

The Influence of Bank Indonesia Rate and Bank Size on Return on Assets in Sharia Banking in Indonesia 2019-2022

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Keywords:

Islamic Bank,
Return on
Assets, BI Rate
and Bank Size

Abstract

The purpose of this study is to ascertain how the Bank Indonesia Rate and Bank Size will affect the ROA (Return on Assets) of Islamic Banking in Indonesia from 2019 to 2022. The study used quantitative techniques, specifically the use of secondary data obtained through the website of the Financial Services Authority (OJK), as well as the website of Bank Indonesia. The results of this study indicate that Bank Indonesia Rate partially has a negative and significant effect on Return on Assets (ROA), and Bank Size partially has a negative and significant effect on Return on Assets (ROA). Meanwhile, Bank Indonesia Rate and Bank Size simultaneously have a significant and significant effect on Return on Assets (ROA), where the F test findings indicate that the coefficient of determination is 33.2% and another variable (66.8%) not included in this study has a coefficient of determination of 66.8%.

1. Introduction

The current development of Islamic banking has progressed rapidly since its founding in 1992. According to information published by OJK in April 2022, there are 233 Sharia banking units, including 34 BUS (Sharia commercial banks), 34 UUS (Sharia business units), and 233 BPRS (Sharia people's financing banks), with a total of 3,347 recorded branches. Sharia banks also employ their own rejection measures to maintain the integrity of a Sharia bank.

The global crisis that hit the Indonesian government in 1998 deeply affected many banks in Indonesia, including conventional banks, due to a crisis of trust and banking system failures. The situation continued in 2019 with the crisis arising from the China-US trade connection, impacting the world economy. However, banking systems that prioritize Sharia principles have proven resilient throughout these challenges. Islamic banking has demonstrated its stability and the ability to ensure the comfort, security, and profitability of shareholders, owners of valuable documents, customers seeking financing, and fund owners in Sharia banking.

In accordance with Constitution number 21/2008 regarding Sharia banking, published on July 16, 2008, Islamic banks are internal banks that conduct business based on Islamic Law or Sharia principles established in a Fatwa of the Indonesian Ulema Council. They prioritize a sense of justice, benefit, universalism, and balance, avoiding elements such as gharar, usury, maysir, unjust practices, and prohibited objects.

As an intermediary institution, Sharia banks engage in activities similar to those of conventional banking systems, as stated in Article 4, paragraph 1, which mandates Sharia commercial banks and Sharia business units to collect and manifest funds to the public. However, both Islamic banks and conventional banks exhibit several fundamental differences. Difference the seen in determine *returns* to customers as the depositor. In operate activities, sharia banking p This No prioritize programs that are *profit-oriented*, but Islamic banks prioritize mission social society.

During global financial crises that impact nations and the world, Islamic banks exhibit positive development and are resilient. According to Isca, Islamic banks function as profit-gathering financial institutions while

strictly avoiding usury and involvement in trades that do not align with Sharia principles. Unlike conventional banks, Sharia banks do not rely on interest rates as a reference in their transactions, ensuring that their capacity is not adversely affected, and the value of the rupiah does not decline. The size of a bank serves as an important parameter for assessment, considering factors such as average marketing levels, asset quantity, and sales amounts. Kumala and Supriyanti suggest that bank size can be determined by assessing the assets controlled using the natural logarithm (Ln). The magnitude of a bank's assets is indicative of the types of assets used in its daily operations.

Another indicator to evaluate a bank's performance is its financial efficiency, measured by the level of profitability. Profitability ratios gauge a company's ability to generate profit and are instrumental in assessing the effectiveness of its administrative functions. The profits derived from sales and capital investment returns demonstrate the company's efficiency. This comparison not only benefits the business owners and management but also external stakeholders, especially those with connections or relevance to the company. Therefore, profitability ratios are influential indicators, with return on assets being a key measure, reflecting the ratio of net profit to total assets..

Certainly, it seems like you're discussing the Return on Assets (ROA) as a key metric for evaluating the effectiveness and efficiency of a company in generating profit with the assets under its control. Here's a continuation: Return on Assets (ROA) is a critical calculation in profitability research. It helps estimate the effectiveness and efficiency of a company in generating profit using the assets under its control. ROA is calculated by dividing the net profit by the average total assets. An increasing ROA indicates the ability of a company to maintain healthy finances, as the level of returns obtained from the assets also increases significantly. To further illustrate the concept, the following is an example of an ROA table

specifically for Sharia Commercial Banks (BUS) covering the period from 2019 to 2022:

Table 1. ROA of Sharia Commercial Banks

ROA	2019-2022			
	2019	2020	2021	2022
Commercial Bank (BUS)	1.73%	1.40%	1.55%	1.98%

Source :Data and Statistics Sharia Banking (April 2022)

The statistical data in Sharia banking Table 1 above reveals fluctuations in the development of Return on Assets (ROA) throughout the years. This trend persists despite the various economic challenges faced by the nation during the 2019-2022 period, including crises of trust, the ongoing Covid-19 pandemic, and other global disruptions. Notably, the economy experienced disturbances due to these factors. In her research, Supriyanti confirmed that inflation and the Bank Indonesia (BI) Rate had no substantial impact on Return on Assets.

This finding has prompted the researcher to delve deeper into the subject. There is a growing confidence in further research to explore the influence of the Indonesian banks' rate and the size of banks on the Return on Assets of Islamic banking in Indonesia during the period 2019-2022. This expanded investigation aims to provide a more comprehensive understanding of the factors influencing the financial performance of Islamic banks in the Indonesian.

2. Literature Review

2.1 Islamic Bank

Sharia banks are financial institutions whose daily operations involve the collection and distribution of funds, as well as the provision and utilization of rewards based on trust through ethical and morally upright systems, encompassing both transactional and investment activities. Various perspectives exist regarding the interpretation of Islamic banking, all of which draw from the content and

teachings found in the knowledge of Allah as presented in the Qur'an, according to the Sunnah of the Prophet, hadith, qyas, and the consensus of the ulama (Islamic scholars) (Fahmi, 2015:26). This understanding is reflected in the directive outlined in the letter of decision from the Directors of Bank Indonesia, numbered 32/34/KEP/DIR and dated 12 May 1999. According to Budisantoso, this directive emphasizes that Islamic banking should prioritize the principles of Sharia, ensuring that its practices align with Islamic values and principles:¹

1. Khiwalah: The engagement involving the transfer of a debt from one depositor to the bank from another depositor.
2. Ijarah: A contractual engagement between a tenant and a bank, often associated with leasing arrangements.
3. Ijarah wa Iqtina: A contract where goods are leased between tenants and banks, following a predefined agreement.
4. Istishna: An engagement related to commercial goods between a recipient who places an order and the entity fulfilling the order.
5. Kafalah: An engagement involving the provision of collateral from one party to another.
6. Mudarabah: An engagement between a managing party and a capital owner to obtain a profit.
7. Murabahah: A commerce engagement between depositors and banks, often associated with the sale of goods.
8. Musharakah: A cooperative engagement or joint venture between two or more parties, typically financiers, in a lawful and productive business.
9. Qard: A loan provided by a bank to certain parties, with the obligation to repay the same amount.
10. Al Qard ul Hasan: A type of loan where the party receiving the debt is obligated to

return the same value, often with a social objective.

11. Al Rahn: An engagement involving the delegation of assets by depositors in banks to guarantee part or all of their debts.
12. Salam: A commerce engagement related to the sale of assets between a seller and a buyer.
13. Sarf: An engagement related to the exchange of one currency for another.
14. Ujr: Wages allocated or requested for work that has been completed.
15. Wadi'ah: An engagement involving the safekeeping of money or goods between the party possessing them and the party trusted with ensuring their security.
16. Wakalah: An engagement granting authority to a recipient to perform a specific task or duty.

2.2 ROA

Return on Assets (ROA) is a key metric grouped into the category of profitability ratios. This ratio offers insights into an organization's ability to generate profit by utilizing all available capital. The profitability of a banking institution significantly influences the confidence of financiers in investing their capital. A company's competence in realizing profits captures the attention of investors, encouraging them to inject capital for business development. Conversely, a low ability to generate profits may deter financiers from showing interest in providing capital. Profitability ratios serve as benchmarks for evaluating a company's capacity to increase its profits. These ratios provide a gauge for the effectiveness of a company's management. They reveal the benefits derived from investments or sales, demonstrating the overall efficiency of a company. Essentially, a higher ROA signifies strong financial performance, indicating a greater level of returns.

¹Full-blooded Budisantoso, Ibid. p.214.

As per Bank Indonesia regulations, Return on Assets is defined as the ratio of profit after tax to the total assets within a given period. This metric serves as a benchmark for evaluating the overall health of a banking institution. This comparison is of paramount importance, as profits generated from the use of assets contribute to the efficiency and effectiveness of a banking business. In the context of determining the health of a bank, Bank Indonesia establishes a highest evaluation value of 100, categorizing a bank as healthy if it achieves an ROA value greater than 1.5%. Therefore, the better the ROA of a bank, the larger the profits and the more favorable the position of the bank, especially when considering the level of asset utilization.

In accordance existing regulations _ determined by Bank Indonesia, then can used formula in calculate ROA as following :

$$\frac{\text{Laba Setelah Pajak}}{\text{Total Aset}} \times 100\%$$

2.3 BI Rate

In his book "Banks and Financial Institutions," Cashmere explains that the services offered by banks operate on conventional principles, serving customers engaged in buying and selling products. National banking efforts encompass three key aspects: collecting funds, distributing funds, and providing various financial services. While the primary activities of a bank involve collecting and distributing funds, offering financial services supports these core functions.

There are two types of interest, known as "flower," provided in response to services or incentives for customers who deposit funds in the bank. Savings interest, such as interest on deposits and giro services, represents an obligation for the bank to pay customers. On the other hand, loan interest, such as interest on credit, is an obligation either allocated to the borrower or imposed on customers borrowing from the bank. Both types of interest play a crucial role in determining the costs and income for banks. Savings interest represents a

financial burden allocated to customers, while loan interest constitutes income from customers. These two types of interest are interconnected, influencing each other; for example, higher savings interest may automatically encourage an increase in loan interest and vice versa.

Bank Indonesia plays a pivotal role in fortifying finance, banking, and deposit systems in Indonesia. Its tasks include supervising monetary balances and overseeing the establishment of the Indonesian financial system. This supervision is crucial for safeguarding monetary balances, ensuring independence, and overseeing the establishment of the financial system.

Monetary stability and financial stability are two intertwined concepts that cannot be separated. Monetary strategy significantly influences financial stability, serving as the foundation for the strength of monetary policies. The financial system acts as a conduit for transmitting monetary policies, and if there is instability in the financial system, the transmission of monetary policies cannot occur reasonably. Additionally, monetary instability, according to fundamental methods, can impact the stability of financial procedures, leading to consequences arising from poor financial management.

1. Like the central bank, Bank Indonesia has five principal tasks to oversee the stability of financial procedures. The five main tasks encompass various measures and instruments to maintain a balanced financial system, including:
2. Maintaining Monetary Stability: This involves utilizing instruments such as interest rates and open market operations to regulate the money supply, ensuring stability in the financial system.
3. Ensuring the Soundness of Financial Institutions: Specifically, focusing on the health and stability of banks to maintain a robust financial infrastructure.
4. Organizing and Overseeing the Depository Process: Ensuring the smooth functioning of

the deposit process is crucial. In cases of deposit failure (failure to settle) following the prescribed procedures, the main risk emerges, potentially disrupting the deposit process.

5. Conducting Risk Assessments: This involves inspecting the sensitivity of financial sectors and estimating the potential impact of shocks on the stability of financial procedures. Understanding and addressing potential shocks is integral to maintaining stability.
6. Serving as the Lender of Last Resort (LoLR): Acting as the central security mechanism for financial procedures, Bank Indonesia functions as the lender of last resort. This means providing financial support to institutions facing liquidity crises, thereby preventing a broader financial system breakdown.
7. These five principal tasks collectively form a comprehensive strategy to safeguard the stability of financial procedures in Indonesia, reinforcing the role of Bank Indonesia as a central institution in maintaining a secure and well-functioning financial system.

The method of interpretation used that is through system loading flowers credit) ie includes :²

1. Charging (Sliding Rate):

The interest charged (sliding rate) per month is calculated based on the excess debt up to the total interest paid by the depositor each month, decreasing in line with the decline in the loan principal. However, the deposit and loan principal remain the same each month. Monthly installments for depositors (loan principal plus interest) automatically decrease. This sliding rate model is typically provided to productive customers, ensuring that depositors/customers do not feel burdened by the debt.

2. Calculation of Flat Interest Rate:

The calculation of the flat interest rate per month is determined by the total debt, and

the loan principal paid each month remains the same. Installments each month are consistent, leading to the gradual repayment of the debt. This flat rate model is often offered to creditors with consumer-oriented characteristics, such as those purchasing a home, a personal vehicle, or other consumer goods.

3. Floating Rate:

The floating rate adjusts the interest by linking it to the prevailing interest rates in the money market. The interest paid each month depends on the fluctuations in the money market interest rates. The total interest paid can vary, either decreasing or increasing, depending on the market conditions during the respective month. Consequently, this approach has an impact on the monthly installment amounts.

Parts the most important influence big small determination ethnic group flower among others:

1. Funding Requirements:

If a bank faces a shortage of capital, there may be an increased demand for deposits. The bank can address this by encouraging the growth of savings deposits. A direct increase in deposit growth can lead to higher interest on loans. However, if there is a temporary surplus of funds and low demand for loans, the interest on deposits may decrease.

2. Competition:

In the competitive landscape for deposit funds, banks must not only focus on promotional activities but also closely observe their competitors. If the prevailing interest rate for deposits is, for instance, 16%, a bank may need to offer a higher interest rate than competitors, even if the interest on loans remains relatively low.

3. Government Policies:

Government policies play a crucial role in determining interest rates on deposits and loans. Policies set by the government can

² Cashmere , 2014, p . 119.

influence interest rates across the financial sector.

4. Expected Profit:

The expected profit goals of a bank directly impact the interest rates. If a high profit is desired, deposit interest rates may rise, and vice versa.

5. Grace Period:

The lengthening of the grace period for loan repayments may result in higher interest charges due to increased opportunities for delayed payments. Conversely, shorter grace periods may lead to lower interest rates.

6. Quality of Collateral:

The quality of collateral offered affects the size of the specified loan. Higher-quality collateral typically allows for larger loans, while lower-quality collateral may limit borrowing capacity.

7. Company Reputation:

The reputation of a company influences its ability to secure loans. Well-known and reputable companies are likely to receive favorable credit terms, while lesser-known companies may face higher risks and interest rates.

8. Competitive Results:

Competitive products and results influence interest rates on loans. In a competitive market, interest rates may be relatively lower to attract borrowers.

9. Good Connections:

The major and minor savers in a bank, based on their enthusiasm and loyalty, may be categorized differently. Major savers with strong connections to the bank may receive preferential treatment.

10. Third-Party Collateral:

Collateral from a third party can impact loan terms. Special collateral from a reputable source may result in different interest rates compared to collateral from a less trustworthy source.

Additionally, Bank Indonesia interprets the BI Rate as a benchmark for monetary strategy, determining the behavior of Bank

Indonesia. The BI Rate is a short-term interest rate that serves as a reference for interest rates on Bank Indonesia Certificates (SBI) in the open market negotiation process. It has a broad influence on various aspects, including capital investment, decision-making regarding fund usage, continuity of banking operations, and the volume of money circulating in society. The strict implementation of policies by Bank Indonesia aims to achieve stability in the value of the Rupiah, ensure fair interest rates for depositors, and maintain economic stability.

2.4 Bank Size

According to Astrini (2018), the definition of bank size is based on the magnitude of assets owned by a company. In line with this definition, researchers can conclude that bank size serves as an evaluative measure indicating the scale of a banking entity. This evaluation is often expressed in terms of average market levels, asset quantities, and sales amounts. Kumala and Supriantini further elaborate that bank size is a crucial factor in determining bank ratings, and it is assessed by estimating the total assets through the natural logarithm (Ln) function. The yardstick for measuring the size of a bank can be observed through the height of its asset mark. Bank assets represent the model of assets used to control the activities of the company.

Based on this description, researchers can infer that the concept of bank size aims to understand the health of a banking institution and categorize it as either large or small. This categorization is determined by assessing the total assets reflected in the financial reports or balance sheets of the company. To apply the concept of bank size, the total assets, expressed in the necessary monetary unit (rupiah), can be transformed into logarithmic form. This transformation is undertaken to make the measure comparable with other variables. Sumayah suggests that the natural logarithm (Ln) is a suitable method for measuring bank size due to the substantial differences in asset sizes among banks.

In conclusion, bank size is a crucial parameter for evaluating the health of a banking institution, and it is determined by the total assets reported in the financial statements. The logarithmic transformation of total assets facilitates a systematic and standardized measurement of bank size, allowing for meaningful comparisons between different banks.³

3. Research Methods

This study adopts a quantitative approach with a research method that focuses on the analysis of numerical data. The approach utilizes statistical techniques, especially multiple linear regression analysis, to identify and explain the cause-and-effect relationships between the variables under investigation. The data for this study are sourced from the monthly financial reports spanning January 2019 to April 2022 from Sharia Commercial Banks (BUS). Additionally, statistical data from the official websites of the Financial Services Authority (OJK) and Bank Indonesia are also incorporated.

This is a secondary data study employing the purposive sampling method. The sample consists of 23 active BUS entities that have reported balance sheets or financial reports during the period from 2019 to 2022. Data analysis is conducted through classic assumption testing, t-test (partial test), F-test (simultaneous test), and coefficient determination (r^2), utilizing the SPSS Statistics version 22 software.

The dependent variable in this study is Return On Assets (ROA), measured using the formula $(\text{Profit After Tax}) / (\text{Total Assets}) \times 100\%$. The independent variables include the BI Rate (the level of Bank Indonesia's interest rate) and Bank Size (the size of the bank's assets). Multiple linear regression analysis is employed to measure the extent of the influence of these independent variables on the dependent variable ROA. Additionally, t and F statistics are conducted to assess partial and simultaneous

influences, and the coefficient of determination (r^2) is used to evaluate the level of interrelationships between variables.

The primary objective of this analysis is to comprehend and determine the connections and influences between variables in the context of the financial performance of BUS.

4. Results and Discussion

4.1 Research result

a. BI Rate

BI Rate data in form chart period January 2019-April 2022.

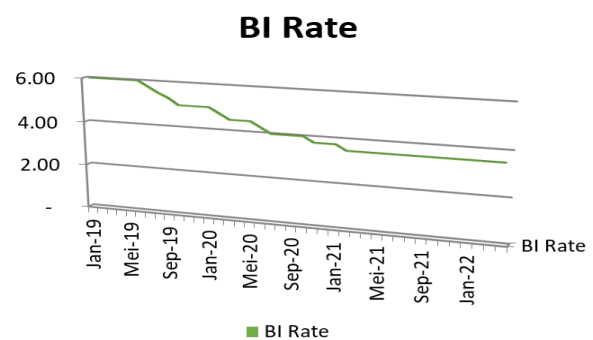


Figure 2. BI Rate graph

Source : Bank Indonesia Website, Processed 2022

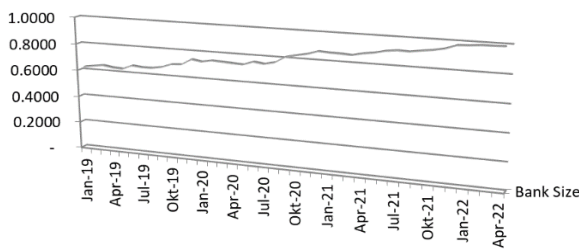
From the graph, it is evident that the BI Rate has experienced a decline. This indicates that the highest BI Rate occurred in January 2019, marked at 0.6000 or 60.00%. This increase may be attributed to the implementation of accommodative and consistent monetary policies by Bank Indonesia. On the other hand, the lowest BI Rate was observed from February 2021 to April 2022, reaching a value of 0.3500 or 35.00%. This decline can be attributed to the global economy facing increasing inflation, which deviated from earlier predictions and turned out to be smaller than initially anticipated.

b. Bank Size

The following is *Bank Size* data in form chart period January 2019 to April 2022.

³Ibid.

Figure 3. Bank Size Graph



Source : Bank Indonesia Website, Processed 2022

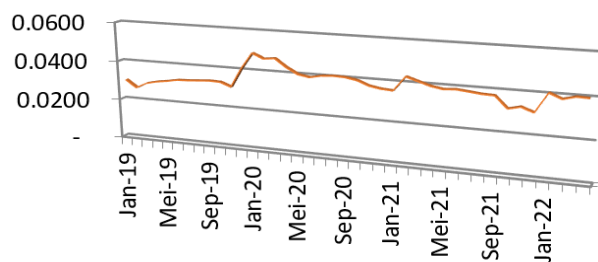
Compared to the BI Rate values, the bank size values appear to be relatively stable, as depicted in the graphical representation. The calculation shows a balanced trend, maintaining stability even when considering the BI Rate graph above. The highest bank size value was observed in April 2022, reaching a mark of 0.9889 or 98.89%. This increase is attributed to the exchange rate pressures faced by the Indonesian Rupiah against other regional currencies, a trend parallel to the growing uncertainty in the global financial market.

Conversely, the lowest bank size rate occurred in January 2019, registering a mark of 0.6251 or 62.51%. This decline was influenced by the ongoing tensions in the US-China trade relationship, which had a significant impact on the world economy. For a comprehensive overview of the data, please refer to the attached section at the end.

c. Variable Data Dependent

The following is the variable data dependent that is *Return on Assets* in form chart period month January 2019 to April 2022.

Figure 4. ROA graph



Source : Bank Indonesia Website, Processed 2022

From the visual representation, it is evident that the Return On Assets (ROA) values have exhibited fluctuations. The highest ROA value occurred in March 2020, measuring 0.0470 or 4.70%. This increase in ROA is attributed to Bank Indonesia's meticulous procedures in ensuring economic stability on a national scale. Conversely, the smallest ROA figure was recorded in February 2019, amounting to 0.0264 or 2.64%. This decrease is linked to the challenges faced by Indonesia's economy, which experienced delays amid a weak global economic environment.

d. Test result Statistics

The statistical tests conducted on the influence of the BI Rate and Bank Size on Return on Assets (ROA) in Sharia Banking throughout the period of 2019-2022 revealed significant findings. Utilizing both the t-test for partial effects and the F-test for simultaneous effects, the results indicate that the individual variables, BI Rate and Bank Size, have a discernible impact on ROA. The t-test assesses the partial influence of each independent variable separately, while the F-test examines their combined influence. These tests provide valuable insights into the relationship between the central bank's interest rate (BI Rate), the size of the bank, and the resulting financial performance, as measured by ROA, in the context of Sharia Banking in Indonesia during the specified period.

e. T-Test Results (Partial)

The t-test is employed to analyze whether each variable, namely the BI Rate and Bank Size, has a statistically significant influence on the dependent variable, ROA. The SPSS output results pertaining to the t-test will be presented and interpreted by the researcher. This statistical analysis aims to determine the individual impact of the BI Rate and Bank Size on the Return on Assets (ROA) within the context of the study:

Table 3. T test results (partial test)
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	,099	,021		4,766	,000		
BIRate	-,707	,197	-1,299	-3,595	,001	,138	7,241
BankSize	-,038	,016	-,891	-2,466	,018	,138	7,241

a. Dependent Variable: ROA

Based on the t-test results presented in the table above, the researcher has formulated the regression equation as follows: $Y = 0.099 - 0.707x_1 - 0.038x_2$. The interpretation of this equation is as follows:

1. The coefficient value of the constant (0.099) indicates that when both BI Rate and Bank Size values are equal to 0, the value of the dependent variable Y (ROA) is 0.099.
2. For the variable BI Rate (X1), the t-count (-3.595) is smaller than the t-table value (-2.024), and the significance (0.001) is less than 0.05. Therefore, H0 is accepted, and H1 is rejected. This leads to the conclusion that, according to the partial test, the BI Rate has a negative and significant effect on ROA (Return on Assets).

3. For the variable Bank Size (X2), the t-count (-2.466) is smaller than the t-table value (-2.024), and the significance (0.018) is less than 0.05. Hence, H0 is accepted, and H1 is rejected. The conclusion drawn is that, based on the partial test, Bank Size has a negative and significant influence on ROA (Return on Assets).

f. F Test Results (Simultaneous)

The F test results are used in analyze according to the simultaneous test (F Test) what there is influence between second variable independent to variable dependent. As for the method know the F test results will be researcher serve from mark significance through description table under This:

Table 4. F Test Results (simultaneous test)

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,000	2	,000	9,211	,001 ^b
Residual	,001	37	,000		
Total	,001	39			

a. Dependent Variable : ROA

b. Predictors:(Constant) BankSize , BIRate

The calculation indicates that the F-count is larger than the F-table value ($9.211 > 3.245$), and the significance level (0.01) is less than 0.05. As a result, H0 is rejected, and H1 is accepted. This implies that, simultaneously, the BI Rate and Bank Size variables have a

significant and influential effect on ROA (Return on Assets). The findings suggest that the joint impact of both variables is statistically significant in explaining the variation in Return on Assets in the context of the study.

g. Testing Coefficient Determination (r^2)

The objective of testing the coefficient of determination (r^2) is to analyze the extent of the contribution of all independent variables to the dependent variable, while the remaining influence is attributed to other independent

variables that were not researched. A higher coefficient indicates a stronger influence, approaching 1, while a value farther from 1 and closer to 0 suggests a weaker influence. The test results will be presented in the table below:

Table 5. Coefficient Test Results Determination (r^2)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,577 ^a	,332	,296	,00431	,666

a. Predictor: (Constant), Bank Size, BI Rate

b. Dependent Variable: ROA

Based on table 5 above, it is recorded the r square figure is 0.332 or worth 33.2%, then can researcher conclude that BI Rate and Bank Size contribution can be elaborate ROA variable worth 33.2%, then remainder other worth 66.8% is found in other variables that are not discussed in the article This.

4.2 Discussion

a. Influence of BI Rate to Return on Assets

The results of the statistical testing indicate that the independent variable, Bank Indonesia Rate, has a negative and significant influence on Return on Assets (ROA). The testing demonstrates that as the Bank Indonesia Rate increases, the figure for Return on Assets will also increase significantly. This effect is attributed to the system implemented by Islamic banks, which adheres to a planned and consequence-driven asset system. Consequently, the assets in Islamic banks are expected to remain stable, unlike the potential turbulence observed in commercial banks under government systems.

b. Influence Bank Size to Return on Assets

The statistical testing results reveal that the independent variable, Bank Size, has a negative and significant influence on Return on Assets (ROA). The testing provides evidence that a potential increase in Bank Size can impact

the activities of Sharia Banks related to fund distribution and financing. As a consequence, this influence and significance may lead to a reduction in earnings and income for Sharia Banks. The findings suggest a correlation between Bank Size and the financial performance of Sharia Banks, emphasizing the need for careful consideration and strategic management in handling larger banking assets.

5. Closing

5.1 Conclusion

1. As per the partial analysis, Bank Indonesia Rate exhibits a negative and significant influence on Return on Assets (ROA). Therefore, the hypothesis H_0 is rejected, and H_1 is accepted.
2. Similarly, in the partial analysis, Bank Size shows a negative and significant influence on Return on Assets (ROA). Consequently, the hypothesis H_0 is rejected, and H_1 is accepted.
3. In the simultaneous analysis, both Bank Indonesia Rate and Bank Size collectively demonstrate influence and significance on Return on Assets (ROA). Hence, the hypothesis H_0 is accepted, and H_1 is rejected.
4. The F-test results reveal a coefficient of determination of 33.2%. This suggests that the variables Bank Indonesia Rate and Bank

Size can collectively explain 33.2% of the variation in Return on Assets (ROA). The remaining 66.8% is attributed to other variables not covered in this article.

5.2 Suggestion

Suggestions for the reviewer in the future:

1. It is recommended for the reviewer in future studies to consider incorporating a broader set of independent variables, such as inflation, CAR (Capital Adequacy Ratio), LDR (Loan to Deposit Ratio), and BOPO (Operational Cost to Operating Income Ratio). This is crucial as Islamic Banking operations are closely connected with the domestic gross product, exports and imports, and the overall macroeconomy. These variables would contribute to a more comprehensive assessment of the research topic.
2. The reviewer is encouraged to advocate for studies with an extended duration to ensure that the information gathered is highly accurate and precise. Researchers may face limitations in terms of time due to work commitments, and extending the duration of the study could help mitigate these constraints.
3. It is hoped that future research will delve into the ability of Islamic banking employees to assess risks related to operational costs, BI Rate, and Bank Size. For instance, estimating costs in a more nuanced manner with fixed characteristics could aid in minimizing losses or setbacks in the face of inflation and potential increases in operational expenses.

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