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THE IMPACT OF CAR, NPF, AND FDR ON ROE OF ISLAMIC COMMERCIAL BANKS LISTED ON IDX FOR THE PERIOD 2024–2025

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Abstract: Islamic banking continues to face various challenges in enhancing its competitiveness relative to conventional banking. This can be achieved by improving service quality and achieving sustainable operational performance. This study aims to analyze the impact of CAR, NPF, and FDR on ROE, both partially and simultaneously, in Islamic commercial banks listed on the IDX during the 2024–2025 period. The variables analyzed include CAR, NPF, and FDR as independent variables, while ROE serves as the dependent variable. For data analysis, simple and multiple regression were used with the assistance of SPSS version 26 software. The results indicate that, individually, CAR has a significant impact on the ROE of Islamic commercial banks during the study period. On the other hand, NPF and FDR do not show a significant impact on ROE. However, simultaneous analysis indicates that these three independent variables collectively have a significant influence on the ROE of Islamic commercial banks listed on the IDX for the 2024–2025 period.

Keywords: CAR, FDR, Islamic Bank, NPF, ROE

INTRODUCTION

The beginning of the Islamic banking sector in Indonesia was marked by the establishment of Bank Muamalat Indonesia in 1991, which is recognized as the country's pioneering Islamic banking institution. The establishment of Bank Muamalat not only offered an alternative for the public seeking financial services rooted in Islamic principles but also contributed to stimulating the national Islamic banking industry [1]. Over time, many Islamic banking institutions have emerged and continued to grow to this day. According to a report by [2], by 2024, this sector will consist of 207 Islamic banking institutions, including 14 Sharia Commercial Banks, 19 Sharia Business Units, and 174 Sharia Rural Credit Banks. During the same period, the number of Islamic banking branches reached 3,077 units spread across various regions in Indonesia, reflecting the growth of the Islamic service network.

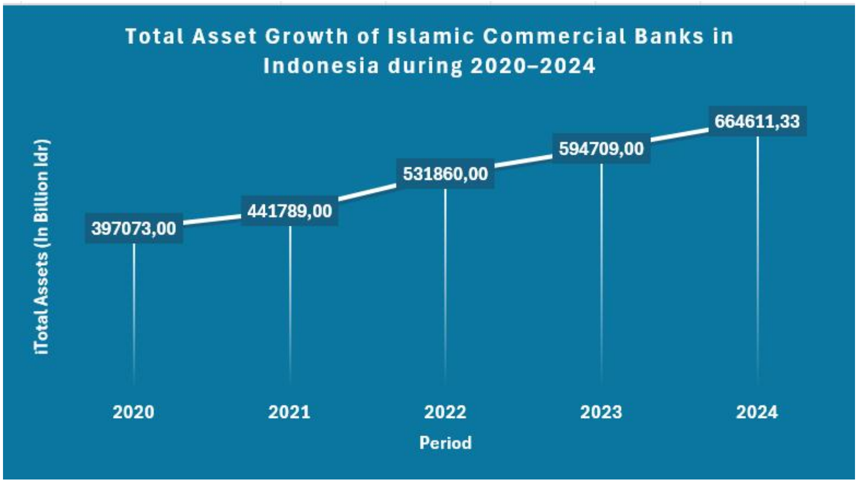

Figure 1: Total Assets Growth of Islamic Commercial Bank In Indonesia [3]

The growth trajectory of total assets held by Islamic commercial banks in Indonesia from 2020 to 2024 shows a consistent, stable, and sustainable upward trend within the context of the national banking industry's dynamics. In 2020, total assets held by Islamic commercial banks stood at Rp 397.073 billion, serving as a crucial starting point and a solid foundation for monitoring the trajectory of the banking sector rooted in Sharia principles. In 2021, total assets rose to Rp 441.789 billion, a milestone marking positive development stemming not only from the internal expansion of financial institutions but also from the public's growing trust in Islamic banking products and services. In addition, in 2022, the total assets of Sharia commercial banks saw a more significant increase, surging to Rp 531.860 billion, reflecting an accelerating growth rate and having a positive impact on the overall Sharia financial framework. This favorable trend persisted into 2023, as total assets rose again to Rp594.709 billion, providing further confirmation that the Islamic banking sector can effectively sustain its growth momentum.

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Islamic banking consistently faces various challenges in its efforts to enhance its competitiveness compared to conventional banking; one way to achieve this is through better quality and sustainable operational performance [4]. One of the primary indicators commonly used to assess a bank's performance is the ROE ratio. Conceptually, ROE illustrates a banking institution's ability to generate net profit based on the company's equity. This ratio also indicates how effectively the institution utilizes all available equity to generate profit after accounting for tax liabilities. Therefore, from a management perspective, this profitability ratio is viewed as a critical element requiring serious attention, as it serves as a tool to evaluate the effectiveness and efficiency of the company's equity management operations [5].

A series of previous studies have identified ROE as a key metric for evaluating and measuring banking performance. These studies were conducted by [6], [7], [8], and [5]. In the study by [6], the analysis focused on the impact of CAR, NPL, NIM, OEOI, and LDR on ROE at National Private Foreign Exchange Banks in Indonesia during the study period from 2013 to 2017. The findings indicate that, individually, the NIM and OEOI variables have a significant effect on ROE, whereas the CAR, NIM, and LDR variables do not show a substantial impact on ROE during the same period.

The investigation conducted by [7] focuses on evaluating several factors considered to influence ROE at SulutGo Bank, spanning a relatively long research period, specifically from 2007 to 2021. This study uses a set of variables that includes CAR, NPL, NIM, OEOI, and LDR. These variables align with those used in Monica's previous study, though there are distinct variations in the research focus and the time frame guiding the analysis.

The findings of the study conducted by [7] indicate that NPL and OEOI have a significant impact on ROE; thus, it can be concluded that the quality of non-performing loans and a bank's operational efficiency are important factors in determining return on equity. Conversely, CAR and NIM do not show a significant impact on ROE, indicating that capital adequacy and net interest margin are not the primary determinants in the context of this study. In light of these partial results, further research established that when all independent variables, specifically CAR, NPL, NIM, OEOI, and LDR, were evaluated simultaneously, these factors collectively influenced ROE at PT Bank SulutGo over the study period.

The study conducted by [8] focuses on a comparative examination of the financial performance of conventional banks versus Islamic banks operating in Indonesia from 2017 to 2024. In this academic study, the authors methodically identified ROA and ROE as dependent variables serving as key indicators for evaluating financial performance. Meanwhile, the independent variables used to assess their impact on these two indicators include the CAR ratio, LDR or FDR, NPL or NPF, OEOI, along with the TPF accumulated by the bank.

The research findings reveal that in conventional banks, the variables CAR, LDR, NPL, OEOI, and TPF were found to significantly influence ROA, indicating that these five ratios are crucial in determining the return on assets. Regarding the ROE indicator, the analysis shows that the variables CAR, NPL, OEOI, and TPF significantly influence it, whereas the LDR variable does not have a significant impact on ROE. This contrasts with the findings for Islamic banks, where only the CAR and OEOI variables significantly influence ROA and ROE. Conversely, the FDR, NPF, and TPF variables do not show a significant effect on financial performance metrics, indicating that these ratios are not primary factors in accounting for variations in ROA and ROE in Islamic banks.

Additionally, a study conducted by [5] specifically examined the correlation between the NPF, FDR, OEOI, and DER variables and ROE in Sharia Commercial Banks during the period from 2016 to 2020. According to the findings from the analysis, it was determined that the OEOI and DER variables individually had a significant impact on the ROE level, leading to the conclusion that these two variables are crucial in explaining variations in the profitability performance of Islamic banks.

Conversely, the NPF and FDR variables did not show a significant effect, indicating that, in the context of this study, these two variables do not contribute significantly to fluctuations in ROE. Furthermore, this study verifies that when the four independent variables are examined together, there is a collective or joint effect of NPF, FDR, OEOI, and DER on ROE in Sharia Public Banks during the same study period, thus revealing a more complex relationship when these variables are assessed collectively.

Based on the findings from a comprehensive review of various previous studies, the author feels inspired and motivated to conduct further investigation into the impact of CAR, NPF, and FDR on ROE at Islamic Commercial Banks listed on IDX for the period 2024–2025. The main research problem formulated in this study concerns the interrelationships, connections, and correlations between the variables CAR, NPF, and FDR and ROE, whether examined individually or analyzed simultaneously. Therefore, the primary objective of this study is to evaluate, examine, and assess the influence of these three variables on ROE at Islamic Commercial Banks listed on the IDX for the 2024–2025 period, with the hope that this will provide meaningful, substantial, and relevant empirical contributions to the academic discourse surrounding the financial performance of Sharia banking in Indonesia.

LITERATURE REVIEW

Islamic Bank

According to [9], Islamic banks are viewed as financial institutions that operate without relying on interest-based mechanisms. On the other hand, [10] assert that Islamic banks are financial institutions engaged in business practices based on Sharia principles or Islamic law, as defined by fatwas issued by the Indonesian Ulema Council. These principles encompass values such as justice and balance, a focus on public interest, and the principle of universality, along with prohibitions against practices involving elements of uncertainty, gambling, usury, and actions deemed inappropriate and prohibited. From an operational perspective, Islamic banks exhibit distinct characteristics compared to conventional banks, as they do not impose or charge interest on clients; rather, they apply a profit-sharing model and other incentives based on mutually agreed terms. Islamic banking's core concepts are rooted in the Qur'an and hadith, ensuring that every product or service offered aligns with the Prophet's teachings and does not violate Islamic sharia provisions [11].

Return On Equity

Return on Equity (ROE) is a financial ratio that gauges net income after taxes in relation to the equity shareholders have invested in a company. This metric demonstrates a company's ability to produce returns on investment in comparison to the book value owned by its shareholders and is frequently utilized as a standard for evaluating performance across companies in the same industry [12]. ROE acts as an indicator of how efficiently a company generates profits that advantage shareholders and prospective investors, while also serving as a measure of a bank's capability to boost net income [4]. In addition, ROE signifies the degree of dependability and consistency a company exhibits in optimizing its equity to generate after-tax earnings. As a result, management regards this profitability ratio as a vital factor that necessitates careful scrutiny, as it can act as a foundation for evaluating the efficacy and proficiency of a company's equity management [5].

Previous Research

The Effect of CAR on ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

The CAR ratio indicates the extent to which a bank's assets, which carry potential risks, can be supported and financed by its own internal capital, in addition to assistance from external sources such as public funds and third-party loans [12]. This ratio serves as a key metric for evaluating capital adequacy in supporting the sustainability of risky productive assets, such as loans to customers. A high CAR value indicates that a banking institution has the capacity to provide a sufficient capital buffer to recover from potential losses arising from its business activities. However, if an increase in the CAR is not balanced by the expansion of productive and high-quality credit, capital efficiency may decline, negatively impacting profitability, particularly regarding the ROE metric [13]. On the other hand, a high CAR value may also indicate a bank's ability to fund its daily operations, which has the potential to positively impact profitability [12].

Several previous studies have consistently explored the relationship between CAR and ROE within the framework of Islamic banking and other financial entities. Research conducted by [14] showed that CAR significantly influenced ROE in Islamic banks listed on IDX (IDX) throughout the 2011–2015 period. Meanwhile, a study conducted by [15] revealed that CAR has a significant effect on ROE at Rural Credit Banks operating in West Java. Based on the conceptual discussion and empirical findings, the first hypothesis of this study can be formulated as follows:

H_1: CAR has a significant partial effect on ROE of Islamic Commercial Banks listed on the IDX For the Period 2024–2025.

The Effect of NPF on ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

NPF is a financial metric that assesses the degree of financing risk encountered by banks stemming from their funding and investment operations across diverse portfolios [16]. This ratio is a key metric for evaluating potential losses that may occur when borrowers fail to meet their payment obligations to the bank. The level of NPF has a substantial effect on a bank's ability to generate profits, which in turn directly influences its share in the Islamic banking market. A high NPF ratio indicates an increase in the financing risk undertaken by the bank, which ultimately hinders its ability to achieve maximum profitability. The higher the NPF value, the larger the portion of financing that remains unpaid by debtors [4]. Furthermore, a high NPF percentage indicates a decline in the quality of the financing or credit extended [5]. Conversely, a low NPF rate indicates a reduction in the credit risk that the bank must manage. Therefore, a high NPF value can be interpreted as a sign of the bank's lack of professionalism in managing its financing [16].

Previous research examining the influence of NPF on ROE has been conducted by [14], [16], and [17]. The results of the study conducted by [14] reveal that NPF had a notable impact on ROE at Islamic banks listed on IDX between 2011 and 2015. Furthermore, the analysis by [16] also found a significant relationship between NPF and ROE in public Sharia banks from 2015 to 2019. Additionally, research by [17] demonstrates that NPF significantly affects ROE in financial sector companies listed on IDX from 2015 to 2023. Based on this information, the hypothesis for these two studies can be formulated as follows:

H_2: NPF has a significant partial effect on ROE of Islamic Commercial Banks listed on the IDX For the Period 2024–2025.

The Effect of FDR on ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

The FDR is a financial metric used by banks to evaluate an institution's capacity to meet depositor withdrawal requirements, particularly when it relies on funding as its primary source of liquidity [14]. This ratio serves as a key factor in assessing the feasibility of providing additional funding or, conversely, whether such funding should not be increased. When the FDR value in an Islamic bank is too low, the bank faces challenges in managing customer withdrawals with the currently available funding. Conversely, a higher FDR value indicates that the Islamic bank is more effective in performing its intermediation function, which involves channeling funds from depositors to those in need of financing [5]. A high FDR ratio also indicates a larger portion of funds successfully allocated to third parties [12].

Previous studies examining the impact of FDR on ROE have been conducted by [18] and [19]. [18] findings revealed that the FDR significantly influences ROE at Bank Syariah Mandiri, while [19] research showed that the FDR has a substantial effect on ROE at banks listed on IDX during the period from 2011 to 2015. Based on the conceptual framework and empirical evidence, the third hypothesis of this study is articulated as follows:

H_3: FDR has a significant partial effect on ROE of Islamic Commercial Banks listed on the IDX For the Period 2024–2025.

The Effect of CAR, NPF and FDR on ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

Several studies have highlighted the role of financial ratios in determining ROE in Islamic banks. [12] conducted a study emphasizing the contributions of CAR and FDR, which collectively demonstrated their impact on ROE at Bank BCA Syariah from 2013 to 2020. Additionally, [16] investigated the relationship between the CAR and NPF ratios, which together influence ROE at Public Islamic Banks during the 2015–2019 period. Conversely, [18] demonstrated a simultaneous relationship between the FDR and CAR ratios regarding ROE at Bank Syariah Mandiri, revealing empirical significance among these variables. Given these results, the fourth hypothesis of this study is articulated as follows:

H_4: CAR, NPF, and FDR significantly influence the ROE of Islamic Commercial Banks listed on the IDX For the Period 2024–2025.

RESEARCH METHOD

The population examined in this study includes all active Islamic commercial banks operating within Indonesia's dynamic financial landscape. The sample was selected using a purposive sampling method, resulting in the identification of four Islamic commercial banks listed on IDX namely PT Bank Syariah Indonesia Tbk (BRIS), PT Bank BTPN Syariah Tbk (BTPS), PT Bank Panin Dubai Syariah Tbk (PNBS), and PT Bank Aladin Syariah Tbk (BANK). The data used in this study consists of documentary evidence and secondary data, with the primary sources derived from quarterly reports covering the years 2024–2025, obtained through the official portal of the Otoritas Jasa Keuangan.

The conceptual framework guiding this study is articulated as follows:

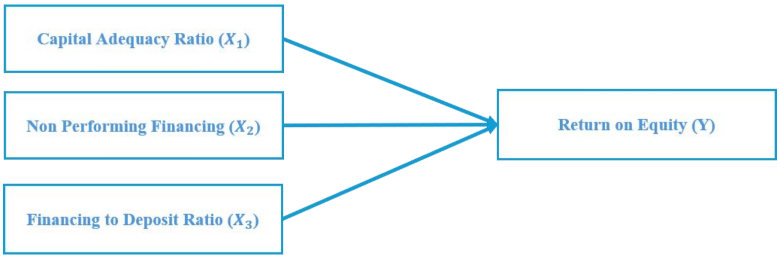

Figure 2: Conceptual Framework of the Research Model

In the conceptual framework of this study, the CAR, NPF, and FDR are treated as independent variables, while ROE serves as the dependent variable. This analysis employs classical hypothesis testing methods, which include tests for normality, multicollinearity, and heteroscedasticity, alongside the use of simple and multiple regression analysis. Simple regression tests were conducted to reveal the impact of each independent variable on the dependent variable individually, thereby focusing the examination of the first hypothesis (H1), the second hypothesis (H2), and the third hypothesis (H3) on assessing the partial effects of CAR, NPF, and FDR on ROE.

The equation for the simple linear regression line is as follows:

$$\mathbf{H: Y = \alpha + b\,X}$$

Keterangan :

Y	=	ROE
α	=	Constant
b	=	Regression Coefficient
X	=	Independent Variable

Meanwhile, a series of multiple regression analyses were used to evaluate the significant interactions of the three independent variables on ROE. Consequently, the fourth hypothesis test (H4) aimed to elucidate the interrelated dynamics among CAR, NPF, and FDR in relation to ROE.

The formula for the multiple linear regression line is as follows:

$$\mathbf{H: Y = \alpha} + b_1X_1 + b_2X_2 + b_3X_3$$

Keterangan :

Y	=	ROE
α	=	Constant
b_{1-4}	=	Regression coefficient of the independent variable
X_1	=	CAR
X_2	=	NPF
X_3	=	FDR

RESULT OF DISCUSSION

Overview of The Financial Performance of Islamic Commercial Banks Listed on IDX For the Period 2024-2025

Based on the results of the descriptive analysis, the CAR variable has a minimum value of 18.86 and a maximum of 93.51. This indicates that there are banks with the lowest capital adequacy ratio of 18.86, while banks with the highest capital adequacy ratio reach 93.51, thus illustrating a significant difference among the sample. The CAR variable has a mean value of 40.3809. This means that, in general, the capital adequacy ratio of banks in the sample is around 40%, indicating a relatively strong capital position compared to the minimum standards typically set by regulators. The CAR has a standard deviation of 21.87427, which is relatively high. This indicates that capital adequacy levels among Islamic banks in the research sample vary greatly; some banks have a low CAR, while others have a very high one.

The NPF variable has a minimum value of 0.00 and a maximum of 3.23. This indicates that some banks have no non-performing loans at all, while others have a relatively high rate of 3.23. The NPF variable has a mean of 0.7844. This value indicates that the average level of non-performing loans remains low, so the quality of loan assets can be considered quite good. The NPF has a standard deviation of 1.08356, which is small. This means that the majority of Islamic banks have relatively uniform levels of non-performing loans, although there are a few banks with higher NPFs.

The FDR variable has a minimum value of 50.01 and a maximum of 105.89. This indicates that the ratio of funds disbursed to third-party funds varies, ranging from the lowest at 50.01 to the highest at 105.89, reflecting differences in funding disbursement strategies among banks. The FDR has an average value of 86.8853. This means that the average ratio of financing disbursement to third-party funds is quite high, approaching the commonly used upper limit (around 80–90%), indicating that banks in the sample tend to be aggressive in disbursing financing. The FDR has a standard deviation of 10.40458, indicating moderate variation. Most banks have an FDR close to the average, yet there remain significant differences among banks

Meanwhile, the ROE variable has a minimum value of -3.50 and a maximum of 18.30. This indicates that some banks are incurring losses with negative ROE, while others are able to achieve high returns on equity of up to 18.30. ROE has an average value of 8.83. This indicates that the average return on owners' equity is in the 8–9% range, reflecting moderate profitability, not too low, yet not yet optimal when compared to the banking industry's profitability targets. ROE has a standard deviation of 7.38068, which is quite large. This illustrates that the profitability of Islamic banks in the research sample varies widely, ranging from banks that incur losses to those that generate high profits.

Table 1. The Result of Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CAR	32	18.86	93.51	40.3809	21.87427
NPF	32	.00	3.23	.7844	1.08356
FDR	32	50.01	105.89	86.8853	10.40458
ROE	32	-3.50	18.30	8.8253	7.38068
Valid N (listwise)	32				

Source: Processed data, 2026

Classical Assumption Tests
Normality Test

Table 2. The Result of Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		32
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.70551279
Most Extreme Differences	Absolute	.128
	Positive	.070
	Negative	-.128
Test Statistic		.128
Asymp. Sig. (2-tailed)		.198[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: Processed data, 2026

Table 2 shows that the normality test yielded a value of 0.198. Since this value is above the significance threshold of 0.05, it can be concluded that the research data satisfy the assumption of normality. Thus, all variables under study, namely, CAR, NPF, FDR, and ROE, are normally distributed.

The Multicollinearity Test

Table 3. The Result of Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	16.630	7.437		2.236	.033		
	CAR	-.339	.042	-1.005	-8.139	.000	.590	1.694
	NPF	-7.132	.924	-1.047	-7.721	.000	.490	2.043
	FDR	.132	.083	.186	1.595	.122	.660	1.515

a. Dependent Variable: ROE

Source: Processed data, 2026

Table 3 shows that the CAR variable has a VIF value of 1.694, the NPF variable has a value of 2.043, and the FDR variable has a value of 1.515. Meanwhile, based on the tolerance values, the CAR variable has a tolerance value of 0.590, the NPF variable has a value of 0.490, and the FDR variable has a value of 0.660. These values consistently fall above the 0.10 threshold for tolerance and below the 10 thresholds for VIF. Thus, it can be concluded that none of the independent variables in this study exhibit multicollinearity issues. This indicates that there are no strong or excessive linear relationships among the independent variables, allowing each variable to contribute uniquely to explaining the dependent variable.

The Heteroscedasticity Test

Table 4. The Result of Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1.574	2.645		-.595	.584
	CAR	.077	.102	.472	.754	.493
	NPF	.575	.663	.515	.869	.434
	FDR	-.004	.006	-.286	-.605	.578

a. Dependent Variable: ABS_RES

Source: Processed data, 2026

Table 4 presents the outcome of the heteroscedasticity test using the Glejser method. Based on the output, it is found that the CAR variable has a significance value of 0.493, the NPF variable of 0.434, and the FDR variable of 0.578. All of this significance values are above the 0.05 threshold used as the test criterion. This indicates that there is no significant relationship between the absolute residuals and the tested independent variables; therefore, it can be concluded that the regression model in this study is free from heteroscedasticity issues. In other words, the distribution of the residuals is random and not influenced by the independent variables, so the classical assumption of homoscedasticity is met. Fulfilling this assumption is important because it ensures that the estimated regression coefficients are efficient and unbiased.

The Impact of CAR on the ROE of Islamic Commercial Banks Listed on IDX For the Period in 2024–2025

Table 5 shows that the correlation coefficient (R) between the independent variable CAR and the dependent variable ROE is 0.424. Furthermore, the regression output results show that the coefficient of determination (R-squared) is 0.179. This figure indicates that the CAR variable can explain 17.9% of the variation in ROE. This means that CAR's contribution to the increase in ROE is not very significant, while the majority, 82.1%, is influenced by other factors not included in the research model and not analyzed.

Table 5. The Result of Hypothesis 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.424[a]	.179	.152	6.79648

a. Predictors: (Constant), CAR

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	14.596	2.554		5.716	.000
	CAR	-.143	.056	-.424	-2.561	.016

a. Dependent Variable: ROE

Source: Processed data, 2026

Table 5 shows the results of a simple regression analysis linking the CAR variable with ROE. The regression results indicate a constant term of 14.596 and a regression coefficient for CAR of -0.143. Therefore, the regression equation can be written as follows:

$$\mathbf{Y = 14{,}596 - 0{,}143}\ X_1$$

The constant value of 14.596 indicates that if the CAR variable is zero, ROE is estimated to be 14.596. Meanwhile, the CAR regression coefficient of -0.143 indicates a negative relationship, meaning that if CAR increases by 1 unit, ROE will decrease by 0.143. This finding suggests that the more capital a bank holds, the lower the return on equity it achieves. This may occur because excessively large capital is not always accompanied by effective use of funds, resulting in net profit actually decreasing relative to available capital.

Furthermore, a significance value of 0.016, which is smaller than 0.05, indicates that the effect of CAR on ROE is statistically significant. Therefore, the first hypothesis of this study is accepted: the CAR variable has a significant partial effect on ROE for Islamic commercial banks listed on IDX during the 2024–2025 period. These results reinforce the evidence that sufficient capital has a significant impact on a bank's ability to generate profits, even though the effect is actually a decrease. Therefore, this study indicates that Islamic banks must manage their capital more effectively to not only strengthen their financial condition but also enhance investment returns. The results of this study are consistent with previous research, such as that conducted by [8], [13], and [12] in 2023.

The 2025 study by [8] showed that CAR has a significant negative impact on ROE for both conventional and Islamic banks. The 2025 study by [13] showed that CAR has a significant negative impact on ROE at Bank BRI during the period from 2011 to 2022. Research by [12] in 2023 indicates that CAR has a significant negative impact on ROE at Bank BCA Syariah during the period from 2013 to 2020.

However, this study does not align with the results reported by [6] and [20]. Research conducted by [6] showed that CAR did not significantly affect ROE at national private commercial foreign exchange banks during the period from 2013 to 2017. Research by [20] in 2025 showed that CAR had no significant impact on ROE at Bank Muamalat Indonesia during the period from 2014 to 2024.

The Impact of NPF on the ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

Table 6. The Result of Hypothesis 2

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	10.445	1.569		6.658	.000
	NPF	-2.066	1.185	-.303	-1.743	.092

a. Dependent Variable: ROE

Source: Processed data, 2026

Based on the regression analysis linking the NPF variable to ROE, a significance value of 0.092 was obtained. This figure is higher than the significance threshold of 0.05 used for the test; therefore, the second hypothesis, which states that NPF affects ROE, must be rejected. Statistically, the NPF variable does not show a significant effect on ROE for Islamic Commercial banks listed on IDX for the period from 2024 to 2025. The results of this study indicate that financing repayment issues in Islamic Commercial banks do not have a direct impact on the rate of return on equity. This is because the amount of funds disbursed to the public is typically not large, so the effect of NPF on ROE is also not significant. This may also be due to disorganized fund disbursement management (funds are often channeled to subsidiaries within the same group or to businesses owned by other bank owners), which leads to uncollectible credit problems [5].

This study is consistent with the findings of previous studies such as [4], ([8], and [5]. A study conducted by [4] showed that the NPF variable did not affect the ROE of Islamic banks from 2021 to 2023. [8] study also indicated that within the Islamic banking industry, the NPF ratio does not affect ROE. Research by [5] found that NPF had only a small, insignificant impact on ROE for Islamic banks in Indonesia between 2016 and 2020.

However, the findings of this study differ from those obtained by [16]. [16] study showed that NPF had a significant impact on ROE for Islamic banks during the period from 2015 to 2019.

The Impact of FDR on the ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

Table 7. The Result of Hypothesis 3

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	7.254	11.327		.640	.527
	FDR	.018	.129	.026	.140	.890

a. Dependent Variable: ROE

Source: Processed data, 2026

Based on the results of the regression analysis, it was found that the significance value for the FDR variable was 0.890. This value far exceeds the significance threshold of 0.05 used in statistical testing; therefore, the third hypothesis, which states that FDR influences ROE, must be rejected. Thus, from a statistical perspective, it can be seen that FDR does not have a significant effect on ROE for Islamic commercial banks listed on IDX during the period from 2024 to 2025. This finding indicates that the method of distributing funds to third parties does not directly affect the magnitude of the return on equity earned by

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the bank. This may occur due to the unstable condition of the Islamic commercial bank or because the type of financing provided does not yield sufficient benefits for the bank, and may even lead to problems [5].

This study is consistent with research conducted by [8], [5], and [12]. The study by [8] showed that the FDR ratio does not significantly affect ROE, neither in conventional banking nor in Islamic banking. The study by [5] showed that FDR alone does not significantly affect ROE among Islamic banks in Indonesia during the period from 2016 to 2020. Research conducted by [12] showed that FDR did not have a significant independent effect on ROE at Bank BCA Syariah during the period from 2013 to 2020.

However, these findings do not align with the research conducted by [20]. The study by [20] indicates that FDR has a substantial impact on ROE at Bank Muamalat Indonesia from 2014 to 2024.

The Impact of CAR, NPF and FDR on the ROE of Islamic Commercial Banks Listed on IDX For the Period 2024–2025

Based on the analysis in Table 8, an F-statistic value of 27.695 was obtained with a significance level of 0.000. This significance level is lower than the test threshold of 0.05; therefore, it can be concluded that the fourth hypothesis in this study is accepted. This means that the regression model involving the CAR, FDR, and NPF variables has a significant combined effect on ROE. These results indicate that these three independent variables collectively explain changes in ROE levels at Islamic commercial banks listed on IDX during the 2024–2025 period. In other words, although some variables previously showed no significant influence on ROE, when these three variables were tested together, each contributed significantly to the regression model. This indicates that the interaction among the independent variables can influence the overall profitability of Islamic commercial banks.

Table 8. The Result of Hypothesis 4

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1263.052	3	421.017	27.695	.000[b]
	Residual	425.656	28	15.202		
	Total	1688.708	31			

a. Dependent Variable: ROE
b. Predictors: (Constant), FDR, CAR, NPF

Source: Processed data, 2026

The table 9 shows that the coefficient of determination (R-squared) is 0.748. This indicates that the independent variables in the regression model, namely CAR, FDR, and NPF, account for approximately 74.8% of the variation in ROE. In other words, most of the variation in ROE can be explained by these three variables. Meanwhile, the remaining 25.2% is explained by other factors not included in the regression model and not analyzed in this study. This finding suggests that the applied regression model is quite effective in explaining variations in ROE, as more than half of the changes can be predicted by the independent variables studied. This indicates that factors such as capital, funding levels, and financing quality play a significant role in determining the return on equity at Islamic commercial banks.

Table 9. Results of the R-squared Table and Coefficient Table

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865[a]	.748	.721	3.89897

a. Predictors: (Constant), FDR, CAR, NPF

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta
1	(Constant)	16.630	7.437	
	CAR	-.339	.042	-1.005
	NPF	-7.132	.924	-1.047
	FDR	.132	.083	.186

a. Dependent Variable: ROE

Source: Processed data, 2026

Based on Table 9, the multiple linear regression equation for Hypothesis 4 can be expressed as follows:

ROE = 16.630 - 0.339 CAR - 7.132 NPF + 0.132 FDR

The constant value of 16.630 indicates that if all independent variables, namely CAR, NPF, and FDR, are zero, then ROE is estimated to reach 16.630. This constant represents the baseline value of ROE that can be achieved without being influenced by the independent variables under study.

The regression coefficient for the CAR variable (X_1), which is -0.339, indicates a negative relationship. This means that a 1-unit increase in CAR will cause a 0.339-unit decrease in ROE, holding other variables constant. The regression coefficient for the NPF variable (X_2), which is -7.132, indicates a significant negative impact. This means that a 1-unit increase in NPF will reduce ROE by 7.132 units, assuming all other variables remain constant. On the other hand, the regression coefficient for the FDR variable (X_3), which is 0.132, indicates a positive relationship. This means that a 1-unit increase in FDR will increase ROE by 0.132 units, provided that all other variables remain unchanged.

CONCLUSION AND SUGGESTION

Based on the results of the research conducted, a number of academic conclusions relevant to the study of Islamic banking financial performance can be drawn. First, the financial performance of Islamic commercial banks listed on IDX during the 2024–2025 period showed an average CAR of 40.3809, an NPF of 0.7844, an FDR of 86.8853, and an ROE of 8.8253. Second, the CAR variable was found to have a partial effect on ROE for Islamic commercial banks listed on IDX during the observation period. Third, the NPF variable did not show a partial effect on ROE for the Islamic commercial banks under study. Fourth, the FDR variable also did not have a partial effect on ROE for Islamic commercial banks listed on IDX during the 2024–2025 period. Fifth, simultaneously, the CAR, NPF, and FDR variables were found to collectively influence ROE for Islamic commercial banks listed on IDX during the specified study period.

This study was conducted using a limited observation period from 2024 to 2025; consequently, the results of the analysis obtained better reflect the short-term conditions that occurred during that time frame. Therefore, future researchers are advised to expand the scope of the observation period to capture more stable development patterns, while providing a more comprehensive picture of changes and fluctuations in Islamic banking performance over time. Furthermore, future research is expected not only to expand the temporal horizon but also to incorporate other relevant variables, so that the analysis can offer a richer, deeper, and more comprehensive perspective in understanding the factors influencing the performance of Islamic banking.

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