

Analysis of the Financial Performance of Bank Mandiri Syariah in Indonesia

Subaida^{1*}, Rachmad Hidayat²

¹ Accounting Department, University of Bahaudin Mudhary Madura, Indonesia

² Industrial Engineering Department, University of Trunojoyo Madura, Indonesia

Abstract. This study aims to examine the performance of a banking financial institution, namely Banco Mandiri Syariah in Indonesia, because the bank's financial performance reflects the health and reliability of the bank's relationship. This study uses a sample from Banca Mandiri with quarterly reporting for the period 2012-2018. The method used is multiple regression and classical hypothesis testing to analyze the effect of variables on the performance of Mandiri Syariah Bank in Indonesia. The results of this study are an analysis of the performance of Banco Muamalat Syariah, that is, all variables of low financial activity (NPF) , loan/deposit ratio (FDR), operating cost of business revenue (BOPO) have an impact on profitability . Activities (ROA). BOPO Negative effect

Keywords: ROA, NPF, FDR, BOPO

1 Introduction

Financial institutions are one of the institutions that play an important role in the country's economy, as in this case banking institutions manage the financial system and act as intermediaries. A duty that binds the owners and users of funds. Banking activities need to be efficient at both the macro and micro levels. in 1992 Islamic banks were officially presented to the public (Utami, 2012).

The development of Islamic banks or Sharia companies has accelerated very quickly due to the growing awareness of Muslims to observe Sharia, which is related to the fear of usury and maisir (Triwahyuningtyas & Ismail, 2017). Usury is a major unfavorable factor in economic transactions, including Kimar (speculation) and Gharar (risk or uncertainty). Although removing the positive aspects of transactions is indeed an important objective of Islamic banking because it is the main focus of Islamic banking (Usman, Technology, Khan & Author, 2012).

"O you who believe, fear Allah and leave the rest of the profit (which is not collected) if you are believers." (2:278)

In the above explanation of the Quran, it is forbidden to receive and receive interest (usury), but trading is allowed. That's where ethics comes in. Truth ('adl) and mutual aid (ta'awun) are the main reasons usury is prohibited in the Quran. Because it is similar to the traditional banking system, there is no reason to believe that Islamic banks will succeed (Rosly & Abu Bakr, 2003).

A country's economic performance depends on its financial sector. The banking sector plays a very important role in channeling government savings into productive investments that drive economic growth and the financial performance of Sharia banking institutions. First, financial performance measures help regulators monitor the future prospects, growth and challenges of financial institutions. Financial institutions must carry out assessments to make decisions based on financial statistics. Both shareholders need to understand performance to determine investment potential and future investment strategies (Aiziz, Husin & Hashmi, 2016).

This study is important because Bank Mandiri Syariah is a Shariah banking institution that is in high demand by the Indonesian population, so the researchers took the initiative to examine the work of Mandiri Syariah Bank.

The researchers of this study used the variables Non-Performing Finance (NPF), Finance to Deposit Ratio (FDR), Financial Ratio, Operating Income, Operating Expenses (BOPO), as this index improves productivity and health in banking periodization 2012-2018 M .be reviewed by andiri Syariah. This study is not the first study, it just differs from previous studies, both in the period and in the sample used by the researcher.

This study aims to determine the performance of a banking financial institution, namely Bank Mandiri Syariah in Indonesia before the merger with Bank Syariah Indonesia. The problem statement used in this study is as follows:

* Corresponding author : subaida@unibamadura.ac.id

- How do non-performing loans (NPFs) affect productivity (ROA)?
- What is the relationship between finance and deposits (FDR) and productivity (ROA)?
- How does the bottom line (BOPO) affect productivity (ROA)?

2 Literature Review

According to a survey (Utami, 2012), Banco Mandiri Syariah 's financial performance is in a healthy category in terms of default rate. The financial performance of bank Mandiri Syariah, considering returns on assets in 2009, was in the unhealthy category, but in 2010-2011. into a relatively healthy category. Banco Mandiri Syariah 's financial performance is assessed through the BOPO report, with a healthy rating category. Bank Mandiri Syariah 's financial performance is rated based on LDR, with its unhealthy rating category. According to a study (Sukmana & Febriyati, 2016), the performance of Islamic and traditional banks depends on adequate capital, profitability, level of financial intermediation, bad loans and financing problems. Years of banking experience are essential to achieving higher income, which is partially reflected as additional capital. Banking services are also important in attracting consumers. NPF, FDR and BOPO supported Islamic banks due to the lack of money market indicators, which led Islamic banks to distribute funds as financing. In addition, central bank regulation of Islamic banks with intermediate-level minimum reserves will also encourage banks to outperform.

study (Chandra, Mangantar & Oroh, 2016) says: "Banks are one of the financial institutions that play an important role as financial intermediaries in a country's economy. This important role of the banking sector is also the reason why government, investors and various entities must monitor financial performance. Analysis of banking assets

In banking companies, valuation aspects are often used, ie capital, assets, management, results and liquidity, commonly referred to as CAMEL, using the coefficients CAR, NPL, NPM, ROA, BOPO and LDR. The purpose of this research was carried out at Bank Mandiri Syariah with a period of 2012-2018 before the merger with Bank Syariah Indonesia. The results of this survey show how healthy the bank is in the Healthy category. The conclusion of this study is that Banca Mandiri continues to improve its financial performance and will improve as of 12/20/2018.

There are many other studies that discuss the BMI and BSM 2007-2009 financial indices, composed of CAR, RAP, PPAP, ROA, BOPO, QR, FDR, CR, LR and LMR. There are significant differences in the assessment of the effectiveness of the Islamic banking system. then (Fazan, 2011). This is demonstrated by the Group Mean Equality Test 2007-2009, where all variables contribute significantly to determine the reliability of Islamic banks, only the contribution levels between the variables are different, this is because the function value of each variable is also different... In this study, we can say that the hypothesis is accepted.

3 Research Methods

This research is an empirical study carried out to verify the hypotheses developed in the methods adapted to the variables considered using secondary data. Extract data from the quarterly financial statement of Banco Mandiri Syariah in Indonesia with periodization from 2012 to 2018.

This study uses a quantitative approach that uses as dependent variable return on assets (ROA) and delinquency (NPF), loan/deposit ratio (FDR) and operating income, operating expenses (BOPO) as independent variable. Using Program Guide (EViews) version 9, the formula regression function looks like this:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 \quad (1)$$

Where:

a = constant.

b1 - b3 = regression coefficient, representing the magnitude of variation of the dependent variable due to variations of each unit of the independent variable.

Y = Return on Assets (ROA).

X1 = Non-Performing Finance (NPF), which is the ratio between total NPL and total loans.

X2 = collection/collection ratio (FDR), it is the ratio between the total value of loans granted and the total value of third-party resources.

X3 = Operating expenses to operating income (BOPO), ratio between operating expenses and operating profit

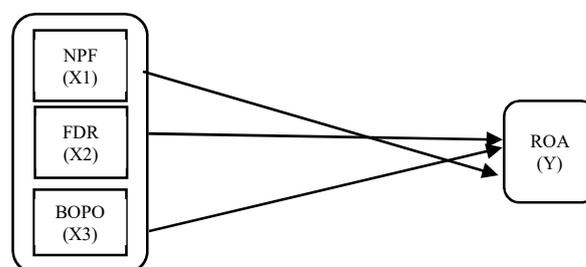


Fig. 1. Research project

Table 1. Meaning of Work

Variables	Meaning	Origin
Return on investment	<p>Return on Assets (ROA) is a ratio used to determine a bank's ability to generate profits in the past. ROA analysis can be used as a forecast of the bank's future and profitability. According to Bank Indonesia, when evaluating a bank's health, a bank achieves the highest score of 100 if its ROI is 1.5%. As the bank's ROA ratio increases, so does the bank's profit margin and collateral position. ROI formula:</p> $ROA = \frac{\text{earnings before tax}}{\text{Average total assets}} \times 100\%$	Financial statements of Banco Mandiri Syariah.

NPF	Performing Funding (NPF) is the ratio of non-performing loans to the total amount of loans issued by Islamic banks. Based on criteria established by the Bank of Indonesia, the NPF category includes under-financing, questionable financing and non-performing loans. NPF formula : $NPF = 100\% \frac{\text{long-term financing}}{\text{General funding}}$	Financial statements of Banco Mandiri Syariah.
Roosevelt	The FDR is an equation between the amount of credit extended to funds received and used to measure a bank's ability to pay a withdrawal made by a mudhorib. According to the following formula : $FDR = 100\% \frac{\text{financed}}{\text{Third party tools}}$	Financial statements of Banco Mandiri Syariah.
STUPID	BOPO is a comparison of operating expenses and operating income. BOPO is used to measure a bank's level of efficiency and capacity to carry out its operations. According to the formula defined below : $BOPO = 100\% \frac{\text{management fee}}{\text{Operating profit}}$	Financial statements of Banco Mandiri Syariah.

Data processed by researchers

4 Results and Discussion

4.1 Result

Dependent variable : ROA

Method : least squares

Date : 9/12/19 Time : 1 :07 pm

Example : 1st quarter of 2012 4th quarter of 2018

Includes visuals : 28

Variables	Coefficient	STD mistake	t statistics	Probably
FROM	0.717295	1.090001	0.658068	0.5168
NPF	-0.203750	0.048267	-4.221346	0.0003
Roosevelt	0.038005	0.007447	5.103055	0.0000
STUPID	-0.032996	0.007430	-4.440883	0.0002

R-square	0.811183	Means dependent variable	0.705000
Custom square R	0.787581	Variable depending on Akaike's information criterion	0.643351
IF regression	0.296513	Schwartz criteria	0.538116
Sum of remaining squares	2.110086	Hannan Quinn Critic.	0.728430
Logarithmic probability	-3.533617	Durbin Watson stats	0.596297
F statistics	34.36908	Probability (F statistic)	1.337476
	0.00000		

The data processing results show that the coefficient of determination (approximately R²) is equal to 0.787581 (78.75%). This shows that the independent variables together can explain the 78.76% dependent variable. The remaining 21.24 percent are explained by other variables not included in the model or explained in terms of error(s).

The t test results in the table below show the significance level of the impact of NPF, FDR and BOPO variables on efficiency (ROA) at Banco Muamalat Syariah as follows:

The NPF variable has a t-statistic value of -4.221346. At the significant level = 0.05 percent, the value of table t is 1.711, the absolute value of statistic t > table t (-4.221346 > 1.711), which means that H₀ is rejected. The NPF variable shows that it has a significant but negative effect on the profitability ratios (ROA) of Syariah Muamalat Bank in Indonesia

The FDR variable has a t-statistic value of 5.103055. At the significant level = 0.05, the value of t from the table is 1.711. Therefore, the absolute value of the table statistic t < t (5.103055 > 1.711) means that H₀ is rejected. It shows that the FDR variable has a significant impact on the performance (ROA) of Sharia Bank Mandiri in Indonesia.

The BOPO variable has a t-statistic value of -4.440883. At the significant level = 0.05 percent, the value of table t is 1.711, the absolute value of statistic t > table t (-0.032996 > 1.711) means that H₀ is rejected. The BOPO variable shows that it has a significant but negative effect on the performance (ROA) of Sharia Bank Muamalat in Indonesia.

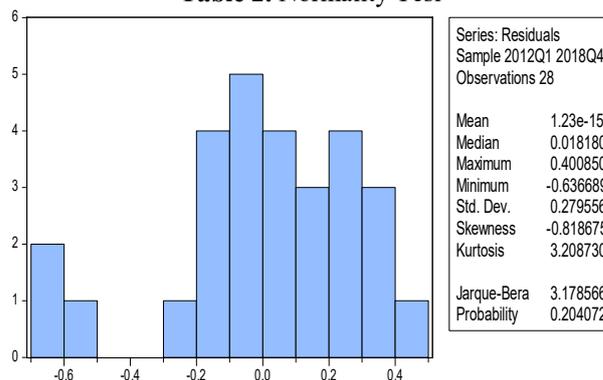
Simultaneous generation of hypotheses (F test), decision making:

If Fcount < Ftable or P-value (value) > 0.05, then H₀ is accepted (H_a is rejected)

If Fcount > Ftable or P value (value) < 0.05, H_a is accepted (H₀ is rejected).

Based on the F test in the figure next to the probability value of the F stat 0.000000 < 0.05, it appears that NPF, FDR and BOPO together have a significant impact on the performance (ROA) of Syariah Mandiri Bank in Indonesia.

Table 2. Normality Tesi



The study (Permatasari & Yulianto, 2018) to find out if the distribution of the data in the variables is normal. The normality criterion can be determined by the Kolmogorov-Smirnov criterion. Where the data are considered normal if the significance value is greater than 0.05.

Furthermore, based on the graphical representation of the results of the normality test, it appears that the probable value of JB = 0.204072 > 0.05. Therefore,

based on the normality test, the residual is normally distributed and regression analysis can be used.

Table 3. Autocorrelation Test

Breusch-Godfrey serial correlation LM test :		
F statistics	1.327041 Probable F (2.22)	0.2857
Note *		
R-square	3.014279 Chi squared probability (2)	0.2215

The purpose of the autocorrelation test is to test a linear regression model for a relationship between the confounding error at period t and the confounding error at period t-1 (Ghozali, 2009). When performing the LM test (Bruce-Godfrey method), this method is based on the squared value F and Obs * R. If the probability value Obs * R squared exceeds the confidence level, H₀ is accepted. This means that there are no problems with the autocorrelation test.

Based on the observation results of the P*R squared value of 0.2215, there is no autocorrelation problem, because the Obs * R squared value P = 0.2215 > 0.05, shows that there is no autocorrelation problem.

Table 4. Heteroscedasticity Test

Heteroscedasticity test : white		
F statistics	5.189074 probable AF (9.18)	0.0015
Note * R-square	20.21040 likely chi square (9)	0.0167
Explanation of SS at scale	16.39812 likely chi square (9)	0.0590

The heteroscedasticity test is used to test a linear regression model for the variance dissimilarity from one observational residue to another (Permatasari & Yulianto, 2018).

Based on obtaining Obs * R P-value squared of 0.0167, there is no problem with heteroscedasticity, that's because Obs * R P-value squared = 0.0167 > 0.05, shows that there are no problems with heteroscedasticity.

Table 5. There are Many Colors

	NPF	Roosevelt	STUPID
NPF	1.000000	-0.177481	0.251290
Roosevelt	-0.177481	1.000000	-0.277727
STUPID	0.251290	-0.277727	1.000000

The multicollinearity test is designed to test whether a regression model has a high or perfect correlation between independent variables. If there seems to be a high correlation between the independent (independent) variables, it can be said that this study presents multicollinear symptoms.

Based on the table above, it can be seen that the regression model does not present multicollinearity violations. This is confirmed by the tolerance value (R) of each independent variable which is less than 0.8, therefore it is exempt from the multicollinearity test.

4.2 Discussion

4.2.1 Impact of Non-Performing Finance (NPF) on Performance

Research results show that non-performing loans (NPFs) have a significant and negative impact on return on assets (ROA), as the results show that the level of default in a financial institution is not very high and not yet captured. These results are consistent with the results of a study by (Bhatia, Mahajan & Chander, 2012) which concluded that NPLs have a significant impact on ROA. Conditional Banking in Indonesia Most bank funds are in the form of loan/credit funds. A high level of non-performing loans will reduce the profitability of banks (Hutagalung, Djumahir and Ratnawati, 2013). According to research (Permatasari & Yulianto, 2018), it appears that the increase in the value of NPFs will result in a loss of profitability for the fund in question. This affects profitability because Islamic banks have a lot of bad loans, which can reduce the ability of Islamic banks to provide financing. The NPF or Loan Delinquency is one of the most important indicators for evaluating the performance of banking functions. One of the functions of a bank is to act as an intermediary or liaison between the parties who have excess money and those who need it (Utami, 2012).

4.2.2 Effect of the funding/deposit ratio (FDR) on performance

The FDR is used to determine the bank's ability to pay bonds to customers who have invested their money in loans to their debtors. The higher the indices, the higher the level of liquidity (Utami, 2012). This research shows that the variable funding/deposit rate (FDR) has a significant impact on return on assets (ROA). These findings are also consistent with studies (Suryani) that conclude that LDR has a positive and significant effect on ROA in PT. Bali Regional Development Bank 2009 - 2016 This means that the larger the funds distributed, the more income can be earned.

A lower value of the financial deposit ratio (FDR) indicates that the bank can optimize the issuance of loans using funds received from third parties. The reasons indicate that the FDR can be used to assess the performance of a financial institution (Fazan, 2011).

The FDR ratio is often used to measure a bank's liquidity by dividing the bank's debt by third-party funds (TPF). Therefore, it can be assumed that the higher the FDR, the more money is sent to (KDP) (Suryani, 2016).

4.2.3. Effect of operating expenses on operating profit (BOPO) on performance

The results showed that BOPO has a significant and negative effect on ROA. Achieving a high level of efficiency is the hope of every banking institution, as achieving efficiency means that the bank's management has used its resources efficiently. A higher BOPO index indicates that the bank has not been able to manage its operations efficiently, which reduces the profitability of

banking institutions. The lower the BOPO index, the better the bank is doing business, so the possibility of higher profits is greater. The result of the study (Ayu, Peling, Bagus and Sedana, 2018) shows that BOPO has a negative and significant effect on ROA, this study has a negative effect due to the increase in BOPO, which resulted in decreased profit (ROA), which accepts the third hypothesis. According to the results of the study (Hutagalung et al., 2013). BOPO has a significant negative effect on ROA, which means that an increase in operating costs will reduce the bank's profits, the bank must identify the sources of operational risk and control the implementation of banking processes and operating system to reduce costs.

5 Conclusion

Based on the results of the analysis of the activities of Banco Mandiri Sharia's financial institutions in Indonesia in the periodization of 2012-2018. and from the results of the discussion of the problems of this research hypothesis we can draw the following conclusions:

1. Banco Mandiri Sharia Financial Reports for 2012-2018 consisting of NPF, FDR and BOPO variables. There are significant differences in the assessment of the effectiveness of Mandiri Sharia Bank. In general, all the variables above present significant results and this study indicates that the hypothesis is accepted.
2. Variable NPF results significantly impacting but negatively related to the performance (ROA) of Mandiri Sharia Bank in Indonesia. In this case, there is still room for improvement, especially in relation to the default rate, it seems that management should work better, especially in terms of reducing financial risks, to maintain the existing default rate (default rate.). factor that could be a barrier for Mandiri Sharia Bank not to get potential investors. To make Muamalat Shariat Bank more attractive to investors, the APF report is good future work.

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