PERFORMANCE OF ISLAMIC BANKS USING THE ISLAMICITY PERFORMANCE INDEX APPROACH ON ISLAMIC BANKS IN INDONESIA AND MALAYSIA

Abstract

This research aims to analyze and compare the performance of Islamic banks with the Islamicity Performance Index approach on Islamic banks in Indonesia and Malaysia.

This type of research is a qualitative descriptive research. The sampling technique used is purposive sampling. The research was conducted on Islamic banks in Indonesia and Malaysia for 4 years, 2016-2019.

This comparative research is expected to be an evaluation material for Indonesian Islamic banks to continue to improve their performance in order to catch up with Islamic banks in Malaysia. So the purpose of this research proposal is to analyze and compare the effect of the soundness of Islamic banks based on the Islamicity Performance Index on Islamic banks in Indonesia and Malaysia.

The results of this study indicate that there are significant differences in the performance of Islamic banks based on the Equitable Distribution Ratio-Qardh in Islamic banks in Indonesia and Malaysia, while the performance of Islamic banks based on the Profit Sharing Ratio, Zakat Performing Ratio and Halal vs. Non-Halal Income Ratio, there is no significant differences in Islamic banks in Indonesia and Malaysia.

Keywords: Islamic Bank Performance, Islamicity Performance Index

INTRODUCTION

Islamic finance has become one of the fastest growing sectors in the global financial industry in the last 10 years. The Global Islamic Economic Report (2020) estimates the value of Islamic financial assets to increase by 13.9 percent in 2019, from $2.52 trillion to $2.88 trillion. Furthermore, in 2021, in line with increasing global trends, Islamic finance in Indonesia will grow positively in the midst of the pandemic. From the banking side in May 2021, Islamic banking assets grew 15.6 percent (year-on-year) or reached IDR 598.2 trillion.

In the 2020/2021 Global Islamic Economic Index, Indonesia ranks fourth, an increase of 1 position from the previous year. Indonesia is currently in the Top 10 in all categories, with improvements in the Halal Food, Pharma & Cosmetics, and Media & Recreation categories. Meanwhile, Malaysia ranks first with a GIEI score of 290,2. In other words, Indonesia is 3 places behind with a GIEI score of 91.2.

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List 1: Ranking Global Islamic Economic Index 2020/2021

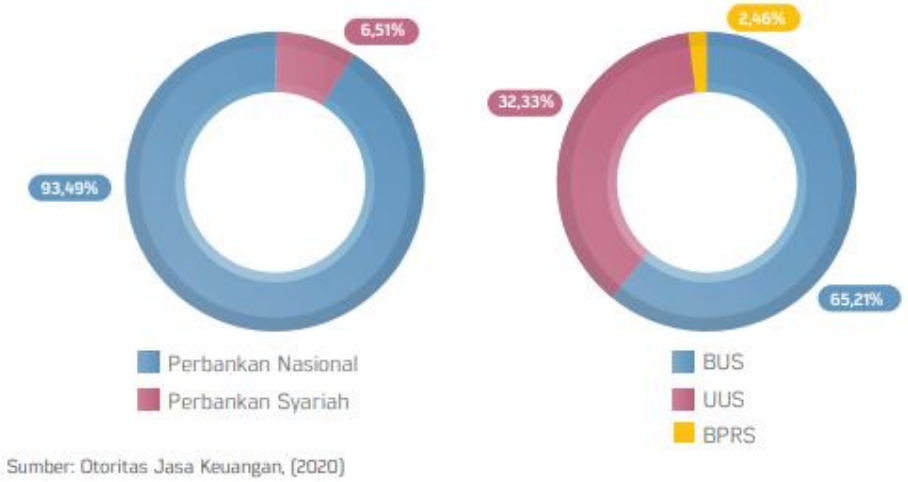
	Country	GIEI
1.	Malaysia	290,2
2.	Saudi Arabia	155,1
3.	UAE	133,0
4.	Indonesia	91,2
5.	Jordan	88,1
6.	Bahrain	86,9
7.	Kuwait	73,3
8.	Pakistan	70,9
9.	Iran	64,0
10.	Qatar	63,1

+1

Source : ojk.go.id

According to records from the Directorate General of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs, the total population of Indonesia is 272.23 million in June 2021. Of this number, 236.53 million people (86.88%) are Muslims. (katadata.co.id, 2021). However, with the large number of Muslim population in Indonesia not comparable to the market share of Islamic banking, the market share of Islamic banking in Indonesia is still relatively small compared to conventional banking.

Image 1 : Global Islamic Economic Index



Meanwhile, Malaysia with a Muslim population of 61.3% out of a total of 32.7 million people (cnnindonesia.com, 2021), is able to penetrate Islamic banking even more with a market share of 29% (alinea.id, 2021).

This shows that Indonesian Islamic banking should continue to educate the public about the concept of sharia that is implemented so that more people turn to Islamic banking so as to increase the market share of Islamic banking.

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As a bank whose operational activities are based on sharia principles, the performance evaluation of Islamic banks is not only carried out by conventional financial performance calculations, but can be evaluated based on sharia objectives (maqasid sharia) so that it can be seen whether the operational activities of Islamic banks are in accordance with sharia principles or not. not yet. One method of evaluating the performance of Islamic banks is the Islamicity Performance Index.

The Islamicity Performance Index is an alternative for measuring the performance of Islamic banks formulated by Hameed et al. (2004). With the Islamicity Performance Index, a sharia bank can evaluate its performance whether it is in accordance with sharia principles. The Islamicity Performance Index is measured by six indicators, including Zakat Performance Ratio (ZPR), Profit Sharing Ratio (PSR), Equitable Distribution Ratio (EDR), Directors-Employee Welfare Ratio (DEWR), Islamic Investment vs. Non-Islamic Investment Ratio (IIR), and Islamic Income vs. Non Islamic Income (IsIR).

Problem Identification

Based on this description, it can be formulated the problems to be studied in this study, namely:

1. How is the performance of Islamic banks using the Islamicity Performance Index approach to Islamic banks in Indonesia?
2. How is the performance of Indonesian Islamic Banks using the Islamicity Performance Index approach to Islamic banks in Malaysia?

LITERATURE REVIEW

Sharia Enterprise Theory

The Sharia Enterprise theory put forward by Triyuwono (2001) in his research illustrates that entities have an obligation to account for their performance to company owners, but are also responsible to wider stakeholders, namely Allah SWT, humans and nature.

The Sharia Enterprise theory implies that every operational activity carried out by a sharia bank must be in accordance with sharia principles that Allah SWT has set.

Evaluation of the performance of Islamic banks should use the rules that are in accordance with sharia principles that promote the values of justice. This certainly can be more reassuring for customers because it is in accordance with sharia principles. In addition, with this theory, it can distinguish Islamic banks from conventional banks.

Sharia Bank Performance

Performance is a measure of the achievement of an entity in carrying out the targets that have been set in each of its operational activities. Measuring performance for a bank is very important because the performance results are a description of the achievements that have been made during its operational activities so that it can also be known about the health condition of the bank (Cakhyaneu, 2018).

Banks with good performance are banks that can maintain and maintain public trust, can carry out intermediation functions, can help smooth payment traffic and can be used by the government in implementing various policies, especially monetary policy (Fitriana et al., 2015). So that banks can determine business strategies in the future and

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are expected to provide better services for customers and help the government in terms of the country's economy.

Concept of Islamicity Performance Index

Hameed et al. (2004) formulate an alternative for measuring the performance of Islamic banking through an index called the Islamicity Performance Indices, which consists of the Islamicity Performance Index and the Islamicity Disclosure Index. With the Islamicity Performance Index, a sharia bank can evaluate its performance whether it is in accordance with sharia principles. The performance of Islamic banks which are evaluated using the Islamicity Performance Index is not only from a financial perspective but also from a shariah perspective, whether Islamic banks have complied with the principles of justice, halal and sanctification.

In the Islamicity Performance Index there are seven indicators used to measure performance (Hameed et al., 2004), namely:

A. Profit Share Ratio

In fulfilling the principles of justice, Islamic banks in order to gain profits must also pay attention to the interests of other parties, namely customers. Therefore, according to the principles of justice, Islamic banks are not allowed to conduct transactions that harm customers by charging high interest rates to cover bank risk. So Islamic banks always use contracts in every process of financing transactions to offer profit sharing, namely mudharabah and musyarakah contracts, here are the equations for measuring the Profit Share Ratio (Nugroho et al., 2020):

$$\frac{Mudharabah\ Financing + Musyarakah\ Financing}{Total\ Financing} = PSR$$

B. Zakat Performance Ratio (ZPR)

According to PSAK 101, zakat management activities starting from the initial balance of zakat funds, sources of zakat funds, the amount of zakat funds distributed and the final balance of zakat funds are presented in separate reports in the form of Reports on the Use of Zakat and Use of Funds.

Zakat performance can be measured by how much Islamic banks channel their zakat funds from the company's net worth or net assets. It can be interpreted that Islamic banks can be said to be ideal, if the greater their net assets, the greater the distribution of zakat funds (Kurniawan et al., 2021).

Net worth in question is the amount of net worth or not mixed with debt. Thus, the components of the calculation of the Zakat Performance Ratio (ZPR) can be ascertained to meet the zakat requirements, namely the assets used for zakat distribution are not assets resulting from debt (Hameed et al., 2004). The following is the equation for Zakat Performance Ratio (ZPR):

$$\text{ZPR} = \frac{\text{Zakat}}{\text{Aktiva Bersih}}$$

C. Equitable Distribution Ratio (EDR)

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The EDR indicator basically explains how the performance of income distribution obtained by Islamic banks to stakeholders. The stakeholders in question are recipients of qardh loans, bank employees, shareholders or dividends and the company's net profit. Total income is calculated first minus zakat and taxes (Hameed et al., 2004). The formulation of the EDR indicator is as follows:

$$Qardh = \frac{Qardh}{\text{Pendapatan} - (\text{Zakat} + \text{Pajak})}$$

$$\text{Eex} = \frac{\text{Beban Tenaga Kerja}}{\text{Pendapatan} - (\text{Zakat} + \text{Pajak})}$$

$$Shareholder = \frac{\text{Dividen}}{\text{Pendapatan} - (\text{Zakat} + \text{Pajak})}$$

$$Net\ Profit = \frac{\text{Laba Bersih}}{\text{Pendapatan} - (\text{Zakat} + \text{Pajak})}$$

D. Directors-Employees Welfare Ratio (DEWR)

The Directors–Employee Welfare Ratio (DEWR) indicator aims to identify how much money is used to spend on director salaries compared to the money used for employee welfare. Employee welfare includes salary, training and others (Lutfiandari & Septiarini, 2016). The formulation of the DEWR indicator is as follows (Hameed et al., 2004):

$$\text{DEWR} = \frac{\Sigma\ \text{Gaji Direktur}}{\Sigma\ \text{Gaji Karyawan Tetap}}$$

E. Islamic Investment Vs Non Islamic Investment (IIR)

It is required for Islamic banks to properly disclose all halal investments as well as prohibited investments. Failure to disclose information regarding investment activities carried out by Islamic banks will provide an inaccurate picture of their business activities (Makruflis, 2019). The formulation of Islamic Investment vs. Non-Islamic Investment Ratio (IIR) indicators according to Hameed et al. (2004) are as follows:

$$\text{IIR} = \frac{\text{Investasi Halal}}{\text{Investasi Halal} + \text{Investasi Nonhalal}}$$

F. Halal vs Non-Halal Income Ratio

Income is the result of activities carried out by Islamic banks. Income can be obtained from profit sharing and fund distribution activities to customers (Ismail, 2018). Non-halal income is receipts or cash in non-halal transactions (Harkaneri & Reflisa, 2018). Islamic banking in its business activities is sometimes inseparable from activities that generate non-halal revenues. In this regard, the DSN-

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Indonesian Ulema Council Fatwa in its fatwa states that sharia economic activities in Indonesia have not been completely separated from the conventional economic system which still earns income from usury (Lenap, 2019).

The formulation of the indicator of Islamic Income vs. Non Islamic Income Ratio (IsIR), as follows (Hameed et al., 2004):

$$\text{IsIR} = \frac{\text{Pendapatan Halal}}{\text{Pendapatan Halal} + \text{Pendapatan Nonhalal}}$$

Previous Research

In Sabirin's research (2021) Islamicity Performance Index and Financial Health of Islamic Commercial Banks in Indonesia with the 2016-2019 observation year, the results of the analysis show that the islamicity performance index for zakat performance, directors-employee welfare, and Islamic investment has a positive and significant impact, respectively. on the financial health of BUS in Indonesia, this means that the better the three variables, the better the financial health of BUS in Indonesia. Meanwhile, the islamicity performance index for profit sharing, equitable distribution, Islamic income does not have a significant effect on the financial health of Islamic commercial banks in Indonesia, this is due to the low level of profit sharing, the small level of equitable distribution, and not all Islamic banks disclose income. non-halal.

In another study Kurniawan et al. (2021) with the title Financial Performance Analysis of Islamic Commercial Banks in Indonesia based on the Islamicity Performance Index for the 2015-2019 Period, resulting in an analysis that Panin Dubai Syariah Bank is the best bank in terms of PSR indicators. The ZPR value for BUS in Indonesia is still low. BNI Syariah is a sharia bank that has the highest score on the ZPR indicator. The EDR shows that Bank Syariah Mandiri has the highest average score. The DEWR indicator shows that Bank BTPN Syariah has a fairly high level of disparity between directors and employees. IIR and IsIR BUS show that in general they have implemented business performance in the halal sector. While overall the predicate is quite satisfactory.

Destiani et al. (2021) with the research title Islamicity Performance Index In Improving Profitability of Indonesian Islamic Banks, the results of the analysis of this study indicate that Profit Sharing Ratio (PSR) has a significant negative effect on the level of profitability of Islamic State-owned banks, Zakat Performance Ratio (ZPR) has a significant positive effect on the level of profitability State-owned Islamic banks, Equitable Distribution Ratio (EDR) has a significant negative effect on the level of profitability of Islamic State-owned banks and. Islamic Income vs. Non-Islamic Income has no significant effect on the level of profitability of Islamic State-owned banks.

Sadiah (2019) with the research title Financial Performance Assessment Analysis Of Sharia Commercial Banks Using Islamicity Performance Index (Comparative Study of Indonesia and Malaysia in 2013-2018), the results of the analysis of this study indicate that There is a significant difference between the performance of Islamic commercial banks in Indonesia and Malaysia on all Islamicity Performance Index ratios, except for the qard ratio and directors employee welfare ratio. Indonesian Islamic commercial banks have higher scores than Malaysian Islamic commercial banks in profit sharing ratio, zakat performance ratio, employee expenses ratio, and Islamic income vs. non-

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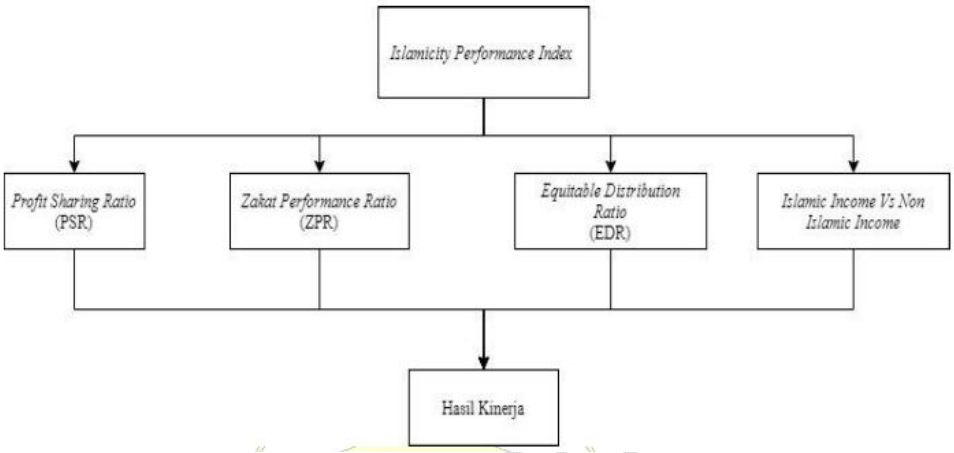
halal income ratio. As for the shareholders ratio and net profit ratio, Malaysian Islamic banks have a better score.

Chart 1 : Theoretical Framework

Based on the description previously stated and the literature review, the related variables in this study can be formulated through a framework of thought as follows:



Research Hypothesis

The hypothesis is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of a question sentence. but not all research has to formulate hypotheses, such as exploratory and descriptive research which often does not use hypotheses (Sugiyono, 2016: 64). Because this research is an evaluation study on the performance of Islamic banks based on the Islamicity Performance Index, this research does not require a hypothesis.

RESEARCH METHOD

Type of Research

This type of research is descriptive qualitative research, namely research that aims to describe or reveal events or facts, circumstances, phenomena, variables and circumstances that occurred during the research by presenting what actually happened.

Variable Research and Operationalization

Profit Share Ratio

In fulfilling the principles of justice, Islamic banks in order to gain profits must also pay attention to the interests of other parties, namely customers. Therefore, according to the principles of justice, Islamic banks are not allowed to conduct transactions that harm customers by charging high interest rates to cover bank risk. So Islamic banks always use contracts in every process of financing transactions to offer profit sharing, namely mudharabah and musyarakah contracts.

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Zakat Performance Ratio (ZPR)

Zakat performance can be measured by how much Islamic banks channel their zakat funds from the company's net worth or net assets. It can be interpreted that Islamic banks can be said to be ideal, if the greater their net assets, the greater the distribution of zakat funds (Kurniawan et al., 2021).

Equitable Distribution Ratio (EDR)

The EDR indicator basically explains how the performance of income distribution obtained by Islamic banks to stakeholders. The stakeholders in question are recipients of qardh loans, bank employees, shareholders or dividends and the company's net profit. Total income is calculated first minus zakat and taxes (Hameed et al., 2004). In this research, we use EDR based on recipients of qardh loans.

Islamic Income Vs Non Islamic Income (IsIR)

Income is the result of activities carried out by Islamic banks. Income can be obtained from profit sharing and fund distribution activities to customers (Ismail, 2018). Non-halal income is receipts or cash in non-halal transactions (Harkaneri & Reflisa, 2018).

Population and Research Samples

The population in this study uses Islamic banks in Indonesia and Malaysia for the 2017-2021 research period.

Sampling was done by purposive sampling which is part of the non-probability sampling method. This sampling technique is used to select certain target groups that are adjusted to the criteria of the researcher.

Data Collection Technique

The type of data obtained in this study is documentary data. The source of data used in this study is secondary data, namely data on the company's audited financial statements for 2017-2021.

The method used in collecting data in this research is done by categorizing and classifying written data related to research problems, both from documents, books, and other sources.

Data Analysis Method

The data analysis method analyzed in this study is secondary data that is quantitative in nature obtained from the publication of financial reports, annual reports, sustainability reports, and others.

RESULTS AND DISCUSSION

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1) Profit Sharing Ratio

Table 1
Descriptive Statistics Table – Profit Sharing Ratio

Group Statistics

	Country	N	Mean	Std. Deviation	Std. Error Mean
Profit Sharing Ratio	Indonesia	32	.4262277	.31019677	.05483556
	Malaysia	36	.3279340	.91269728	.15211621

Based on the table above, it is known that there are 32 data on Profit Sharing Ratio for Indonesia, while for Malaysia there are 36 data. The average value of the Profit Sharing Ratio of Commercial Islamic Banks in Indonesia is 0.42623, while the Profit Sharing Ratio of Islamic Banks in Malaysia is 0.32793. Thus, it can be concluded that there is a difference in the average Profit Sharing Ratio between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia. This result is still not comprehensive because it is not known whether the difference is significant or not. The following table will show a more comprehensive result:

Table 2
Table Independent Sample t-test – Profit Sharing Ratio

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Profit Sharing Ratio	Equal variances assumed	2.881	.094	.580	66	.564	.09829365	.16953866	-.24020120	.43678851
	Equal variances not assumed			.608	43.851	.546	.09829365	.16169812	-.22761868	.42420599

The table shows the value of Sig. Levene's Test for Equality of Variances 0.094 > 0.05, it can be concluded that the data variance between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia is homogeneous or the same. The table also shows the value of Sig. (2-tailed) in the Equal Variances Assumed section of 0.564 > 0.05, it can be concluded that there is no significant difference in financial performance based on the Profit Sharing Ratio at Islamic Commercial Banks in Indonesia and Islamic Banks in Malaysia. This insignificant difference can be proven by looking at the "Mean Difference" value of 0.0983 which shows the difference between the average value of the Profit Sharing Ratio at Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia (0.42623 - 0.32793 = 0.0983) and the difference is between -0.24020 to -0.43679 (Lower and Upper values at 95% Confidence Interval of Difference). The results

of this study are not in line with the results of Sadiah's research (2019) which states that there are significant differences in financial performance based on the Profit Sharing Ratio in Islamic banks in Indonesia and Malaysia.

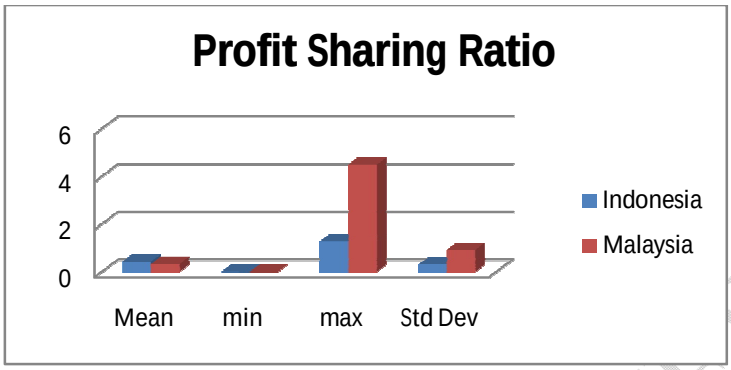

Figure 1 Descriptive Statistics of Profit Sharing Ratio 2017-2020

2) Zakat Performance Ratio

Table 3
Descriptive Statistics Table – Zakat Performing Ratio

Group Statistics

	Country	N	Mean	Std. Deviation	Std. Error Mean
Zakat Performing Ratio	Indonesia	32	.0075615	.03120381	.00551611
	Malaysia	36	.0062028	.01572099	.00262017

Based on the table above, it is known that there are 32 data on Zakat Performing Ratio for Indonesia, while for Malaysia there are 36 data. The average value of the Zakat Performing Ratio of Commercial Islamic Banks in Indonesia is 0.00756, while the Zakat Performing Ratio of Islamic Banks in Malaysia is 0.00620. Thus, it can be concluded that there is a difference in the average Zakat Performing Ratio between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia. This result is still not comprehensive because it is not known whether the difference is significant or not. More comprehensive results can be seen through the following table:

Table 4
Table Independent Sample t-test – Zakat Performing Ratio

Independent Samples Test

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		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Zakat Performing Ratio	Equal variances assumed	.147	.703	.231	66	.818	.00135867	.00589337	-.01040782	.01312516
	Equal variances not assumed			.222	44.558	.825	.00135867	.00610677	-.01094437	.01366171

The table above shows the value of Sig. Levene's Test for Equality of Variances 0.703 > 0.05, it can be concluded that the data variance between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia is homogeneous or the same. The table also shows the value of Sig. (2-tailed) in the Equal Variances Assumed section of 0.818 > 0.05, it can be concluded that there is no significant difference in financial performance based on the Zakat Performing Ratio in Islamic Commercial Banks in Indonesia and Islamic Banks in Malaysia. This insignificant difference can be proven by looking at the "Mean Difference" value of 0.00136 which shows the difference between the average value of the Zakat Performing Ratio at Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia (0.0075615 - 0.0062028 = 0.00135867) and the difference is between -0.01040782 to 0.01312516 (Lower and Upper values at 95% Confidence Interval of Difference). The results of this study are also not in line with the results of Sadiah's research (2019) which states that there are significant differences in financial performance based on the Zakat Performing Ratio in Islamic banks in Indonesia and Malaysia.

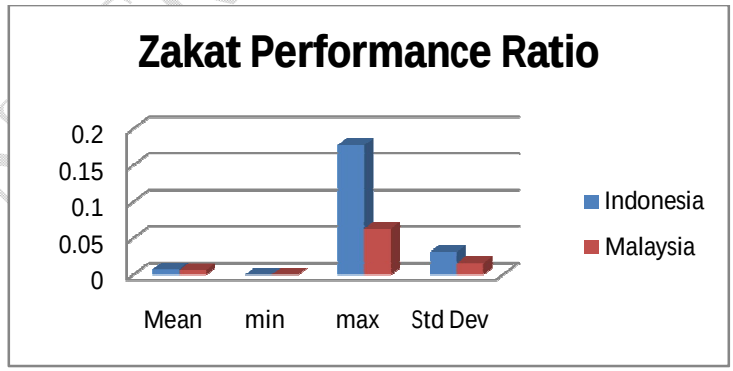

Figure 2 Descriptive Statistics of Zakat Performance Ratio 2017-2020

3) Equitable Distribution Ratio - Qardh

Table 5

Descriptive Statistics Table – Equitable Distribution Ratio-Qardh

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Group Statistics

	Country	N	Mean	Std. Deviation	Std. Error Mean
Equitable Distribution Ratio_Qardh	Indonesia	32	.3091556	.28079295	.04963765
	Malaysia	36	.0136538	.07018391	.01169732

The table shows that there are 32 data on Zakat Performing Ratio for Indonesia, while for Malaysia there are 36 data. The average value of the Zakat Performing Ratio of Commercial Islamic Banks in Indonesia is 0.30916, while the Zakat Performing Ratio of Islamic Banks in Malaysia is 0.01365. Thus, it can be concluded that there is a difference in the average Zakat Performing Ratio between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia. This result is still not comprehensive because it is not known whether the difference is significant or not. More comprehensive results can be seen through the following table:

Table 6
Table Independent Sample t-test – Equitable Distribution Ratio-Qardh

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Equitable Distribution Ratio_Qardh	Equal variances assumed	67.867	.000	6.109	66	.000	.29550177	.04837532	.19891732	.39208622
	Equal variances not assumed			5.794	34.445	.000	.29550177	.05099729	.19191206	.39909148

Based on the table, it is known that the value of Sig. Levene's Test for Equality of Variances 0.000 < 0.05, it can be concluded that the data variance between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia is not homogeneous or not the same. The table also shows the value of Sig. (2-tailed) in the Equal Variances not Assumed section of 0.000 < 0.05, it can be concluded that there is a significant difference in financial performance based on the Equitable Distribution Ratio-Qardh at Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia. This significant difference can be proven by looking at the "Mean Difference" value of 0.29550177 which shows the difference between the average value of the Equitable Distribution Ratio-Qardh at Islamic Commercial Banks in Indonesia and Islamic Banks in Malaysia (0.3091556 - 0.0136538 = 0.29550177) and the difference between these differences. is between 0.19191206 to 0.39909148 (Lower and Upper values at 95% Confidence Interval of Difference). The results of this study are also not in line with the results of Sadiah's research (2019) which states that there is no significant difference in financial performance based on the Equitable Distribution Ratio-Qardh in Islamic banks in

Indonesia and Malaysia.

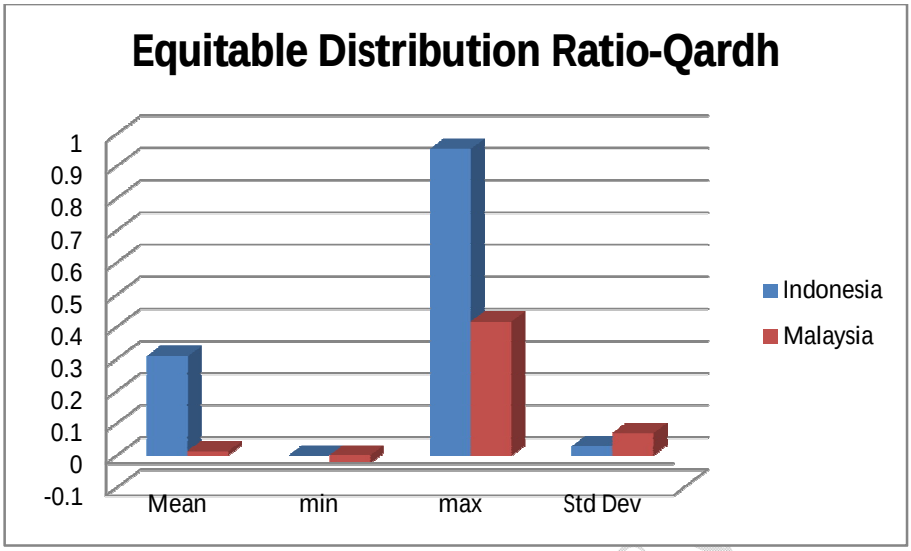

Figure 3 Descriptive Statistics of Equitable Distribution ratio – Qardh 2017-2020

4) Halal vs Non-Halal Income Ratio

Table 7
Descriptive Statistics Table – Halal vs Non-Halal Income Ratio

Group Statistics

	Country	N	Mean	Std. Deviation	Std. Error Mean
Halal vs Non-Halal Income Ratio	Indonesia	32	.9960523	.01985039	.00350909
	Malaysia	36	.9979332	.00872747	.00145458

The table shows that there are 32 data on Halal vs Non-Halal Income Ratio for Indonesia, while for Malaysia there are 36 data. The average value of Halal vs. Non-Halal Income Ratio of Sharia Commercial Banks in Indonesia is 0.9960523, while Halal vs. Non-Halal Income Ratio of Islamic Banks in Malaysia is 0.9979332. Thus, it can be concluded that there is a difference in the average Halal vs. Non-Halal Income Ratio between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia. This result is still not comprehensive because it is not known whether the difference is significant or not. More comprehensive results can be seen through the following table:

Table 8
Table Independent Sample t-test – Equitable Distribution Ratio-Qardh

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Halal vs Non-Halal Income Ratio	Equal variances assumed	.733	.395	-.516	66	.608	-.00188082	.00364816	-.00916460	.00540296
	Equal variances not assumed			-.495	41.484	.623	-.00188082	.00379862	-.00954957	.00578793

The table above shows that the known value of Sig. Levene's Test for Equality of Variances 0.395 > 0.05, it can be concluded that the data variance between Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia is homogeneous or the same. The table also shows the value of Sig. (2-tailed) in the Equal Variances Assumed section of 0.608 > 0.05, it can be concluded that there is no significant difference in financial performance based on Halal vs. Non-Halal Income Ratio at Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia. This insignificant difference can be proven by looking at the "Mean Difference" value of -0.00188082 which shows the difference between the average value of Halal vs. Non-Halal Income Ratio at Commercial Islamic Banks in Indonesia and Islamic Banks in Malaysia (0.9960523 - 0.9979332 = -0.00188082) and the difference is between -0.00916460 to 0.00540296 (Lower and Upper values at 95% Confidence Interval of Difference). The results of this study are also not in line with the results of Sadiah's research (2019) which states that there are significant differences in the performance of Islamic banks based on Halal vs. Non-Halal Income Ratio in Islamic Banks in Indonesia and Malaysia.

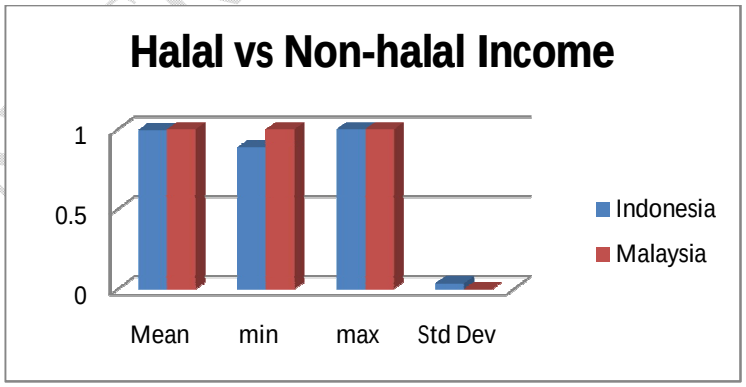

Figure 4 Descriptive Statistics of Halal vs Non-Halal Income 2017-2020

CONCLUSION AND SUGGESTION

Conclusion

1. Based on the ratio of several indicators of the Islamicity Performance Index,

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Islamic banks in Indonesia in terms of PSR are quite good at managing profit sharing on the financing provided. Meanwhile, in terms of ZPR, it is still necessary to increase the distribution of zakat from shareholders for the welfare of the community. Then in terms of distribution of funds Qardhul Hasan seen from the EDR of Islamic banks in Indonesia is quite good, but if judged by the Islamicity Performance Index score it is still not satisfactory. In terms of Halal vs Non-Halal Income, Islamic banks in Indonesia are very good at disclosing the parts of halal and non-halal income.

2. Based on the ratio of several indicators of the Islamicity Performance Index, Islamic banks in Malaysia in terms of PSR are already good in managing profit sharing on the financing provided. Meanwhile, in terms of ZPR, it is still necessary to increase the distribution of zakat from shareholders for the welfare of the community. Then in terms of distribution of Qardhul Hasan funds, seen from the EDR of Islamic banks in Malaysia, it is not good, because it is lacking in disclosure of the distribution of Qardhul Hasan funds. In terms of Halal vs Non-Halal Income, there are still Islamic banks in Malaysia that have not disclosed the value of non-halal income, so the value obtained is not accurate.
3. There is no significant difference in the performance of Islamic banks based on the Profit Sharing Ratio, Zakat Performing Ratio and Halal vs. Non-Halal Income Ratio in Islamic Banks in Indonesia and Malaysia.
4. There is a significant difference in the performance of Islamic banks based on the Equitable Distribution Ratio-Qardh in Islamic banks in Indonesia and Malaysia.

Suggestion

1. For Islamic banks in Indonesia and Malaysia to pay more attention to performance based on the Islamicity Performance Index considering the small average value of the ratio of each indicator of the Islamicity Performance Index.
2. For Islamic banks in Malaysia to disclose more items that are in accordance with the Islamicity Performance Index in their financial reports.

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