

Building Resilient Financial Performance: a Case Study of Indonesian Islamic Banks in The Perspective of SDGs

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ABSTRACT

Research Aims: This study examines the impact of financial indicators—Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), and Operating Expenses to Operating Income (BOPO)—on the Return on Assets (ROA) of Indonesian Islamic banks, aiming to contribute to SDG 8 by enhancing understanding of financial performance factors.

Methodology: A quantitative approach is applied using secondary data from Indonesia's Financial Services Authority (OJK) covering 2018–2022. Multiple linear regression analysis identifies significant factors influencing ROA.

Research Findings: The study finds that NPF, FDR, CAR, and BOPO all significantly affect ROA. Specifically, while NPF has a positive but insignificant impact, FDR, CAR, and BOPO exhibit negative and significant effects on ROA, suggesting that Islamic banks should focus on credit quality, capital adequacy, and operational efficiency.

Theoretical Contribution: This research provides novel insights by exploring the financial ratios' influence on ROA within Indonesian Islamic banks, contributing to the limited literature in this specific area and offering implications for the sector's sustainability in line with SDG 8.

Research limitation and implication: The study is limited to secondary data from nine banks over five years. Future research could expand to more banks or explore other performance measures. The findings offer practical implications for improving the financial stability and growth strategies of Islamic banks.

Keywords: ROA, NPF, FDR, CAR, BOPO, SGD-8

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INTRODUCTION

Since its establishment in the mid-1970s, Islamic banking has expanded to most of the world's financial markets. (Sri et al., 2022). According to Law No.21 of 2008, Sharia Banks are defined as banks that carry out their business activities based on sharia principles. (Saputra & Lina, 2020). Including Islamic banking in Indonesia, in the last two decades the expansion of national Islamic finance has experienced significant progress and improvement, both in the aspects of governance, regulation, supporting infrastructure,

supervisory systems, as well as public awareness and literacy. This increase can have implications for the challenges that must be faced by Islamic banks, such as customers, and public trust in Islamic banking (Munifatussa'idah, 2021).

The main goal of the company is to achieve profitability with the intention of optimising income, satisfying investors, and increasing the value of the company on an ongoing basis (Freedman, 1970). However, in the process, companies often ignore environmental and social aspects. Many companies are involved in exploiting natural and human resources to increase their profits. The concept of sustainability developed by Elkington (1997) focuses on three aspects, namely Profit, People, and Planet. This concept asserts that companies must not only pay attention to financial benefits (profit), but must also pay attention to the welfare of the surrounding community (people) and play an active role in preserving the environment (planet) which will then generate profits sustainably and in the long term) Demands from stakeholders in environmental and social issues have encouraged companies to be more able to support long-term development that has been listed in the Sustainable Development Goals (SGDs) frameworks.

This is due to the initiative of the Indonesian Muslim community to experience an interest-free banking system. In addition, the development of Islamic Commercial Banks in opening branches was also supported by the survival of Islamic Banks when Indonesia experienced the economic crisis in 1998 (Dwi & Kurniawati, 2022). It is important for banks to measure their financial performance. The higher the financial performance of a bank, the better the value of the company in the eyes of investors. Financial performance is a tool to measure the company's financial performance through its capital structure. In other words, financial performance is a formal effort that has been carried out by the bank which can measure the success of the company by relying on all the elements that exist in the company. A bank can be said to be successful if it has achieved the standards and objectives set. The good or bad financial performance of a bank is a reflection of its ability to manage and allocate its resources (Agustin, 2020).

The financial performance of Islamic banks as indicated by the ROA (Return On Asset) ratio in 2020-2023 has increased where ROA growth in 2020 amounted to 1.40% while in 2021 it amounted to 1.55% in December 2022 it amounted to 2.00% and continued to increase in June 2023 by 2.08%. Return on Asset (ROA) is one form of profitability ratio used in measuring the rate of return on the bank's total assets. ROA is used to measure management's ability to obtain overall profit (profit), when a bank's ROA is high, the level of profit achieved by the bank is also high so that it can be considered to have good asset utilization (Saputra & Lina, 2020). The bank's financial performance can be assessed from the bank's financial ratios, such as the Capital Adequacy Ratio (CAR), Operating Expenses/Operating Income (BOPO) and (Sahyunu et al. 2021), Financing to Deposit Ratio (FDR) (Saputra & Lina, 2020) and Non-Performing Finance (NPF) (Zulvia, 2020).

Several studies related to the influence of financial performance conducted previously include research Sahyunu et al. (2021) Partially, CAR has a positive and significant effect on Return On Asset (ROA). Meanwhile, according to research Pinasti (2018) Capital Adequacy Ratio (CAR) has a negative but insignificant effect on Return On Asset (ROA) profitability. According to on Non-performing Financing (NPF) has a significant negative effect on Return On Asset (ROA). Meanwhile, according to Moorcy et al. (2020) Non-Performing Financing (NPF) partially has a negative and insignificant effect on Return On

Assets (ROA). According to Saputra & Lina (2020) Financing to Deposit Ratio (FDR) has a significant influence on Return On Asset ROA with a positive direction. Meanwhile, according to Moorcy et al. (2020) Financing to Deposit Ratio (FDR) has a positive and significant effect and there is a very strong relationship with Return On Assets (ROA). According to research by Nanda et al. (2019) on Operating Expenses / Operating Income BOPO has a significant effect on the performance of Islamic banks (ROA). Meanwhile, according to Pinasti (2018) Operating Costs to Operating Income (BOPO) have a negative and significant effect on Return On Asset (ROA) profitability.

In the first few previous studies, previous studies were to broadly discuss fintech in Islamic banks and observe the effect of "fintech" facilities on the performance of Islamic banks. (Yousef, 2023). Second, this previous research examines the impact of the sharia supervisory board (DPS), maqasid sharia, and risk taking on the performance of Islamic banks globally. (Memed Sueb et al., 2022). While this study conducts tests related to factors that affect financial performance on the variables of Non-Performing Finance (NPF), Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), and Operating Costs / Operating Income (BOPO) on financial performance using Return On Asset (ROA). The findings of this study are expected to provide benefits and insights into the importance of the financial performance of Islamic banks, contribute and develop research and support the results of previous studies.

LITERATURE REVIEW

Islamic financial performance

Financial performance is a description of any economic results achieved by banks in a certain period through corporate activities to generate profits efficiently and effectively. The development of financial performance can be measured by analyzing financial data reflected in the financial statements. Information about the company's performance should be profitability is needed to assess changes in the potential of economic resources controlled in the future. Financial performance at Islamic banks describes the financial condition of the bank and the success of Islamic banks in managing finances. Financial performance assessment is needed for many parties such as regulators, the public, and the bank concerned as a benchmark in seeing the real condition of the bank's financial health (Munifatussa'idah, 2021). According to Siregar (2021) Financial performance is an analysis carried out to see the extent to which a company has carried out using the rules of financial implementation properly and correctly.

Return on Assets (ROA)

Financial performance can be measured through Return on Assets (ROA) is a measurement of the company's financial performance which is used to assess the level of effectiveness of all company operations. Return on Assets (ROA) is one form of profitability ratio to measure the company's ability to generate profits using existing total costs and after capital costs (costs used to fund activities) are excluded from the analysis (Afiska et al., 2021). According to Zulvia (2020) ROA (Return On Assets) is a ratio that measures the ability of banks to generate profit or profit (can be called profitability) by comparing net income with resources or total assets owned. The formula of (ROA) is as follows:

$$ROA = \frac{EBIT}{Total\ asset}$$

Capital Adequacy Ratio (CAR),

Bank Indonesia circular letter number 13/30/DPNP dated 16 December 2011, CAR is the ratio of capital to Risk-Weighted Assets (ATMR) of financing calculated based on the applicable Minimum Capital Adequacy Requirement, which is a minimum of 8% (Moorcy et al., 2020). When the company has a CAR ratio below 8%, the bank is considered unable to mitigate losses that may arise from various bank activities, so that this can affect (Saputra & Lina, 2020).

$$CAR = \frac{Capital}{ATMR\ Financing}$$

Operating Expenses/Operating Income (BOPO)

Bank Indonesia circular letter number 13/30/DPNP dated 16 December 2011, BOPO is the ratio of total operating expenses to total operating income. This ratio illustrates the level of efficiency of Islamic banking (Moorcy et al., 2020). According in Sahyunu et al. (2021) BOPO is a ratio used to measure the level of efficiency and operational capability of banks. The ratio is measured by comparing operating expenses to the bank's operating income.

$$BOPO = \frac{Operating\ Expenses}{Operating\ income}$$

Financing to Deposit Ratio (FDR)

Bank Indonesia circular letter number 13/30/DPNP dated 16 December 2011, FDR is the ratio between the total amount of financing provided to third parties (excluding financing to other banks), to third party funds including demand deposits, savings, deposits (excluding interbank). This ratio illustrates the bank's ability to pay back withdrawals made by depositors by relying on financing provided as a source of liquidity. The higher this ratio, the lower the bank's liquidity capability (Moorcy et al., 2020). According to Saputra & Lina (2020) FDR is the ratio used by companies in knowing how capable the bank is to pay back withdrawals made by depositors with the financing that has been provided. The higher the FDR, it can indicate that a bank is in trouble and indicates that there is a decline in financial performance.

$$FDR = \frac{Total\ financing}{Third\ party\ fund}$$

Non-Performing Finance (NPF)

Is a ratio of the ratio between non-performing financing consisting of financing with substandard, doubtful, and loss quality to financing provided to third parties (excluding financing to other banks (Moorcy et al., 2020). Non-Performing Finance (NPF) is a ratio used to determine problematic financing related to the possibility that at maturity the debtor fails to fulfil his obligations to the bank. The higher the non-performing financing of a bank will have a negative impact on the bank, resulting in a loss of profit opportunities. The higher the NPF value, the less profit the bank will get (Zulvia, 2020).

$$\text{NPF} = \frac{\text{Problem financing}}{\text{Total financing}}$$

RESEARCH METHOD

The research method uses a quantitative approach with secondary data. Secondary data obtained from the Sharia banking statistics report of the financial services authority (OJK) in Indonesia from 2018-2022. This research uses time series data. The research data scale is the ratio data of the financial performance variables ROA, Adequacy Ratio (CAR), Operating Costs / Operating Income (BOPO), Financing to Deposit Ratio (FDR), and Non-Performing Finance (NPF). The population of this study is Islamic Commercial Banks registered with the Financial Services Authority (OJK) in 2018-2022. The research sample was determined by purposive sampling technique based on criteria including Islamic Commercial Banks in Indonesia which are transparently published in the financial services authority (OJK) from January 2018 to December 2022, Islamic Commercial Banks that publish quarter I to quarter IV reports from 2018 to 2022 and provide complete information about the data needed in this study. Thus, of the 15 Islamic Commercial Banks in the population, there are 9 Islamic Commercial Banks according to the research criteria, namely PT Aceh Syariah, PT Bank Muamalat Indonesia, PT Bank Victoria Syariah, PT Bank Mega Syariah, PT Panin Dubai Syariah, PT Bank Syariah Bukopin, PT BCA Syariah, PT Bank Tabungan Pensiun Nasional Syariah, and PT BPD West Nusa Tenggara Syariah.

The data analysis technique used is panel data multiple linear regression. Classical assumption testing is first carried out before conducting regression tests consisting of normality, heteroscedasticity, multicollinearity, and autocorrelation tests to determine whether the equation model has met the BLUE (Best Linear Unbiased Estimator) criteria and then processed using Eviews 10 software. To estimate the panel data regression model, it is first necessary to test the model specification with the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) approaches. The best model selection is done through the Chow Test to choose the right model between CEM and FEM. If the selected model is FEM, it is necessary to test the Hausman Test to choose the best between FEM and REM.

The multiple linear regression model of this study is described as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Description:

Y = Return On Asset (ROA)

α = Constanta

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coeffisien Regression

X_1 = Non Performing Finance (NPF)

X_2 = Financing to Deposit Ratio (FDR)

X_3 = Adequacy Ratio (CAR)

X_4 = Operating expenses/operating income (BOPO)

The figure below explains the research model that shows the effect of exogenous variables, namely CAR, BOPO, FDR and NPF on endogenous variables, namely the financial performance of Islamic banks using ROA. The research conceptual framework is as follows:

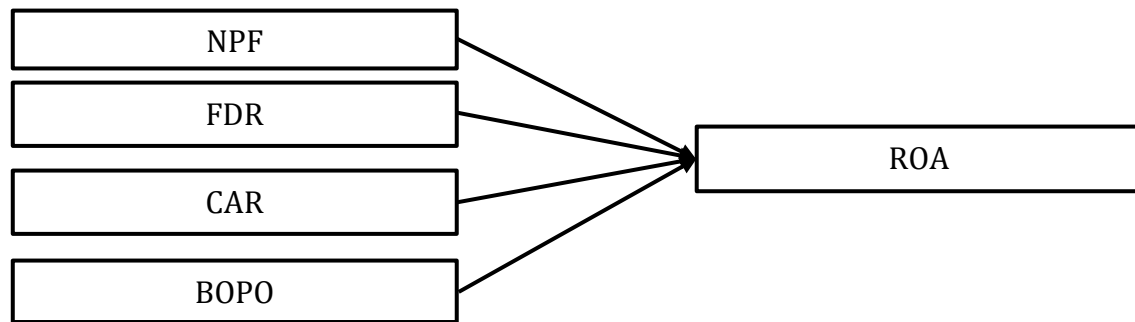


Figure 2. Theoretical Framework

RESULTS AND DISCUSSIONS

Panel Data Estimation Technique

Panel data regression can be done by first choosing an estimation model that uses common effect, fixed effect, and random effect. To choose the best model in estimating panel data regression, there are several tests that can be performed, namely: Chow Test and Hausman Test. Based on the test results, the influence of NPF, FDR, CAR, and BOPO variables on ROA uses fixed effect. The following data presents the results of the model selection:

Chow Test

Table 1. Chow test results

Effects Test	Statistic	d.f.	Prob.	
Cross-section F	2.925031	(8,32)	0.0144	
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPF	0.080726	0.075792	1.065097	0.2932
FDR	-0.010779	0.005944	-1.813244	0.0773
CAR	-0.038165	0.016257	-2.347540	0.0239
BOPO	-0.091090	0.009549	-9.539129	0.0000
C	10.59325	0.931121	11.37689	0.0000
Weighted Statistics				
R-squared	0.869074	Mean dependent var	3.779734	
Adjusted R-squared	0.855981	S.D. dependent var	3.412980	
S.E. of regression	1.123486	Sum squared resid	50.48880	
F-statistic	66.37891	Durbin-Watson stat	1.497190	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.172877	Mean dependent var	1.447556	
Sum squared resid	64.91313	Durbin-Watson stat	1.959718	

Source: Eviews 10 Test Results (processed, 2024).

Based on the output results of table 1, it shows that the Cross-section F-probability value is $0.0144 < 0.05$. This means that H_0 is accepted and H_1 is rejected, so the Fixed Effect Model (FEM) is better than the Common Effect Model (CEM). Furthermore, the Hausman Test was conducted.

Hausman Test

Table 2. Hausman Test Results

Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random		3.487766	4	0.4797
Variable	Fixed	Random	Var(Diff.)	Prob.
NPF	0.040127	0.249903	0.043611	0.3151
FDR	-0.066449	-0.032538	0.001498	0.3810
CAR	0.070487	-0.073229	0.009260	0.1353
BOPO	-0.035135	-0.094809	0.005487	0.4205
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.678117	8.557055	0.897285	0.3763
NPF	0.040127	0.312577	0.128376	0.8987
FDR	-0.066449	0.043523	-1.526731	0.1367
CAR	0.070487	0.108609	0.649001	0.5210
BOPO	-0.035135	0.081845	-0.429291	0.6706
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.365222	Mean dependent var	1.447556	
Adjusted R-squared	0.127181	S.D. dependent var	1.335534	
S.E. of regression	1.247720	Akaike info criterion	3.517364	
Sum squared resid	49.81775	Schwarz criterion	4.039288	
Log likelihood	-66.14068	Hannan-Quinn criter.	3.711932	
F-statistic	1.534279	Durbin-Watson stat	2.407610	
Prob(F-statistic)	0.162925			

Source: Eviews 10 Test Results (processed, 2024).

Based on the results of the Hausman Test output estimation with Eviews above, the cross-section random value is $0.04797 < 0.05$. This indicates that H_0 is accepted and H_1 is rejected, so the more appropriate model is the Fixed Effect Model (FEM).

Normality Test

Normality testing aims to determine whether the residuals of the data are normally distributed. You do this by looking at the value of the Jarque-Bera probability (P value). If the Jarque-Bera probability value (P value) > 0.05 then the data is normally distributed.

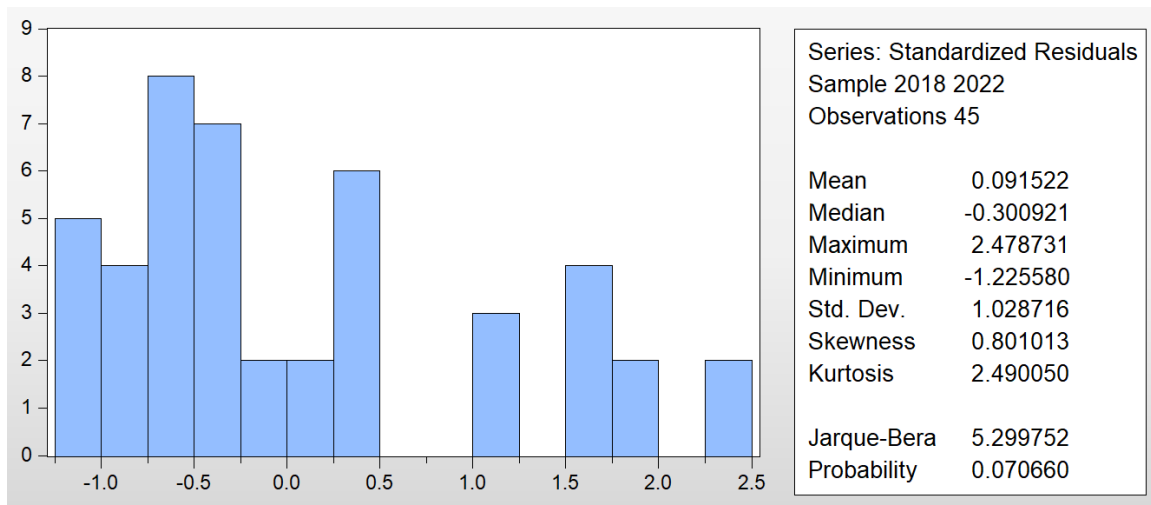


Figure 2. Normality Test
Source: Eviews 10 Test Results (processed, 2023).

Based on Figure 1, it is known that the model is not normally distributed because the Jarque-Bera probability value is 5.299752 with a probability value of 0.070660, so the null hypothesis is accepted, which means that it is normally distributed.

Multicollinearity Test

Multicollinearity testing functions in testing the correlation of linear relationships between independent variables.

Table 3. Multicollinearity Test

	NPF	FDR	CAR	BOPO
NPF	1.000000	0.291456	-0.575233	0.741273
FDR	0.291456	1.000000	-0.610114	-0.045198
CAR	-0.575233	-0.610114	1.000000	-0.158202
BOPO	0.741273	-0.045198	-0.158202	1.000000

Source: Eviews 10 Test Results (processed, 2024).

In table 3, it is known that the log linear independent variable, namely NPF, is known that the log linear independent variables, namely NPF, FDR, CAR, and BOPO have a correlation value of <0.8, so the model in the research does not occur multicollinearity problems.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPF	0.829403	0.531066	1.561771	0.1262
FDR	-0.083796	0.045437	-1.844228	0.0726
CAR	-0.191401	0.114977	-1.664686	0.1038
BOPO	0.003981	0.079485	0.050087	0.9603
C	8.042916	7.538756	1.066876	0.2924
R-squared	0.346280	Mean dependent var		1.360631
Adjusted R-squared	0.280908	S.D. dependent var		3.359697
S.E. of regression	2.849000	Akaike info criterion		5.036252
Sum squared resid	324.6720	Schwarz criterion		5.236992
Log likelihood	-108.3157	Hannan-Quinn criter.		5.111086
F-statistic	5.297063	Durbin-Watson stat		2.349848
Prob(F-statistic)	0.001610			

Source: Eviews 10 Test Results (processed, 2024).

The results of the park submission in table 4 above, it is known that all variables, namely NPF, FDR, CAR and BOPO have a probability > 0.5. This indicates that there is no heteroscedasticity problem in the residual research model.

Autocorrelation Test

Autocorrelation Testing can be seen from the magnitude of the Durbin-Watson (DW) value if the DW value is between -2 to +2 then there is no autocorrelation problem.

Table 5. Autocorrelation Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPF	0.090753	0.094273	0.962662	0.3415
FDR	-0.014660	0.006894	-2.126518	0.0397
CAR	-0.050331	0.019374	-2.597813	0.0131
BOPO	-0.088043	0.011823	-7.446674	0.0000
C	10.86755	1.056001	10.29123	0.0000
Weighted Statistics				
R-squared	0.812609	Mean dependent var	3.775247	
Adjusted R-squared	0.793870	S.D. dependent var	3.503314	
S.E. of regression	1.083285	Sum squared resid	46.94026	
F-statistic	43.36448	Durbin-Watson stat	1.432885	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.219828	Mean dependent var	1.447556	
Sum squared resid	61.22839	Durbin-Watson stat	2.083428	

Source: Eviews 10 Test Results (processed, 2024).

Based on the test results in Table 5, the DW value of 2.083428 is between -2 to +2 so that the data is free from autocorrelation problems.

Statistical Test Results (t and F tests)

The t and F tests are used to determine whether the independent variables partially or simultaneously have a real effect or not on the dependent variable. The significant degree used is 0.05.

Table 6. Fixed Effect test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPF	0.090753	0.094273	0.962662	0.3415
FDR	-0.014660	0.006894	-2.126518	0.0397
CAR	-0.050331	0.019374	-2.597813	0.0131
BOPO	-0.088043	0.011823	-7.446674	0.0000
C	10.86755	1.056001	10.29123	0.0000
Weighted Statistics				
R-squared	0.812609	Mean dependent var	3.775247	
Adjusted R-squared	0.793870	S.D. dependent var	3.503314	
S.E. of regression	1.083285	Sum squared resid	46.94026	
F-statistic	43.36448	Durbin-Watson stat	1.432885	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.219828	Mean dependent var	1.447556	
Sum squared resid	61.22839	Durbin-Watson stat	2.083428	

Source: Eviews 10 Test Results (processed, 2024).

Based on the test results of table 6 above, it can be seen that the effect of NPF on ROA has a probability or significant value of 0.3415 and a Coefficient Beta value of 0.090753. From the significance value and coefficient, it can be concluded that NPF has a positive but insignificant effect on ROA. The effect of FDR on ROA has a probability or significant value of 0.3415 and a coefficient beta value of -0.014660. From the significant and coefficient values, it can be concluded that FDR has a negative and significant effect on ROA.

The effect of CAR on ROA has a probability or significance of 0.0131. and a coefficient beta value of -0.050331. From the significance and coefficient values, it can be concluded that CAR has a negative and significant effect on ROA. While the effect of BOPO on ROA has a value or significance of 0.00000 and a coefficient beta value of -0.088043. From the results

of the probability value and coefficient, it can be concluded that BOPO has a negative and significant effect on ROA.

The effect of NPF, FDR, CAR, and BOPO simultaneously on ROA has a significance value of 0.000000 < 0.05; this means that simultaneously the NPF, FDR, CAR, and BOPO variables have a significant effect on ROA. While the R-squared value is 0.812609, or 81%, meaning that the NPF, FDR, CAR, and BOPO variables can explain the ROA variable by 81% while the remaining 19% is explained by other variables. The equation in multiple linear regression data testing is

$$\text{ROA} = 10.86755 + 0.090753 - 0.014660 - 0.050331 - 0.088043$$

CONCLUSION AND RECOMMENDATION

The Effect of NPF on ROA

This research hypothesis states that NPF has an effect on ROA. Meanwhile, the results of the study state that NPF has a positive but insignificant effect. This is according to [Zulvia \(2020\)](#) The higher the NPF value, the less profit the bank will get. The results of this study contradict research conducted by [Zulvia \(2020\)](#) and [Rohansyah \(2021\)](#) on Non-performing Financing (NPF) has a significant negative effect on Return On Asset (ROA). These findings suggest that Indonesian Islamic banks may need to re-evaluate their strategies for managing NPF to ensure long-term financial sustainability

The effect of FDR on ROA

This hypothesis states that FDR has an effect on ROA. Meanwhile, the results of the study state that FDR has a negative and significant effect. This ratio illustrates the bank's ability to repay withdrawals made by depositors by relying on the financing provided as a source of liquidity ([Moorcy et al., 2020](#)). According to [Siregar \(2021\)](#) the greater the proportion of financing distribution, the higher the expected profit. The results of this study are in line with research conducted by [Saputra & Lina \(2020\)](#) and [Moorcy et al. \(2020\)](#) on the Financing to Deposit Ratio (FDR) has a significant effect on Return On Asset ROA with a positive direction. This result implies that Indonesian Islamic Banks should prioritize credit quality over aggressive lending practices. By adhering to Islamic ethical principles and robust risk management frameworks, these banks can strike a balance between profit generation and social responsibility, thereby advancing the goals of SDG-8.

Effect of CAR on ROA

This research hypothesis states that CAR affects ROA. While the results of the study state that CAR has a negative and significant effect. CAR is the ratio of the ratio between capital to Risk-Weighted Assets (RWA) of financing calculated based on the applicable Minimum Capital Adequacy Requirement provisions, which is a minimum of 8%. When the company has a CAR ratio below 8%, the bank is considered unable to mitigate losses that may arise from various bank activities, so that this can affect financial performance ([Saputra & Lina, 2020](#)). This is in line with research conducted by [Sahyuni et al. \(2021\)](#) and [Moorcy et al. \(2020\)](#) Partially, CAR has a positive and significant effect on Return On Asset (ROA). From an SDG-8 perspective, a robust CAR ensures that Islamic banks have the financial capacity to promote inclusive and sustainable economic growth, particularly by extending credit to SMEs and marginalized communities

Effect of BOPO on ROA

This research hypothesis states that BOPO has an effect on ROA. While the results of this study state that BOPO has a negative and significant effect on ROA. BOPO, which is a ratio used to measure how operating costs compare to the operating income earned by the bank. The smaller the BOPO ratio, the more efficient the operating costs incurred by the bank, so that a bank is considered to have good performance his is in line with research conducted by [Nanda et al. \(2019\)](#) and [Pinasti \(2018\)](#), that BOPO has a significant effect on the performance of Islamic banks (ROA). A lower BOPO can enhance a bank's financial resilience, enabling it to support sustainable economic growth and job creation, directly contributing to the achievement of SDGs-8.

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