ANALYSIS OF THE FINANCIAL PERFORMANCE OF ISLAMIC COMMERCIAL BANKS BASED ON THE ISLAMICITY PERFORMANCE INDEX METHOD FOR THE PERIOD 2018-2023

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Abstract: The development of the sharia bank in Indonesia is making progress. The quantitative growth of Sharia banking has been demonstrated by the increasing number of sharia public banks and sharia units established. The study aims to analyze the measurement of the Islamicity Performance Index on the financial performance of the Shariah general bank projected by the Return on Asset (ROA) period 2018-2023. The population of this research was determined using purposive sampling and obtained 6 Sharia General Banks. Samples collected using the method of Purposive Sampling are as many as 6 Sharia General Bank selected. Data obtained in the Company`s Annual Report. The data analysis technique in this study uses double linear regression with the SPSS version 29 program. The results of the study showed that partially the variable Profit Sharing Ratio has no influence on Return on Asset, while Zakat Performance Ratio, Equitable Directors Employee Ratio, Director Employee Ratio, and Islamic Income Vs Non-Islamic Income Ratio have no effect on the Return on Asset. Simultaneosly, variables such as Profit Sharing Ratio, Zakat Performance Ratio, and Equitable Distribution Ratio have influenced the return on asset.

Keywords: Islamicity Performance Index, Financial Performance

INTRODUCTION

Islamic economics in Indonesia over the past decade has shown rapid development, one of the factors influencing this is the support from the government towards the field of Islamic economics, namely with the issuance of Law No. 19 of 2008 concerning state sukuk and Law No. 21 of 2008 concerning Sharia Banking.

With the increasing development of Islamic banks, it does not mean that Islamic banks do not have problems in their operational activities. The issue that is still found is that Islamic banking products and services are still difficult for the public to understand. In addition, there are also issues related to capital, where in Islamic banking, the operational costs charged to customers are higher. Furthermore, the products from Islamic banks are still not widely accessible to the public (Firda, 2020).

Furthermore, until now, the trust of the public or stakeholders in the sharia banking industry remains one of the main challenges and issues. It is very important to build a high level of trust among the public or stakeholders. If this trust can be established and a high level of trust in sharia banks can grow, it will be very easy for sharia banks to continue to compete and keep pace with the advancements of conventional banks (Firda, 2020). In order to maintain this, which is a high level of trust towards the community or banking stakeholders, they must uphold and implement structured and straightforward regulations. That the banking industry aims to create a good banking system that is resilient and stable. With such a good, resilient, and stable banking system, banks can optimally perform their function as providers of financial intermediary facilities (Qurniawati, 2013).

In the development of Islamic banking in Indonesia, Sharia-compliant financial performance remains one of the main focal points, where in this realm, banking performance has not yet been able to implement it at an optimal level. With the growth of awareness among the Muslim community, measuring the performance of Islamic financial institutions has become very important. This is reviewed to determine the extent to which

Islamic financial institutions can carry out their operations in achieving their objectives (Hameed et al., 2004). In order for the expected goals to be achieved, the financial institution that is in its developmental phase must always implement and pay attention to good and proper controls, so that it can continue to make improvements and evaluations in the (Fatmasari & Kholmi, 2018).

In the Quran, it has been explained that performance evaluation must be taken into account, as stated in QS. At-Taubah (9) verse 105, which reads:

وَقُلِ اعْمَلُوْا فَسَيَرَى اللهُ عَمَلَكُمْ وَرَسُوْلُهٗ وَالْمُؤْمِنُوْنَّ وَسَتُرَدُّوْنَ اِلٰى عٰلِمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُوْنَّ

Meaning: "Work, then Allah and His Messenger and the believers will see your work, and you will be returned to the Knower of the unseen and the witnessed, and He will inform you of what you used to do."

According to M. Quraish Shihab, the verse explains that performance must be considered in relation to what has been done for tomorrow as an evaluation of the actions that have been carried out. Furthermore, if the work is done well, it will receive good rewards and will also demonstrate good performance and achievements. Conversely, if the actions are poor, it will receive poor rewards as well.

A very important point that must be carefully considered by Islamic banking is to evaluate the performance of the Islamic bank itself. This is based on the fact that Islamic banking has a significant role in fulfilling its responsibilities towards stakeholders related to the funds disbursed and invested in Islamic banks. Additionally, Islamic banks also have the role of always ensuring that their business operations comply with and adhere to the applicable Sharia principles and regulations.

The facts state in the research findings that measuring the performance of an Islamic bank is very different from measuring the performance of a conventional bank. The basis for the difference between the two is that they have different concepts and characteristics in carrying out their functions and operational activities. The development of science and research related to the financial performance of Islamic banks in Indonesia currently predominantly discusses financial performance in the business realm only, without being balanced by the development of financial performance that aligns with Sharia principles, which is in accordance with the initial concept in the establishment of Islamic banks. After observing and gaining a comprehensive understanding of the concept of Islamic banking as conducted by several international banking experts, this raises a significant question about Islamic banking. This concern arises from the awareness that Islamic banking has distinct characteristics that are very different from conventional banks. With the growth and emergence of Islamic banking, it has functions and roles in social and economic aspects, one of which is in creating distributional justice (Aisjah & Hadianto, 2013). The efforts that resulted in the study of the characteristics of Islamic banking were successfully identified by Hameed, et al. (2004). In the research conducted titled "Alternative Disclosure and Measure Performance for Islamic Banks," this study provides a substitute assessment of the performance of Islamic banks, specifically regarding the Islamicity Indices, which are divided into two main sections: the Islamicity Disclosure Index and the Islamicity Performance Index. The findings of this research, initiated by Hameed et al. in 2004, have a significant impact that can greatly benefit stakeholders. With this, stakeholders can choose, analyze, and monitor the performance of the best Islamic banks that meet their needs and desires.

What is an important part and the main discussion in the Islamicity Disclosure Index is the examination of three indicators, namely, sharia compliance, corporate governance, and social or environmental aspects. The function and role of the Islamicity Disclosure Index is to provide information on the extent to which Islamic banking can provide the information needed by stakeholders. Meanwhile, the Islamicity Performance Index is a method designed to provide a measurement of the performance of Islamic banks, not only in terms of financial performance but also to represent the performance of Islamic banks in relation to the principles of justice, halal, and purification (tazkiyah) that can be implemented by Islamic banking. The development of the Islamicity Performance Index includes seven assessment aspects, namely profit sharing ratio, zakat performance ratio, equitable distribution ratio, directors-employees welfare ratio, Islamic investment vs non-Islamic investment, Islamic income vs non-Islamic income, and the AAOIFI Index (Hameed et al., 2004).

Not all seven ratios in the Islamicity Performance Index (IPI) can be used in measuring financial performance due to several shortcomings in data sources, data completeness, and data availability.

Table of Financial Performance of Sharia Commercial Banks Period 2018-2023

Year	Indicator			
	CAR (%)	ROA (%)	NPF (%)	FDR (%)

2018	20,39	1,28	3,26	78,53
2019	20,59	1,73	3,23	77,91
2020	21,64	1,40	3,13	76,36
2021	25,71	1,55	2,59	70,12
2022	26,28	2,00	2,35	75,19
2023	25,41	1,88	2,04	84,94

Source: STATISTIK PERBANKAN SYARIAH, 2023

From the table above, it can be seen that the development of the Capital Adequacy Ratio (CAR), Return on Assets (ROA), Non-Performing Financing (NPF), and Financing to Deposit Ratio (FDR) has experienced fluctuating increases from year to year. From 2018 to 2023, CAR increased by 5,02%. ROA increased by 0,60%. Then, NPF decreased by 1.78% and FDR increased by 6,41%.

The development of research related to the Islamicity Performance Index in Indonesia still needs to be studied further and in more depth. Considering that banking, which includes sharia banking, is a performance that is currently increasing. This becomes important to study further by expanding research with the Islamicity Performance Index model by maximizing existing ratios to show how far and high the level of implementation of sharia principles in sharia commercial banks in Indonesia is comprehensively.

The description above represents the phenomenon and diversity of research results presented, which are based on the phenomenon of the Islamicity Performance Index. Therefore, this research is interested in examining the Islamicity Performance Index in more depth, particularly its relationship with the financial performance of Indonesian Islamic banking. Consequently, this research aims to test the Islamicity Performance Index against the financial performance of general Islamic banks in Indonesia. Based on the above background, this writing focuses on measuring the performance of General Islamic Banks with the title: "ANALYSIS OF THE FINANCIAL PERFORMANCE OF GENERAL ISLAMIC BANKS BASED ON THE ISLAMICITY PERFORMANCE INDEX METHOD FOR THE PERIOD 2018-2023."

RESEARCH METHOD

This type of research uses a quantitative descriptive method. Quantitative descriptive research is conducted by collecting data in the form of numbers, or data in the form of words or sentences that are converted into numerical data with the aim of obtaining a description or depiction of the characteristics of certain variables of an object that becomes a phenomenon in this research activity. The data used in this research are secondary data of a quantitative nature. Secondary data obtained indirectly, rather through the intermediary of recording by other parties. The data source used comes from financial reports obtained from the respective companies' websites from 2018-2023. The data collection technique in this research is through library research, which is a data collection technique from various relevant library materials (references) and studying the issues to be discussed.

The object of this research is financial performance (Return on Asset) measured using the Islamicity Performance Index method. The subjects of this research are Sharia Banks in Indonesia registered with the Financial Services Authority. (OJK). This sharia banking company was chosen as the subject of the research because the banking sector is one of the sectors that plays an important role in future contributions and national income. The selected sharia banks, totaling 6 banks, were measured using sampling criteria with the purposive sampling method. Islamicity Performance Index, using 5 components, namely: Profit Sharing Ratio (PSR), Zakat Performance Ratio (ZPR), Equitable Distribution Ratio (EDR), Directors Employee Welfare Ratio (DEWR), and Islamic Vs Non-Islamic Income Ratio (IsIR).

RESULT AND DISCUSSION

Research Data

This research data is the result of annual financial statements for the period 2018-2023 from Indonesian Sharia Commercial Banks. Variabel Independen dalam penelitian ini adalah Profit Sharing Ratio (PSR), Zakat Performance Index (ZPR), Equitable Distribution Ratio (EDR), Directors Employee Welfare Ratio (DEWR),

dan Islamic Income Vs Non-Islamic Income (IsIR). Sedangkan variabel dependen yaitu Kinerja Keuangan (ROA). Berikut merupakan tabel hasil data variabel independent dan variabel dependen periode 2018-2023.

Table of Results of Independent and Dependent Variable Data (%)

No	Company	Year	PSR (X1)	ZPR (X2)	EDR (X3)	DEWR (X4)	IsIR (X5)	ROA (Y)
1	PT. Bank Aceh Syariah	2018	9.594	0.43599	51.568	1123.177	99.98886	2.38
		2019	9.983	0.03138	59.198	874.513	99.11730	2.33
		2020	11.003	0.01845	61.300	1692.690	99.86791	1.73
		2021	14.435	0.01765	67.620	1251.828	99.83712	1.87
		2022	26.265	0.01916	74.525	1230.215	99.43637	2.00
		2023	38.738	0.05447	73.171	716.066	99.40505	2.05
2	PT. Bank BCA Syariah	2018	54.593	0.00444	15.832	1734.762	99.99786	1.20
		2019	62.006	0.00288	10.321	2196.143	99.99802	1.20
		2020	66.677	0.00269	9.588	2453.578	99.99746	1.10
		2021	73.029	0.00292	10.784	2225.469	99.99194	1.10
		2022	76.622	0.00239	12.887	1741.749	99.99525	1.30
		2023	74.875	0.00160	15.501	1592.949	99.98849	1.50
3	PT. Bank Jabar Banten Syariah	2018	27.008	0.00186	39.015	277.800	99.99391	0.54
		2019	31.745	0.00026	37.824	563.514	99.99184	0.60
		2020	32.206	0.00000	45.766	657.707	99.99549	0.41
		2021	34.214	0.04407	46.467	561.739	99.99074	0.96
		2022	36.765	0.00879	57.193	203.845	99.98913	1.14
		2023	41.669	0.00265	44.590	396.797	99.99061	0.62
4	PT. Bank Mega Syariah	2018	24.105	0.23040	62.454	1365.671	99.93919	0.93
		2019	33.142	0.12031	33.974	931.834	99.95189	0.89
		2020	43.817	0.08370	35.990	809.588	99.95216	1.74
		2021	61.625	0.22686	61.196	1067.583	99.94882	4.08
		2022	68.596	0.78895	54.403	1152.262	99.84277	2.59
		2023	59.950	0.34331	56.949	999.480	99.92937	1.96
5	PT. Bank Mumalat Indonesia	2018	50.603	0.26998	51.806	1800.074	99.97961	0.08
		2019	50.085	0.27600	71.187	1364.151	99.97877	0.05
		2020	51.912	0.25954	67.115	1500.929	99.98517	0.03
		2021	53.481	0.20564	65.625	1685.680	99.97024	0.02
		2022	59.821	0.13345	87.806	1923.641	99.90929	0.09
		2023	71.115	0.11838	60.672	1609.779	99.88975	0.02
6	PT. BPD Nusa Tenggara Barat Syariah	2018	10.703	0.00001	27.755	712.522	99.94900	1.92
		2019	51.321	0.03221	29.781	479.978	100.00000	2.56
		2020	65.950	0.05411	27.240	225.280	100.00000	1.74
		2021	74.771	0.06218	29.217	510.669	100.00000	1.64
		2022	80.482	0.06685	35.712	735.473	100.00000	1.93
		2023	83.783	0.05971	35.961	892.944	100.00000	2.07

Source: Processed data, 2024

Based on Table 4.1 section PSR, the Profit Sharing Ratio of each Islamic Bank has shown a stable increase year by year. This means that Islamic Banks in Indonesia can fulfill their Profit Sharing Ratio obligations well, accompanied by an increase in revenue each year.

The ZPR section, Zakat Performance Ratio of each Sharia Bank experiences significant fluctuations from year to year. This means that Sharia Banks in Indonesia have not been able to fulfill the Zakat Performance Ratio obligation properly.

The EDR section, Equitable Distribution Ratio of each Sharia Bank also experiences fluctuations from year to year. This means that Sharia Banks in Indonesia have not been able to perform optimally.

The DEWR section, Directors Employee Welfare Ratio of each Islamic Bank has fluctuated from year to year. This means that Islamic banks in Indonesia experience fluctuations in salary increases and decreases for directors and employees.

The IsIR section, Islamic Income Vs Non-Islamic Income Ratio of each Islamic Bank fluctuates from year to year. This means that if the IsIR increases in a company, the health of the Islamic banking sector will also improve because an IsIR that aligns with Sharia principles is an alternative way to maintain public or customer trust in choosing an Islamic Commercial Bank.

The ROA, Return on Asset section of each Islamic Bank fluctuates from year to year. This means that Islamic banks in Indonesia experience fluctuations in their profitability levels, with both decreases and increases.

Quantitative Descriptive Analysis

Table of Descriptive Statistical Analysis

Descriptive Statistics			
	Mean	**Std. Deviation**	**N**
ROA (Y)	1.3436	.91537	36
PSR (X1)	47.68581	22.107726	36
ZPR (X2)	.1106456	.16293281	36
EDR (X3)	45.22203	20.901824	36
DEWR (X4)	1146.16886	600.975128	36
IsIR (X5)	99.9110939	.19098156	36

Source: Secondary data processed using SPSS 29.0

Based on the calculations in the table above, it can be concluded that the number of data used in this study is 36, processed from 6 samples of Islamic Banks during the research period of 2018-2023. Based on these results, the average of the Islamicity Performance Index indicator is based on a 6-year consecutive period. The average value of the Profit Sharing Ratio (PSR) variable is 47,68581 with a standard deviation of 22,107726, the value of the Zakat Performance Ratio (ZPR) variable is 0,1106456 with a standard deviation of 0,16293281, the value of the Equitable Distribution Ratio (EDR) variable is 45,22203 with a deviation value of 20,901824, the value of the Directors Employee Welfare Ratio (DEWR) variable is 1146,16886 with a deviation value of 600,975128, the value of the Islamic Income vs Non-Islamic Income Ratio (IsIR) variable is 99,9110939 with a deviation value of 0,19098156, and the value of the Return On Asset (ROA) variable is 1,3436 with a standard deviation of 0,91537.

Classic Assumption Test

Normality Test

Table of Analysis of Normality Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		36
Normal Parametersa,b	**Mean**	.0000000
	Std. Deviation	.75382064
Most Extreme Differences	**Absolute**	.126
	Positive	.126
	Negative	-.099
Test Statistic		.126
Asymp. Sig. (2-tailed)c		.161

Monte Carlo Sig. (2-tailed)d	**Sig.**				.154
	99% Confidence Interval	**Lower Bound**			.145
		Upper Bound			.164

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.

Source: Secondary data processed using SPSS 29.0

The results of the data test in the table above using the one-sample Kolmogorov-Smirnov test show a value of 0,126 with a significance level of 0,161. This indicates that the value (0,161 > 0,05) so it can be concluded that the residual data is normally distributed.

Multicollinearity Test

Table of Multicollinearity Test Analysis

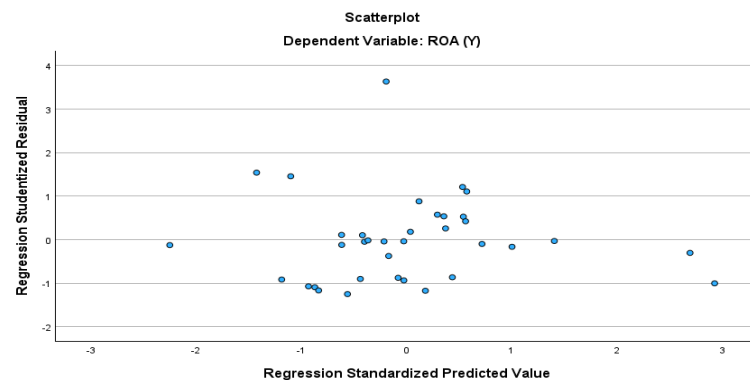|	Coefficients[a]						
	Unstandardized Coefficients		**Standardized Coefficients**			**Collinearity Statistics**	
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**	**Tolerance**	**VIF**
1 (Constant)	241.429	84.210		2.867	.008		
PSR (X1)	.002	.007	.043	.243	.810	.714	1.401
ZPR (X2)	2.043	.968	.364	2.110	.043	.761	1.315
EDR (X3)	-.020	.009	-.460	-2.340	.026	.586	1.705
DEWR (X4)	.000	.000	-.324	-2.058	.048	.913	1.096
IsIR (X5)	-2.391	.842	-.499	-2.840	.008	.732	1.366

a. Dependent Variable: ROA (Y)

Source: Secondary data processed using SPSS 29.0

Based on the table above, the test results show that the VIF (Variance Inflation Factor) values for each variable indicator consist of PSR with a value of 1,401, ZPR with a value of 1,315, EDR with a value of 1,705, DEWR with a value of 1,096, and IsIR with a value of 1,366. These values indicate that the five variables have values (VIF < 10), which do not suggest the presence of multicollinearity among the independent variables. In addition to the VIF values, the tolerance levels also indicate no signs of multicollinearity issues because the values (tolerance > 0.10). PSR with a value of 0,714, ZPR with a value of 0,761, EDR with a value of 0,586, DEWR with a value of 0,913, and IsIR with a value of 0,732. Therefore, the test results above show VIF < 10 and tolerance > 0,10, indicating that there is no multicollinearity in the regression model.

Heteroskedasticity Test

Heteroskedasticity Test Scatterplot Results

Picture of Heteroskedasticity Test Scatterplot Results

Source: Secondary data processed using SPSS 29.0

Based on the results of the heteroscedasticity test in Figure 4.3 on the scatterplot, it can be seen that the points are randomly scattered and distributed both above and below the number 0 on the Y-axis, so it can be concluded that there is no heteroscedasticity in the regression model in this study.

Autocorrelation Test

Table of Run-Test Result

Runs Test	
	Unstandardized Residual
Test Value[a]	-.03424
Cases < Test Value	18
Cases >= Test Value	18
Total Cases	36
Number of Runs	15
Z	-1.184
Asymp. Sig. (2-tailed)	.237
a. Median	

Source: Secondary data processed using SPSS 29.0

Based on the results of the Run-Test on table 4.10, it shows that the Asymp.Sig. (2-tailed) value of 0,237 is greater than 0,05. Thus, the data used do not show signs of autocorrelation, allowing the linear regression analysis to proceed.

Multiple Linear Regression Analysis

Table of Multiple Linear Regression Test Results

		Coefficients[a]				
		Unstandardized Coefficients		**Standardized Coefficients**		
	Model	**B**	**Std. Error**	**Beta**	**T**	**Sig.**
1	(Constant)	241.429	84.210		2.867	.008
	PSR (X1)	.002	.007	.043	.243	.810
	ZPR (X2)	2.043	.968	.364	2.110	.043
	EDR (X3)	-.020	.009	-.460	-2.340	.026
	DEWR (X4)	.000	.000	-.324	-2.058	.048
	IsIR (X5)	-2.391	.842	-.499	-2.840	.008
a. Dependent Variable: ROA (Y)						

Source: Secondary data processed using SPSS 29.0

Based on the results of the multiple linear regression test in table 4.11, it shows that the constant value (α value) is 241,429, PSR (β value) is 0,002, ZPR (β value) is 2,043, EDR (β value) is -0,20, while DEWR (β value) is 0,000 and IsIR (β value) is -2,391. Thus, the multiple linear regression equation can be obtained as follows:

$$ROA = 241,429 + 0,002\ PSR + 2,043\ ZPR + -0,020\ EDR + 0,000\ DEWR + -2,391\ IsIR + e$$

From the multiple linear regression equation above, the analysis can be concluded as follows:

1. The constant in the table above is 241.429, meaning that if the variables PSR, ZPR, EDR, DEWR, and IsIR are 0, the ROA value is 241.429%.
2. The PSR regression coefficient of 0.002 indicates that for every increase of 1 unit, the ROA will increase by 0.002. Thus, the coefficient value of the PSR variable shows a positive relationship with the ROA variable, meaning that as the PSR value increases, the ROA value in Islamic banks will also increase.
3. The ZPR regression coefficient of 2.043 indicates that for every increase of 1 unit in ZPR, the ROA value will increase by 2.043. Therefore, the coefficient value of the ZPR variable shows a positive relationship with the ROA variable, meaning that as the ZPR value increases, the ROA value in Islamic banks will also increase.

4. The EDR regression coefficient of -0.020 indicates that for every increase in EDR by 1 unit, the ROA value will decrease by -0.020. Therefore, the coefficient value of the EDR variable shows a negative relationship with the ROA variable, meaning that as the EDR value increases, the ROA value will decrease in Islamic banks.

5. The DEWR regression coefficient of -0.000 indicates that for every 1 unit increase in DEWR, the ROA value will decrease by -0.000. Therefore, the DEWR variable coefficient shows a negative relationship with the ROA variable.

6. The IsIR regression coefficient of -2.391 indicates that for every 1 unit increase in IsIR, the ROA value will decrease by -2.391. Therefore, the IsIR variable coefficient shows a negative relationship with the ROA variable, meaning that as the IsIR value increases, the ROA value in Islamic banks will decrease.

Hypothesis Testing

F-Test (Simultaneous Testing)

F-Test Resuts

Model		Sum of Squares	df	Mean Square	F	Sig.
			ANOVAᵃ			
1	Regression	9.438	5	1.888	2.847	.032ᵇ
	Residual	19.889	30	.663		
	Total	29.327	35			

a. Dependent Variable: ROA (Y)
b. Predictors: (Constant), IsIR (X5), ZPR (X2), DEWR (X4), PSR (X1), EDR (X3)

Source: Secondary data processed using SPSS 29.0

The F-test results in table 4.12 above show a significance value of 0,032, which means less than 5% (0,05). The table F value is 2,523, so the calculated F value of 2,847 > table F value of 2,523. It can be concluded that the Profit Sharing Ratio, Zakat Performance Ratio, Equitable Distribution Ratio, Directors Employee Welfare Ratio, and Islamic Income vs Non-Islamic Income Ratio simultaneously affect the Return on Asset, thus the regression equation in this study fits the criteria.

T-Test (Partial Testing)

Table of t-Test Results (Parsial)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		Coefficientsᵃ				
1	(Constant)	241.429	84.210		2.867	.008
	PSR (X1)	.002	.007	.043	.243	.810
	ZPR (X2)	2.043	.968	.364	2.110	.043
	EDR (X3)	-.020	.009	-.460	-2.340	.026
	DEWR (X4)	.000	.000	-.324	-2.058	.048
	IsIR (X5)	-2.391	.842	-.499	-2.840	.008

a. Dependent Variable: ROA (Y)

Source: Secondary data processed using SPSS 29.0

Based on the test results in table, the following explanations can be observed:
1. The t-value of the PSR variable is smaller than the t-table (0,243 < 2,042). The significance value is greater than 0.05 (sig > α) at 0.810 > 0,05. Therefore, it can be concluded that the PSR variable does not have an effect and is also not significant on Return on Asset (ROA).

2. The t-value of the ZPR variable is greater than the t-table (2,110 > 2,042). The significance value is less than 0.05 (sig < α) at 0,043 < 0,05. Therefore, it can be concluded that the ZPR variable has a positive and significant effect on Return on Asset (ROA).

3. The t-value of the EDR variable is smaller than the t-table (-2,340 < 2,042). The significance value is less than 0,05 (sig < α) at 0,026 < 0,05. Therefore, it can be concluded that the EDR variable has a negative and significant effect on Return on Asset (ROA).

4. The t-value of the DEWR variable is smaller than the t-table (-2,058 < 2,042). The significance value is less than 0,05 (sig < α) at 0,048 < 0,05. Therefore, it can be concluded that the DEWR variable has a negative and significant effect on Return on Asset (ROA).

5. The t-value of the IsIR variable is smaller than the t-table (-2,840 < 2,042). The significance value is less than 0,05 (sig < α) at 0,008 < 0,05. Therefore, it can be concluded that the IsIR variable has a negative and significant effect on Return on Asset (ROA).

R^2 Test (Coefficient of Determination)

Table of R^2 Test Result

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.567[a]	.322	.209	.81422
a. Predictors: (Constant), IsIR (X5), ZPR (X2), DEWR (X4), PSR (X1), EDR (X3)				
b. Dependent Variable: ROA (Y)				

Source: Secondary data processed using SPSS 29.0

Based on the **R^2** (coefficient of determination) results in table 4.14, the Adjusted R Square value is 0,209, which means the influence of the independent variable (X) on the dependent variable (Y) is 20,9%.

DISCUSSION

Table of Research Results

No	Research Hypothesis	Result
1.	*Profit Sharing Ratio* (PSR) has a positive effect on Financial Performance	Rejected
2.	*Zakat Performance Ratio* (ZPR) has a positive effect on Financial Performance	Accepted
3.	*Equitable Distribution Ratio* (EDR) has a negative effect on Financial Performance	Accepted
4.	*Directors Employee Welfare Ratio* (DEWR) has a negative effect on Financial Performance	Accepted
5.	*Islamic Income Vs Non-Islamic Income Ratio* (IsIR) has a negative effect on Financial Performance	Accepted

Source: Secondary data processed using SPSS 29.0

Based on the testing and data analysis results from the tests conducted using SPSS 29.0 and Microsoft Excel version 2405, it can be seen that out of the five independent variables used, four variables, namely ZPR, EDR, DEWR, and IsIR, have a significant effect on the dependent variable, while one variable, PSR, shows no significant effect on the dependent variable.

CONCLUSION

Based on the results of data testing and discussion conducted regarding the "Analysis of the Financial Performance of Sharia Commercial Banks Based on the Islamicity Performance Index Method for the Period 2018-2023," the following conclusions can be drawn:

1. The Profit Sharing Ratio variable does not have a significant effect on Return on Assets, meaning that the Profit Sharing Ratio is not a factor that can improve the financial performance of Sharia Commercial Banks.

2. The Zakat Performance Ratio variable has a significant positive effect on Return on Assets, indicating that the zakat funds disbursed by Sharia Commercial Banks have increased, thereby improving the financial performance of Sharia Commercial Banks.

3. The Equitable Distribution Ratio variable has a significant negative effect on Return on Assets, meaning that any increase in the Equitable Distribution Ratio will lead to a decline in the financial performance of Sharia Commercial Banks.

4. The Directors Employee Welfare Ratio variable has a significant negative effect on Return on Assets, meaning that this variable does not contribute to the improvement of the financial performance of Sharia Commercial Banks.

The Islamic Income Vs Non-Islamic Income Ratio variable has a significant negative effect on Return on Assets, meaning that this variable does not contribute to the improvement of the financial performance of Sharia Commercial Banks.

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