant effect on Sharia Commercial Banks' ROA in a negative direction. This means that for every increase in BOPO, ROA experience a significant decrease. On the contrary, for every decrease in BOPO, ROA increases significantly. In this case, there was a decrease in the BOPO, which means that there is an increase in ROA. Irrespective of the increase in Islamic Commercial Banks ROA, the average value of BOPO was not within the standard set by Bank Indonesia, which is below 100%. Therefore, the Islamic Commercial Banks did not efficiently issue operational costs. The results are consistent with the proposed hypothesis, which stated that BOPO has a negative effect on ROA. In addition, the studies carried out by Yunita (2014), Mokoagow & Fuady (2015), Ubaidillah (2016) and Suwarno & Muthohar (2018) stated that BOPO has a negative effect on profitability (ROA).

NIM information is relevant during decision-making between the management and investors. The research shows that NIM has a significant effect on ROA of Sharia Commercial Banks in a positive direction. This means that an increase in NIM causes a significant increase in Sharia Commercial Banks' ROA. This is consistent with the proposed hypothesis, which stated that NIM has a positive effect on ROA. Furthermore, the studies carried out by Susanto & Kholis (2016), Lubis et al. (2017) and Pinasti & Mustikawati (2018) also stated that NIM has a positive and significant effect on profitability (ROA). In this case, the NIM of Islamic Commercial Banks fluctuated and tended to decline from 2014-2018, meaning there was a decline in Sharia Commercial Banks' ROA. This implies that the management of Sharia Commercial Banks are still unable to manage their productive assets to generate revenue sharing. During the study period, revenue sharing is relatively small compared to the standards set by Bank Indonesia to reduce profitability.

NPF information is important during decision-making between the management and investors. The results of this research shows that it has a significant effect on ROA of Sharia Commercial Banks in the negative direction. This means that for every increase in NPF, ROA experiences a significant decrease. The results are consistent with the proposed hypothesis which stated that NPF has a negative effect on ROA. This is related to the studies carried out by Febriyanti & Megawati (2016) and Khadijah & Mahardika (2018), which reported that NPF has a negative effect on profitability (ROA). In this case, the NPF of Islamic Commercial Banks fluctuated and experienced a decline from 2014 to 2018, meaning that the ROA increased. Irrespective of the increase in ROA, the average value of the NPF is still above the standard set by Bank Indonesia, which is below 6%, it was concluded that the Sharia Commercial Bank management is not yet professional in managing its financing due to the risk of uncollectible funds. However, this causes them to be unable to finance other productive assets.

The number of bank offices had an insignificant effect on ROA of Sharia Commercial Banks in the positive direction. This is consistent with the research carried out by Rohaya (2008) which reported that the network of Islamic banking offices has a positive and significant effect on total assets. In this case, the number of Islamic Commercial Banks offices experienced an increase, meaning that the ROA of Sharia Commercial Banks increased. This indicates that the developed cooperation between Islamic Commercial Banks was already presumed as being good, with regards to the placement of interbank funds in terms of overcoming liquidity.

The market share of financing proxies has an insignificant effect on ROA of Sharia Commercial Banks in the negative direction. This means that for every increase in market share, ROA tends to decrease insignificantly. The results of this study are inconsistent with the proposed hypothesis which stated that market share has a positive effect on ROA. In this case, the Sharia

Commercial Bank financing market share tends to decrease although it experienced an increase from 2014 to 2018. This means that a decrease in the ROA, causes an increase in the share of financing, and a decline in profitability. This is because macroeconomic conditions are not yet stable therefore, the distribution of funding is not optimal and even tend not to be collected. Islamic banks obtain optimal profits when they invest their liquid and productive assets. However, due to the fact that liquid assets do not generate interest when the bank has a large amount of it, profitability tends to be disrupted. In addition, because Islamic banking was being expanded when this research was carried out, it led to disruption in financial growth. The results of this study are consistent with the research carried out by Ubaidillah (2016), which stated that market share has a negative influence on the ROA of Islamic Commercial Banks.

The results showed that GCG has an insignificant effect on ROA of Sharia Commercial Banks in the negative direction. This means that every increase in GCG causes a significant decrease in ROA. The study is inconsistent with the proposed hypothesis, which stated that it has a positive effect on ROA. In this case, GCG Islamic Commercial Banks tends to be stable although it experienced an increased from 2014 to 2018, meaning there was a decrease in ROA. This result indicates that the Sharia Supervisory Board (DPS) implemented good supervision however, in reality it does not affect profitability. That is due to the fact that DPS is not authorized to implement policies that have an impact on increasing profitability therefore, it only provides recommendations and input to the board of directors. Besides that, the Islamic Commercial Banks' costs to implement Good Corporate Governance are relatively high. This is shown in the high remuneration and special facilities received by the Board of Commissioners, Directors, Committees, and the Sharia Supervisory Board, thereby causing the high costs incurred by the Islamic Commercial Banks to reduce profitability. The results are consistent with research carried out by Ferdiant et al (2014) which stated that GCG has a negative effect on ROA.

The CSR has a significant effect on ROA of Sharia Commercial Banks in the negative direction. This means that every increase in CSR, ROA tends to experience a significant decrease. In this case, the Sharia Commercial Bank CSR experienced an increase from 2014 to 2018, meaning there was a decrease in ROA. This indicates that the increase in CSR within that period was not always followed by high profitability. This is due to the fact that the customers or consumers do not weigh the sharia policies indicated in the ISR before deciding to use the services of Islamic banks (Arsyi, 2015). In addition, expenses incurred for social responsibilities that include aspects of human rights, work practices, society, and product are additional costs that reduce profit opportunities. This study's results are consistent with research carried out by Rahmi and Anggraini (2013), which stated that CSR negatively influences ROA.

3. Conclusion

In conclusion, CARS, FDR, number of bank offices, market share, and GCG have an insignificant effect on Islamic Commercial Banks' ROA. The ability of banks to deal with risk and fund operational activities is still not optimal. In the form of repayment with credit funds, Islamic Commercial Banks provides an ineffective source of liquidity because the distribution of funds is either not qualified or problematic. Islamic Commercial Banks collaborates with their offices. The share of financing is not completely regarded as one of the factors that increase the level of profitability. This is due to unstable economic problems, thereby causing the issued distribution not to be optimal and even uncollectible. Islamic Commercial Banks is still in the process of regulating good corporate governance. This is based on Sharia Supervisory Board meetings that are not have fully authorized to implement policies that affect competitive profitability.

BOPO, NIM, NPF and CSR have a significant effect on ROA of Islamic Commercial Banks. Islamic Commercial Banks inefficiently issues operational costs. Islamic Commercial Banks management does not fully support the productive use of its assets to generate revenue sharing. The Sharia General Management Bank is not yet professional in managing its financing because there is a possibility of uncollected funds.

Islamic banks certainly need to be decisive in dealing with problems related to financing by fostering and monitoring customers, implementing proper financing analysis, in order to be able to predict the future. This is because main cause of problematic financing is the unwillingness of customers to repay or the inability to obtain sufficient income to pay off the financing as agreed. The higher the value of problematic financing, the more it tends to affect the decline in profitability. In addition, this indicates high non-current financing (Non-Performing Financing), thereby affecting profitability (Apriyani et al., 2020).

Islamic Commercial Banks management in carrying out CSR has not been maximized. This is because when experts decide to use Sharia Commercial Bank financial services, they do not analyze the sharia principles indicated in the CSR disclosures. In addition, lost costs for social responsibility causes a decline in profitability. In this study, the coefficient of determination adjusted for R squared is 0.7321, which shows that the independent variable's ability in explaining the dependent variable requires 73.21%. This is a limitation, because 26.79% is discussed by other variables outside the study.

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