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Islamic Banking Performance Based on Profitability Approach of Indonesia Malaysia Islamic Banks

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ABSTRACT

The background of this research is that the strongest sharia banks in Asia are Indonesia and Malaysia, but still dominated by Malaysia. Indonesia with the largest sharia market in Southeast Asia is only in eleven and fifteen positions. This shows a huge gap in the development of the Sharia Bank in Southeast Asia. The aim of this study is to identify and analyse the differences in financial performance between sharia banks in Indonesia and Malaysia period 2016-2020. The data used in the study are secondary data obtained from the annual financial statements published by each bank. The data analysis techniques used in this study are the analysis of descriptive data, the normality test, the homogeneity test and the Mann Whitney test. The results of the study showed that the ROA variable value Sig. (2-tailed) was 0.600 > 0.05, the ROE variable of Sig. (2.-tailing) was 0.076 > 0.05 and the BOPO value of Sig.2-tailes was 0.009 < 0.05. It can then be concluded that the profitability ratio of ROA and ROE, there is no difference, while BOPO there is a difference between the financial performance of Bank Shariiah in Indonesia and Bank Syariah in Malaysia.

Kata Kunci:
Kinerja Keuangan Bank Syariah, ROA, ROE, BOPO

ABSTRAK

Kinerja Perbankan Syariah Berdasarkan Pendekatan Profitabilitas Bank Umum Syariah di Indonesia dan Malaysia*. Latar belakang penelitian ini adalah bahwa bank syariah yang terkuat di asia adalah Indonesia dan Malaysia, namun masih di dominasi oleh Malaysia. Indonesia dengan pasar syariah terbesar di Asia Tenggara hanya berada diposisi ke sebelas dan lima belas. Hal ini menunjukkan adanya gap yang besar dari perkembangan Bank Syariah yang ada di Asia Tenggara. Tujuan penelitian ini adalah untuk mengidentifikasi dan menganalisis perbedaan kinerja keuangan antara bank syariah di Indonesia dan Malaysia periode 2016-2020. Penelitian ini menggunakan indikator rasio profitabilitas sebagai indikator pengukurannya, yaitu: ROA, ROE, dan BOPO. Data yang digunakan dalam penelitian ini merupakan data sekunder yang diperoleh dari laporan keuangan tahunan yang dipublikasikan oleh masing-masing bank. Teknik analisis data yang digunakan dalam penelitian ini adalah analisis data deskriptif, uji normalitas, uji homogenitas dan uji Mann Whitney. Hasil penelitian menunjukkan bahwa variabel ROA nilai Sig. (2-tailed) sebesar 0,600 > 0,05, variabel ROE nilai Sig. (2-tailed) sebesar 0,076 > 0,05, BOPO nilai Sig. (2-tailed) sebesar 0,009 < 0,05. Maka dapat disimpulkan bahwa rasio profitabilitas ROA dan ROE, tidak terdapat perbedaan, sementara BOPO terdapat perbedaan antara kinerja keuangan Bank Syariah di Indonesia dan Bank Syariah di Malaysia.*

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INTRODUCTION

Islamic banking is a financial institution that operates on sharia principles. The presence of Islamic banking has become a breath of fresh air for the banking world and the current economy. Sharia banking firms are also expected to maximize the application of sharia values in all aspects of life, requiring all banking activities to be based on sharia values. In addition, when compared to conventional banking, Islamic banking is likely to provide better services in terms of financial and non-financial performance (Kasmir, 2015).

Islamic banks, referred to as Islamic financial institutions, are financial organizations that do not rely on usury (interest). Islamic banks, also known as interest-free banks, are financial institutions whose operations and products are based on the Qur'an and the Hadith of the Prophet Muhammad SAW. In other words, an Islamic Bank is a financial institution that primarily provides financing and other services. Traffic, financing, and money circulation are all regulated by Islamic law principles (Rusby & Arif, 2022). The intention of this research is to provide an in-depth investigation of the performance of Islamic banking in Indonesia and Malaysia, as well as the factors that influence it. In addition, the recommendations generated can provide guidance to industry practitioners, regulators, and researchers in the field of Islamical banking.

Bank performance is one aspect to consider in banking activities. Bank performance demonstrates a company's ability to manage and allocate resources, so every bank strives for good performance in order to survive amid increasingly fierce competition in the financial services industry (Dangnga & Haeruddin, 2018). To become a high-performing bank in the face of increasing competition and the complexity of its business, banks must identify problems that may arise from their operational activities. The final results of a bank's performance assessment can be used to determine future business strategies and as material for evaluating the outcomes of company policies and operational activities (Ismail, 2011).

A bank is said to be in good condition in all of its activities and business when it has a healthy financial performance. Bank performance is an important element that is the main aspect in assessing banking activities (Firdaus et al., 2023). A bank's soundness is determined by a risk-based assessment of its condition, which includes risks associated with the application of Sharia principles and bank performance. This is known as risk-based bank rating. Several factors can be used to evaluate the bank's health. This evaluation seeks to determine whether the bank is healthy, healthy enough, less healthy, or unhealthy (Mughni et al., 2019).

The soundness of a bank is the result of an assessment of various factors that affect the condition or performance of a bank. These factors are assessed quantitatively and qualitatively after taking into account the judgement elements based on the materiality of the assessment factors, as well as the influence of other factors such as the state of the banking industry and the economy. Return on Assets (ROA), Return on Equity (ROE), and Operating Expenses to Operating Income (BOPO) can be used to measure a bank's financial performance in terms of profitability (profitability). This profitability, in theory, determines the bank's ability to generate income.

The development of Islamic banking BSM and BIMB has not spread evenly and thoroughly. There is an imbalance in the development of Islamic banking BSM and BIMB. Where Indonesia, as the largest Muslim country in the world, should be able to become a leader in the development of Islamic banking. Here are the strongest Islamic banks in Indonesia and Malaysia:

Table 1: Rating of Islamic Banks

No.	Name of Country	Islamic Bank Rank	Ranking 2020
1	Malaysia	Maybank Islamic	4
2	Malaysia	CIMB Islamic Bank	10
3	Malaysia	Bank Rakyat	11
4	Malaysia	RHB Islamic Bank	17
5	Malaysia	Publick Islamic Bank	20
6	Malaysia	Bank Islam Malaysia	21
7	Malaysia	MBSB Bank	26
8	Malaysia	Am Bank Islamic	27
9	Malaysia	Hong Leong Islamic Bank	29
10	Brunei Darussalam	Bank Islam Brunei Darussalam	32
11	Indonesia	Bank Syariah Mandiri	34
12	Malaysia	Bank Muamalat Malaysia	42
13	Malaysia	HSBC Amanah Malaysia	46
14	Malaysia	OCBC Al Amin Bank	51
15	Indonesia	Bank BNI Syariah	52

Source: author analysis

According to the Asian Banker report, Malaysia continues to dominate the strongest Islamic banks in Indonesia and Malaysia. Indonesia, which has the largest sharia market in Southeast Asia, is only ranked eleventh and fifteenth. It demonstrates a significant gap in the development of Islamic banks in Southeast Asia. The low market share achieved by Islamic banking is due to the fact that not many Muslims realize the importance of avoiding usury or it could also be due to the lack of trust from the public in the implementation of bank operations that truly comply with Islamic banks (Nurrafina et al., 2023). The profitability approach of Islamic banks is one method for analyzing Islamic banking performance measurement. The profitability ratio is used to assess a bank's ability to generate profits (Fahmi, 2015). A company with good financial performance will generate maximum profit, so that it has a high return on investment (Putri et al., 2023).

From the background of the problems that have been described above, this research has focused on measuring the performance of Sharia banking using the profitability of sharia banks. As far as the sharia bank is concerned, it is Bank Syariah Mandiri Indonesia (before marging in 2021 to become Bank Shariah Indonesia with Bank Islam Malaysia Berhad. The comparison between the two countries is considered important considering that both countries are similar to the Muslim majority population in Southeast Asia and have a high ranking in world sharia banking development.

LITERATURE REVIEW

Financial Performance

Financial performance is an assessment of how well a company or organization manages its finances. To obtain an overview of the financial development of a company, it is

necessary to interpret and analyze the financial data of a financial institution and the data is reflected in the financial statements (Firdaus et al., 2021).

Financial performance is an analysis performed to determine the extent to which a company has properly and correctly implemented financial implementation rules. Financial performance is an examination of the extent to which a company has implemented financial implementation rules correctly and correctly. For example, by preparing a financial report that complies with SAK (Standar Akuntansi Keuangan/Financial Accounting Standards) or GAAP (General Accepted Accounting Principles) and others (Fahmi, 2020).

A bank's financial performance is a description of a bank's financial condition in a certain period, both in terms of raising funds and funds, which are usually measured by indicators of capital adequacy, liquidity, and bank profitability. Concerning the analysis of bank financial performance, it contains several objectives (Jumingan, 2019), including the following:

1) To determine the success of bank financial management, especially liquidity conditions, capital adequacy and profitability achieved in the current and previous years.
2) To determine the bank's ability to efficiently utilize all assets to generate profits.

A company's financial performance is presented in the form of a report made by its management as a form of accountability for its performance. The reports presented by management are in the form of financial reports, where financial statements are often interpreted as the financial information presented and prepared by the management of a company to internal and external parties, which contains all business activities of a business unit which is one of the accountability and communication tools of management to needy parties.

Islamic Bank Financial Ratio Analysis

The following are financial ratios to analyze the financial performance of Islamic banks:

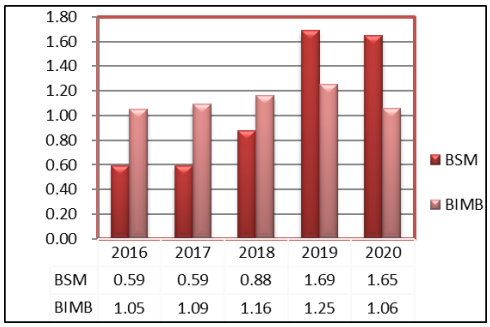
Return on Asset

Return on Assets (ROA) is a company's financial ratio related to aspects of earnings or profitability. ROA measures the company's effectiveness in generating profits by utilizing its assets. The greater the ROA owned by a company, the more efficient the use of assets will increase profits. Significant profits will attract investors because the company has a higher rate of return. This ratio is formulated as follows:

$$ROA = \frac{Net\ Profit}{Total\ Assets} x100\%$$

Return on Assets (ROA) is the ratio of the bank's total assets to its total profits before taxes. The ROA ratio determines the level of management efficiency in generating profits from the assets owned. According to Bank Indonesia, the best ROA standard is 1.5%.

Figure 1: Return on Assets (ROA)



Source: author analysis

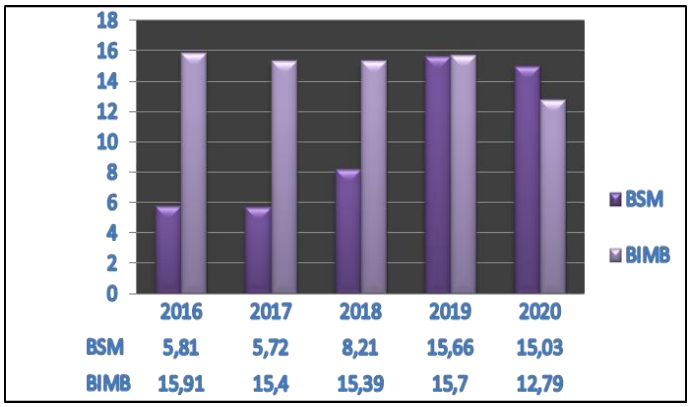
Return on Equity (ROE)

Return on Equity (ROE) is a ratio that compares net income after tax with the equity invested by shareholders in the company. This ratio shows the ability to generate profits on the book value of shareholders' investments and is often used in comparing two or more companies in the same industry. High ROE often reflects the company's acceptance of solid investment opportunities and effective cost management (Mandala Manurung, 2004). This ratio uses the following formula:

$$ROE = \frac{Net\ profit}{Equity} x100\%$$

Return on Equity (ROE) is a ratio to measure net profit after tax with own capital. The circular letter of Bank Indonesia No. 9 of 2007 states that Return on Equity is a supporting ratio in calculating profitability for Islamic banks. ROE is used to measure the ability of the bank's paid-in capital to generate profits. ROE is calculated by dividing profit after tax by paid-in capital. The greater this ratio indicates the ability of the bank's paid-in capital to generate profits for shareholders, the greater (Tubarat & Indra, 2019).

Figure 2: Return on Equity (ROE)



Source: author analysis

Operating Expenses to Operating Income (BOPO)

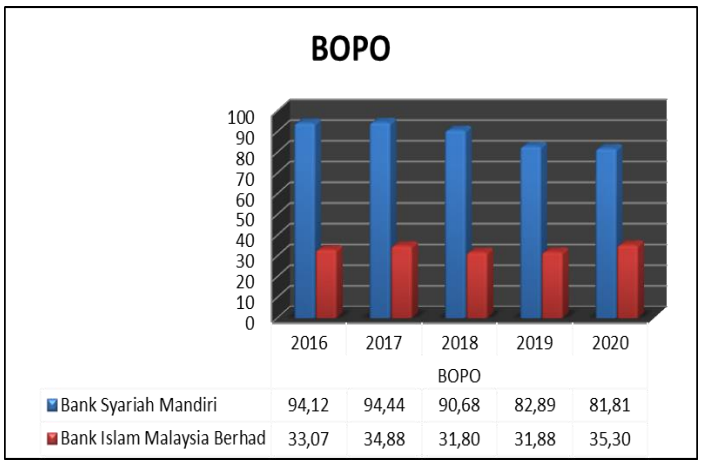
Operating Expenses to Operating Income (BOPO) is a ratio used to measure a bank's level of efficiency and ability to carry out its operations. Operational expenses are costs

incurred by banks in their main activities. At the same time, operating income is the bank's primary income obtained from placing funds in credit and other operating income (Wahyuningsih & Gunawan, 2017). This ratio is formulated as follows:

$$BOPO = \frac{Operating\ Costs}{Operating\ Income} x\ 100\%$$

Based on the theory above, it can be said that the smaller the ratio of Operating Expenses to Operating Income (BOPO), the more efficient the operational costs incurred by the bank, which means that the bank's financial performance will increase. Conversely, the greater the ratio of Operating Expenses to Operating Income (BOPO), the bank can reduce operating costs. As a result, banks are less efficient in managing existing resources in the bank, which can cause financial performance and profitability levels to decline.

Figure 3: Operating Expenses to Operating Income (BOPO)



Source: author analysis

METHOD OF RESEACH

This study applies a quantitative research approach. Quantitative research uses methods based on numerical information or quantities and is usually associated with statistical analysis (Stokes, 2006). In this study, researchers compared the financial performance of Islamic banks in Indonesia and Malaysia from 2016 to 2020. In this study, researchers collected data using a measuring instrument and then the data obtained were analyzed statistically (Indriantoro & Supomo, 2002).

The objective of quantitative research is to create and apply mathematical models, theories, or hypotheses related to observed phenomena. By applying this method, the authors are able to analyze and interpret the data gathered in order to further test the validity of the hypothesis. Researchers will compare the financial performance of Islamic banks in Indonesia and Malaysia from 2016 to 2020 in this study.

Research Approach

The quantitative approach used in this study is financial statements consisting of statements of financial position, calculation of financial ratios, and from the study of literature or literature by studying, reviewing, and reviewing the literature related to the problem under

study in the form of books, journals, and related to research. The author selected the 2016-2020 period as a sample because this period experienced significant growth in the banking sector's business activities. Descriptive statistics are used in data analysis to describe the data that has been collected. The Mann-Whitney test has been utilized as a statistical tool with SPSS 26 software.

Data Source

In this study, researchers applied secondary data. Secondary data is a data source that does not directly provide data to data collectors (Indriantoro & Supomo, 2002). In this study, secondary data sources are books, articles, journals, previous research and internet sites related to the research that researchers will carry out. All data that will be used in this research is secondary data. This data is obtained from financial reports published from 2016 to 2020.

Data Collection Technique

Data collection techniques are the most strategic step in research because the primary purpose of research is to obtain data. Without knowing data collection techniques, researchers will not get data that meets the set standards (Indriantoro & Supomo, 2002). Data collection techniques in this study are as follows:

Documentation

This study intends to obtain data using documentation, namely, studying documents related to all data needed in research. Documentation is written items according to the origin of the word. In carrying out the documentation, the researcher investigates written objects such as company financial statements and other company documents relevant to research interests.

Literature Review

Data collection techniques by literating scientific works such as books, journals, proceedings, notes, magazines, newspapers and other scientific publications that can be used as a theoretical basis / thinking to solve research problems (Firdaus, 2021).

Online Research

Collecting data from related sites to obtain additional literature, such as Islamic bank financial data from 2016 to 2020, the data obtained from Islamic bank websites, journals and other data related to the research to be studied.

Data Analysis Technique

The data that has been collected is then processed and analyzed with indicators and bank financial ratios from the data of each Islamic bank financial report to measure the comparison of the financial performance of Indonesian and Malaysian Islamic banks. Hypothesis testing is adjusted to the normality test results (Karini, 2008).

In data processing, the researcher used SPSS 26.0 computer program for descriptive statistical analysis and analyzing the data obtained. However, previously the data obtained

were formulated using the Microsoft Excel program to obtain variable data before being analyzed using the SPSS 26.0 program. While comparing the financial performance of Islamic banks in Indonesia and Malaysia using the two-average difference test (Independent Sample T-test).

Descriptive Statistical Analysis

Descriptive statistics are statistics that are used to analyze data by describing or describing the collected data(Karini, 2008). Data can be described, described, described, or deciphered in a variety of ways, including the following:

1) Determine the data size, such as the mode, mean, and median value.
2) Determine the data variability measurement, such as variation, level of deviation, and distance (range).
3) Determine the data shape's size, skewness, kurtosis, and box plot.

Descriptive statistical analysis is a statistic used to analyze data by describing the data as it was collected, with no intention of reaching widely accepted conclusions. Descriptive statistics explain each financial ratio as a proxy for the financial performance of conventional and Islamic banks. The average (mean) financial performance of the bank will be calculated using ratios from several conventional and Islamic banks. Each ratio cannot be used to test the hypothesis in order to see the difference. As a result, additional statistical difference tests are required by adjusting the data distribution.

Normality Test

The normality test of the data distribution for each variable using the Shapiro-Wilk test. The data normality test aims to test whether the data under study has a normal distribution or not. The decision-making is as follows if the significant number of Shapiro Wilk (sig) > 0.05, the data is usually distributed. If the significance value of Shapiro Wilk (sig) < 0.05, the data is not normally distributed.

Homogeneity Test

A homogeneity test is a statistical procedure used to demonstrate that two or more sample data groups are from populations with the same variance. The goal of homogeneity is to determine whether or not several groups of research data have the same variance. If the significance level is greater than 0.05, the data is homogeneous. If the significance level is less than 0.05, the data is not homogeneous. This test is performed as a prerequisite for the Independent Sample T-test analysis. The Independent sample T-test cannot be used if the object used does not have the same variance. The Mann-Whitney non-parametric statistical test will then be used to test the hypothesis.

Hypothesis Test

The hypothesis test is a procedure that results in a decision to accept or reject the hypothesis. The hypothesis tests used in this study are:

1. Independent Sample T-test

   Independent Sample T-test determines whether two unrelated samples have different means. So the purpose of this statistical method is to compare the mean of two

groups that are not related to each other. In analyzing two independent samples with interval/ratio data types, a two-sample t-test was used. Independent two-sample test calculations are presented in the form of using SPSS software. The decision-making is if the significance is > 0.05, then H0 is accepted, and H1 is rejected, and if the significance is <0.05, then H0 is rejected, and H1 is accepted (Siregar, 2017). If the data is not standard, it can use other alternatives, such as the Mann-Whitney non-parametric test.

2. Mann Whitney Test

The Mann-Whitney test is a non-parametric test used to test whether there is a difference between two independent populations. The Mann-Whitney test is an alternative to the t-test for two independent populations when the assumption of population normality is not met (Suyanto & Gio, 2017). The Mann-Whitney test is used as an alternative to the independent sample t-test if the research data is not normally distributed and not homogeneous or Asymp. Sig. (2-tailed) < 0.05, it can be concluded that H0 is rejected and Ha is accepted.

RESULT AND DISCUSSION

Table 2: The Results of Kolmogorov Smirnov/Shapiro Wilk Test

Tests of Normality							
	Code	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	Df	Sig.	Statistic	Df	Sig.
Roa	Bank BSM	,249	5	,200*	,800	5	,081
	Bank BIMB	,249	5	,200*	,885	5	,332
Roe	Bank BSM	,249	5	,200*	,809	5	,096
	Bank BIMB	,409	5	,006	,709	5	,012
Bopo	Bank BSM	,234	5	,200*	,836	5	,155
	Bank BIMB	,221	5	,200*	,863	5	,240
*. This is a lower bound of the true significance.							
a. Lilliefors Significance Correction							

Source: author analysis

Based on table 2, it can be seen that the results of the data normality test using Shapiro Wilk on the ROA variables of BSM Bank (0.081) and BIMB Bank (0.332)> 0.05, it can be concluded that the data is usually distributed. If the results of the Shapiro-Wilk test are more than 0.05 (sig. > 0.05), then the data is usually distributed. Meanwhile, for the variable ROE of Bank BSM (0.096) > 0.05, it is generally distributed, while the ROE of Bank BIMB (0.012) <0.05, so it can be concluded that the data is not normally distributed. While the BOPO at Bank BSM (0.155) and Bank BIMB (0.240) > 0.05, it can be concluded that the data is usually distributed.

Table 3: The Results of Levene Test

Test of Homogeneity of Variances					
		Levene Statistic	df1	df2	Sig.
Roa	Based on Mean	30,154	1	8	,001
	Based on Median	5,546	1	8	,046
	Based on Median and with	5,546	1	4,248	,074

	adjusted df				
	Based on trimmed mean	28,245	1	8	,001
Roe	Based on Mean	21,167	1	8	,002
	Based on Median	4,364	1	8	,070
	Based on Median and with adjusted df	4,364	1	4,936	,092
	Based on trimmed mean	19,650	1	8	,002
Bopo	Based on Mean	17,612	1	8	,003
	Based on Median	4,440	1	8	,068
	Based on Median and with adjusted df	4,440	1	4,438	,096
	Based on trimmed mean	16,654	1	8	,004

Source: author analysis

The table above shows that the ROA, ROE, and BOPO variables have unequal variances. Judging from the sig value of ROA (0.001), ROE (0.002), and BOPO (0.003) <0.05, it can be concluded that these variables have unequal variances.

To perform the Independent Test, the Sample T-test must meet the requirements for the data to be normally distributed and homogeneous (have the same variance). In contrast, the above data does not have the same variance, so that the Mann-Whitney Non-Parametric Different Test will be carried out.

Table 4: The Results of Mann-Whitney Return on Asset (ROA) Test

Test Statistics[a]	
	Roa
Mann-Whitney U	10,000
Wilcoxon W	25,000
Z	-,524
Asymp. Sig. (2-tailed)	,600
Exact Sig. [2*(1-tailed Sig.)]	,690[b]
a. Grouping Variable: Code	
b. Not corrected for ties.	

Source: author analysis

From the output of SPSS obtained, profitability/Sig of 0.600. Because profitability/Sig is more significant than 0.05, H0 is accepted, and H1 is rejected, which means that there is no difference in financial performance in terms of ROA at Bank BSM in Indonesia and Bank BIMB in Malaysia.

Table 5: The Results of Mann-Whitney Return on Equity (ROE) Test

Test Statistics[a]	
	Roe
Mann-Whitney U	4,000
Wilcoxon W	19,000
Z	-1,776
Asymp. Sig. (2-tailed)	,076
Exact Sig. [2*(1-tailed Sig.)]	,095[b]
a. Grouping Variable: Kode	
b. Not corrected for ties.	

Source: author analysis

From the output of SPSS obtained, profitability/Sig of 0.076. Because profitability/Sig is more significant than 0.05, H0 is accepted, and H1 is rejected, which means that there is no difference in financial performance in terms of ROE at Bank BSM in Indonesia and Bank BIMB in Malaysia.

Table 6: Mann-Whitney Test Results for Operating Expenses to Operating Income (BOPO)

Test Statistics[a]	
	Bopo
Mann-Whitney U	,000
Wilcoxon W	15,000
Z	-2,611
Asymp. Sig. (2-tailed)	,009
Exact Sig. [2*(1-tailed Sig.)]	,008[b]
a. Grouping Variable: Code	
b. Not corrected for ties.	

Source: author analysis

Based on Table 6, the results of the Mann-Whitney Test for the ratio of Operating Expenses to Operating Income (BOPO) of BSM and BIMB Banks showed a significant 0.009 < 0.05, based on the significant value, it can be concluded that there is a significant difference between Operating Expenses to Operating Income (BOPO) of Islamic banks in Indonesia and Malaysia. Based on the test results, the hypothesis shows that H^0 is rejected and H^1 is accepted. That is the differences in financial performance between banks in Indonesia and Malaysia.

The difference can be seen that Bank Syariah Mandiri (BSM) has an average (mean) BOPO ratio of 88.78%, bigger compared to the average BOPo ratio at Bank Islam Malaysia Berhad (BIMB) of 33.38%. This means that during the period 2016-2020 Bank Islam Malaysian Berhad has better BOPOs compared with Bank Mandiri Syariah, because the lower the value of BOPOS then the better the quality.

The results are in line with a previous study studied by Sri Astuti entitled "A Comparative Analysis of Sharia Banking Performance in Indonesia and Malaysia with the Sharia Maqashid Index Approach and the Rentability of Shariah Bank" which showed that the average profitability of sharia banks in Indonesia was 28.02%, compared to 67.76% in Malaysia.

Research Results

Table 6: Summary of Hypothesis Testing Results

Code	Hypothesis	Results
H_1	Return on Assets (ROA) there is no significant difference between the financial performance of Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB)	Rejected
H_2	Return on Equity (ROE) there is no significant difference between the financial performance of Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB)	Rejected

H_3	Operating Expenses to Operating Income (BOPO) there is a significant difference between the financial performance of Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB)	Accepted

Source: author analysis

CONCLUSIONS

Based on the results of research that has been done on the performance of Islamic banking, based on the profitability approach of Islamic banks in Indonesia and Malaysia for the 2016-2020 period. So it can be concluded from the comparison of the financial performance of Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB), which is measured using the ratio of Return on Assets (ROA), Return on Equity (ROE), and Operating Expenses to Operating Income (BOPO), as follows:

1. There is no difference in financial performance between Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB) in terms of the ratio of Return on Assets (ROA).
2. There is no difference in financial performance between Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB) in terms of the Return on Equity (ROE) ratio.
3. There is a difference in financial performance between Bank Syariah Mandiri (BSM) and Bank Islam Malaysia Berhad (BIMB) in terms of the ratio of Operating Expenses to Operating Income (BOPO).

Based on the conclusions described above, there are several suggestions that researchers can give for further research as follows:

1) Islamic Banks are expected to be able to maintain the equity owned by the company so that they can run their business effectively and can be trusted by potential investors.
2) For Further Researchers

This study only uses the variables Return on Assets (ROA), Return on Equity (ROE), and Operating Expenses on Operating Income (BOPO) for other researchers should perform financial performance with other variables or even add financial ratio variables to predict bank financial performance so that it can provide more accurate and better research.

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