

Measuring the Performance of Sharia Commercial Banks Using IPI and MSI

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Submission date: 10-Aug-2023 10:05AM (UTC+0700)

Submission ID: 2143774873

File name: Measuring_the_Performance_of_Sharia_Commercial_Banks.pdf (299.07K)

Word count: 7607

Character count: 41213

Measuring the Performance of Sharia Commercial Banks in Indonesia Using the Islamicity Performance Index (IPI) and Maqashid Sharia Index (MSI)

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Received: 08.08.2022

Accepted: 19.01.2023

Published: 01.08.2023

DOI: 10.47750/QAS/24.196.14

Abstract

The determination of various financial ratios is carried out to present an accurate picture of the level of the banks' financial performance. The purpose of this study was to evaluate the performance of Islamic commercial banks using IPI and MSI. This study used a quantitative descriptive approach with a literature study method. Purposive sampling was used for the data collection, and there were six bank samples taken. The samples were Islamic commercial banks registered with the financial services authority. The data was then analyzed by using IPI and MSI ratios. The result showed that by using IPI, BNI Syariah, and BRI Syariah performed good, while Mandiri Syariah, Panin Dubai Syariah, Muamalat Indonesia, and BCA Syariah performed very good. Measuring the performance by using MSI, BNI Syariah, BRI Syariah, Mandiri Syariah, and Panin Dubai Syariah performed good, while BCA Syariah and Muamalat Indonesia are very good. Furthermore, the average of IPI and MSI, BNI Syariah, BRI Syariah, Mandiri Syariah, and Panin Dubai Syariah had a good performance, and Muamalat Indonesia and BCA Syariah has a very good performance. Due to the low level of musyarakah and mudharabah financing, the performance of BNI Syariah and BRI Syariah banks, which are both rated as good, is the reason why their profit-sharing ratio results are still low in comparison to the results of other Islamic banks. The ratio results in the element benefit have a significant impact on the results obtained by Muamalat Indonesia and BCA Syariah, which are categorized as having very good performance. This is particularly the case in the real sector investment ratio, which is high in comparison to the ratios obtained by other banks.

Keywords: Islamic bank, bank performance, maqashid sharia, profit sharing

Introduction

Islamic banks in the community have only recently begun to develop at a rapid pace, specifically with the existence of banks whose operational activities use sharia principles as their guiding principles. This Islamic financial institution is beginning to make its presence known in the many conventional banks that have come before it. Since Muslims make up the vast majority of Indonesia's population, the country's political structure ought to be inspired by Islam. Specifically, in the realm of economics, sharia-based financial institutions exist. The Islamicity Performance Index (IPI) is a metric that can be used to spot Islamic values in Islamic financial institutions (Felani, et al., 2020; Fatmawatie, 2021; Marzuki, 2022). The question of whether or not concerns of bank activities ought to be tied to Islamic law is currently one of the challenges that must be overcome. Several schools of thought contend the concept of money interest cannot be divorced from the activity of banks. In the meantime, other groups voiced their opinion that interest should be eliminated from banking activity. Therefore, interest is the primary concern. Islamic banks are financial institutions that avoid the practice of charging interest on deposits. Therefore, one of the

obstacles that the Islamic world must face in the modern era is to steer clear of interest, which is seen as usury.

Despite continuing challenges, Islamic banks and other Islamic financial institutions are expanding rapidly in both Western and Muslim-majority countries (Malik et al., 2011; Ramzan et al., 2012; Adel et al., 2015; Rehman et al., 2021). Even though their number is still relatively small, an increasing number of Islamic economic researchers are focusing their attention on the Maqashid Sharia (MS) implementation in Islamic banking. Mohammed et al. (2015) developed the sharia banking performance measurement in the form of the Maqashid Sharia Index (MSI). Zahrah (2019) defined MS in a broad sense, and this is the MS that was used to measure in this study. There are three purposes for the existence of Islamic sharia, which are as follows: tahzib al-fardhi, which translates to "educating humans," iqamah al adl, which translates to "enforcing justice," and jalbmashlahah, which translates to "public interest." These three purposes are measured by several parameters that are based on these aspects. Each facet of MS includes components or indicators that can be applied as a yardstick to evaluate how well sharia banking achieves its objective of making life better for the general populace.

Researchers use both the MSI and the IPI, which are founded on sharia law, to evaluate the success of Islamic financial institutions. In addition to monetary metrics, IPI can assess whether or not Islamic commercial banks adhere to the principles of justice, halal, and purification. The IPI is another tool for assessing the effectiveness of Islamic financial institutions. Islamic Investment vs. Non-Islamic Investment and Islamic Income vs. Non-Islamic Income are just two of the six financial ratios that make up the IPI concept. Several ratios that make up the IPI framework are the Profit Sharing Ratio, the Zakat Performance Ratio, the Equitable Distribution Ratio, the Directors-employee Welfare Ratio, and the Equitable Distribution Ratio.

The average value of the majority of Islamic commercial banks that have carried out their operational activities and have met the performance measurement standards based on MS is what the MSI approach to measuring the financial performance of Islamic banking yields (Cakhyaneu, 2018; Rusydiana&Sanrego, 2018; Alhammadi et al., 2020; Mursyid et al., 2021). This is because the MSI approach is based on the MS model. This value can be determined by applying the MSI methodology to the process of measuring the financial performance of Islamic banking. Wibisono and Syaichu (2013) demonstrate the actual performance of Islamic banks as a component of the Islamic economic subsystem that seeks to realize justice and equilibrium in society as an embodiment of MS. They show this performance by examining the data from a number of different countries. Their research is centered on the actual performance of Islamic banks as a component of Islamic economic subsystems. Their research is centered on the actual performance of Islamic banks as a component of the Islamic economic subsystem. The findings of Yusnita's research (2019) present the opinion of Hameed, which offers an alternate method for evaluating the efficiency of Islamic financial institutions. The IPI is the metric that is being discussed at this time. This is important because it can help companies improve their performance in the future, and it can help stakeholders evaluate the performance of Islamic banks in terms of both their financial performance and their compliance with sharia law. Both of these aspects are important. Both of these aspects are connected to the significance of adhering to sharia law in some way. The MSI that was developed by Mohammed et al. (2015) in their research states that the practice of measuring performance using the MSI is a solution to existing problems regarding performance measurement for Islamic banking. This was stated in the MSI that was developed by Mohammed and his colleagues. When compared to the measuring instruments utilized by conventional banks, the outcomes of this method of measurement can serve as a point of reference for Islamic financial institutions during the process of formulating more all-encompassing policies, and they have the potential to become a differentiator in the process.

To evaluate their success, Islamic financial institutions frequently use the same metrics used by conventional financial institutions, such as the Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital method (RGEC). Islamic banks are measured using these measurement methods. The research that Umiyati and Faly (2019) carried out with the RGEC method is one example of these studies. Using the RGEC method to evaluate Islamic bank performance is inappropriate because it focuses exclusively on the financial aspect while ignoring the sharia aspect. Research by Mutia and Musfirah (2017) reaches a similar conclusion, suggesting that MS-based performance measurement should play a central role in the evolution of Islamic law. This can be used as evidence that Islamic law is flexible enough to adapt to societal

shifts, and as a solution to the problem of how to evaluate the success of Islamic banking, which goes beyond traditional financial metrics to incorporate new ways of gauging the impact of the sector on society at large. This metric can be used to evaluate the efficacy of Islamic financial institutions.

The study's goal is to analyze Islamic commercial banks' performance using the IPI and MSI. The goal of a performance review of an Islamic commercial bank is to ascertain the quality of the services provided by Islamic banks. This measurement was done by taking into account all of the measurement ratios that were applied (Fatmasari&Kholmi, 2018; Silvia et al., 2019).

Literature Review

Performance of Islamic Commercial Banks

Experts have begun developing a framework that better expresses Islamic ideals in the practice of Islamic banks themselves to improve the accuracy of performance evaluations of Islamic financial institutions. One of the many methods that have been developed, including those developed by Hameed et al. (2004), Haron (2004), and Antonio et al. (2012), employs a method of performance monitoring that is predicated on the primary goals of the bank itself. Antonio et al. (2012), measured the effectiveness of banks using the MSI. Education of individuals, the establishment of justice, and the promotion of public interest are the three primary pillars on which maqashid shariah is founded, and each of these pillars plays a significant role in MSI (Mohammed & Taib, 2009; Mursyid et al., 2021). Another method of measurement that can be utilized is called IPI. IPI is one approach that could be taken in order to evaluate how successful Islamic financial institutions are. Islam's sharia law, on the other hand, has as its ultimate goal the establishment of a just society in which everyone is treated fairly. According to the principles and practices of sharia banking, the sharia banking performance index quantifies how well these institutions are doing (Yusnita, 2019).

Both the IPI and MSI approaches can be used to measure the effectiveness of Islamic commercial banks. In addition to monetary metrics, IPI can assess whether or not Islamic commercial banks adhere to the principles of justice, halal, and purification in their operations (Wira et al., 2018). According to the findings of a study that was conducted by Johnes et al. (2014), Islamic financial institutions are typically on par with conventional financial institutions in terms of gross efficiency, significantly higher in terms of net efficiency, and significantly lower in terms of type efficiency. This research lends credence to the findings of Yudistira's (2004) investigation, which discovered that Islamic banks are more productive than conventional banks.

Islamicity Performance Index (IPI)

IPI is a technique for measuring performance that can expose the Islamic ideals that are present in Islamic banks (Lisa, 2017). In addition to this, the IPI helps demonstrate how Islamic banking has been improving its operations (Ibrahim et al., 2004). The IPI is a useful metric with the potential to reveal the material and spiritual values held by Islamic financial institutions. The information that is available in the annual financial statements is the only factor that is considered when applying the IPI to performance measurement (Yusnita, 2019).

One of the primary goals of Islamic banks is to practice

profit sharing, and this is an important aspect of Islamic finance. Consequently, it is crucial to evaluate the extent to which Islamic banks have utilized this ratio to achieve their intended goal of profit-sharing. There are two types of contracts that can be used to obtain revenue from profit sharing. These contracts are known as musharaka and mudharabah. Mudharabah is the practice of entrusting one's financial resources and one's trading activities to a third party in exchange for a share of the profits. Musyarakah, on the other hand, is a profit-sharing contract that is implemented whenever two or more business owners who have funds or capital work together as business partners to finance investments in new or existing businesses. Therefore, the formula that is utilized in determining the ProfitSharingRatio is accomplished by comparing the financing that was provided for the results of musyarakah and mudharabah with the financing that was provided in its entirety (Yusnita, 2019; Dwiastutiningsih&Apriani, 2022).

One of the main purposes of sharia accounting is to keep track of the zakat performance ratio (ZPR). One of Islam's five pillars is the practice of zakat. Hameed et al. (2004) argue that zakat payments should be used instead of traditional performance indicators like earnings per share to evaluate the success of Islamic financial institutions. The equitable ratio measures the share of a company's profits that are distributed to shareholders after deducting expenses such as salaries, bonuses, gifts, and charitable contributions. The total amount distributed (to social communities, employees, investors, and companies), divided by the total income before zakat and taxes, is used to calculate each of these metrics. A glance at this ratio reveals that many parties benefit from the average distribution of income (Meilani et al., 2016).

Islamic Investment vs. Non-Islamic Investment refers to the share of halal investments among Islamic banks' total holdings. This value is a reflection of how well the tenets of Islamic banking were followed, which prohibit the use of usury and maysir in financial dealings (Nurdin&Suyudi, 2019). This means that Islamic banking does not involve the practice of usury. In addition to the requirement that Islamic investments and non-Islamic investments be kept separate, the same requirement also applies to income. The products already offered by Islamic banks are where the majority of Islamic banks' profits come from. The PSAK No. 59 on accounting for Islamic banking states that the main operating income and other operating income are the sources of income for Islamic banks. The primary sources of operating income are comprised of rental income (ijarah, net income, sales and purchase income murabahah, margin income, parallel salam net income, and parallel istishna net income), revenue sharing (mudharabah revenue sharing and musyarakah revenue sharing), and other major operating income. The results of the distribution of funds carried out by Islamic banks can provide income to the bank (Yusnita, 2019), following the financing distribution contracts at Islamic banks.

Maqashid Sharia

The term maqashid al-shari'ah can be broken down into its parts, which are the words maqashid and shari'ah. The term "maqashid" comes from the word "maqshud," which translates to "intentional" or "purpose." Shariah, on the other hand, can be understood as "the way to the source of life", even though its literal meaning is "the road to water" (Chollisni& Damayanti, 2016). The primary objective of sharia law is to benefit servants (Mashalih al-ibad) in both this world and the next. This objective applies to both the present and the afterlife. Within

the framework of sharia, this benefit is referred to as maqashid (Wira et al., 2018).

Several key distinctions distinguish sharia banks from conventional banks. Islamic banks are financial institutions that adhere to the principles of Islam, which prioritize the welfare of the community. This is in contrast to commercial banks, the primary objective of which is to maximize profits to the greatest extent possible. In contrast to commercial banks, Islamic banks adhere to the principle that the products and services they offer should not be subject to interest charges. This stands in contrast to the practice of charging interest on products and services by commercial banks. Because this is one of the selling features of Islamic banks, this information must be presented accurately to the general public. Transactions in Islamic banks are restricted to contracts that are permitted by sharia. Islamic banks are not only focused on making a profit, but also on the growth of the community that surrounds the bank. As a result, many of the bank's operations are geared toward assisting the community. This is in contrast to commercial banks, the sole purpose of which their community outreach activities is to satisfy regulatory requirements. A further distinction lies in the fact that Islamic banks are subject to the oversight of a sharia supervisory board for every single transaction. This is done to protect the good name of Islamic banks within the community. In the meanwhile, commercial banks do not have a specialized body that oversees and ensures that they adhere to sharia law in their operations (Satibi et al. 2018; Haniffa & Hudaib, 2007; Karsono, 2022).

In their research, Mohammed et al. (2015) state that a performance evaluation for Islamic banking has been formulated which refers to the maqashidshari'ah concept. The MSI is a method that was developed by Mohammed et al. (2015) to evaluate how successful Islamic banking is. The inappropriate application of conventional performance indicators in Islamic banking served as the inspiration for the development of the MSI. This disparity is because conventional indicators only concentrate on monetary measurements, whereas the objectives of Islamic banking take into account a variety of factors (Hapipah, 2019). Conventional indicators are to blame for this discrepancy.

Research Methods

This study used a quantitative descriptive approach with a literature study method. Thus, the data source used was secondary data in the form of bank financial statements for the period 2016-2020. The sample selection used purposive sampling, namely based on certain considerations (Sugiyono, 2008). This approach included a mixed method (Sudaryono, 2018) that combined quantitative and qualitative methods simultaneously to obtain comprehensive, valid, reliable, and objective data. This study measured bank performance based on the ratios set in the IPI and MSI, and then descriptive statistics were used to describe the findings of the research. This method was chosen to measure bank performance. Maybank Syariah Indonesia, BTPN Syariah, BCA Syariah, Syariah Bukopin, Panin Dubai Syariah, Mega Syariah, Syariah Mandiri, BNI Syariah, BJB Syariah, BRI Syariah, Victoria Indonesia, Muamalat Indonesia, BPD Nusa Tenggara Barat Syariah, and Aceh Syariah were the population for this study.

The characteristics that the population as a whole possesses are counted, and the sample contributes to that total (Khairani, 2016). The method of selecting a sample based on a predetermined set of criteria is referred to as purposeful sampling. The following criteria were utilized in the selection

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process for the sample: 1) Islamic commercial banks that are registered with the bank of Indonesia and the financial services authority; 2) A bank has published its annual report during the research period, which is 2016 to 2020; 3) Islamic commercial banks that have sufficient data needed for research related to the IPI and MSI. According to the aforementioned standards, the researchers chose to collect data from six different Islamic financial institutions as their samples. These institutions are as follows: Muamalat Indonesia, BRI Syariah, Mandiri Syariah, BNI Syariah, Panin Dubai Syariah, and BCA Syariah.

Evaluation of the efficiency of Islamic commercial banks through the utilization of the IPI in conjunction with the MSI methodology and descriptive statistical techniques. Data analysis in this research was descriptive statistics. Descriptive statistics involves the collection of data, its presentation, the determination of statistical values, the creation of diagrams or pictures regarding something, and the reduction of large amounts of data to make it appear simpler (Nasution, 2017). The following are the stages that comprise the process of data analysis:

Using the IPI methodology to compute the performance of Islamic commercial banks that were selected as representative samples. The following is the formula that was used (Meilani, 2016):

$$\begin{aligned}
 \text{a. } PSR &= \frac{\text{Mudharabah} + \text{Musyarakah}}{\text{Total Financing}} \\
 \text{b. } ZPR &= \frac{\text{Net Zakat}}{\text{Asset}} \\
 \text{c. } EDR &= \frac{\text{Average Distribution For Each Stakeholders}}{\text{Total Revenue}} \\
 \text{d. } DEWR &= \frac{\text{Average Director Salary}}{\text{Average Employee Welfare}} \\
 \text{e. } IH &= \frac{\text{Halal Investment}}{\text{Halal Investment} + \text{Non-Halal Investment}} \\
 \text{f. } PH &= \frac{\text{Halal Income}}{\text{Halal Income} + \text{Non-Halal Income}}
 \end{aligned}$$

In order to obtain the overall result of the IPI, all of the measurement results of each ratio are summed up and then averaged. The following is the formula that is used:

$$IPI = \frac{PSR + ZPR + EDR + DEWR + IH + PH}{6}$$

Utilizing the MSI method, calculate the performance of Islamic Commercial Banks that were successful in passing the sample. There are two stages to this index. The first stage is to calculate the maqashid sharia ratio for each maqashid. The following is the formula that is used (Sudrajat&Sodiq, 2016):

$$\begin{aligned}
 \text{a. Education Assistance} &= \frac{\text{Education Assistance}}{\text{Total cost}} \\
 \text{b. Research} &= \frac{\text{Research Fee}}{\text{Total cost}} \\
 \text{c. Training} &= \frac{\text{Training Fee}}{\text{Total cost}} \\
 \text{d. Publication} &= \frac{\text{Publication Fee}}{\text{Total cost}} \\
 \text{e. Fair return} &= \frac{\text{PER}}{\text{Total Net Income}} \\
 \text{f. An affordable price} &= \frac{\text{Mudharabah} + \text{Musyarakah}}{\text{Total Investment}} \\
 \text{g. Interest-Free Product} &= \frac{\text{Interest-free income}}{\text{Total assets}} \\
 \text{h. Profit Ratio} &= \frac{\text{Net income}}{\text{Total assets}} \\
 \text{i. Personal Income} &= \frac{\text{Zakat}}{\text{Net Assets}} \\
 \text{j. Real sector Investment Ratio} &= \frac{\text{Real sector investment}}{\text{Total investment}}
 \end{aligned}$$

The following formula was used to proceed to the next stage, which was to determine the value or result of each bank's sharia maqashid:

$$MSI = \text{Average T1} + \text{Average T2} + \text{Average T3}$$

The total number of Islamic maqashid performance indicators for goal 1 (T1), goal 2 (T2), and goal 3 (T3) are represented by the formula presented above (Solihin et al., 2019). After that the researchers used the average of IPI and MSI methods to analyze the results of the selected Islamic commercial banks' operations. The following is the formula that is used:

$$\text{Average IPI and MSI} = \frac{\text{average IPI} + \text{average MSI}}{2}$$

The researchers then concluded by establishing a performance classification for sharia commercial banks

Description of Research Data

Reducing the amount of time spent presenting and verifying the data is the activity that will be used to test the data requirements for this study. Table 1 displays the preliminary findings of this study.

No	Bank Name	IPI RATIO					
		PSR	ZPR	EDR	DEWR	IH	PH
1	BNIS	27.21%	0.05%	1.28%	0.76%	99.98%	99.99%
2	BRIS	36.61%	0.02%	0.51%	4.21%	99.96%	99.97%
3	BMS	100.00%	0.02%	0.53%	2.48%	99.99%	99.99%

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4	BPDS	54.02%	0.01%	3.24%	5.09%	99.99%	99.99%
5	BMI	51.30%	2.25%	4.04%	4.05%	99.94%	99.98%
6	BCAS	54.73%	0.91%	5.47%	8.09%	99.86%	99.98%

Table 1: Description of IPI Ratio

Source: Authors' work, having been processed

Table 1 presents the outcomes of all measurements performed with the IPI, which includes 6 ratios.

No	MSI RATIO									
	Educating humans				Enforcing justice			Public interest		
	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
1	0.16%	1.44%	0.42%	0.00%	0.00%	33.04%	0.00%	1.00%	5.45%	36.21%
2	0.39%	2.00%	0.39%	0.00%	0.00%	40.58%	0.00%	0.38%	6.40%	24.57%
3	0.85%	0.01%	0.19%	0.00%	0.00%	36.05%	0.00%	0.76%	3.76%	34.44%
4	1.60%	1.44%	1.21%	0.00%	0.00%	52.39%	0.00%	0.21%	4.70%	36.89%
5	0.33%	0.34%	1.22%	0.00%	0.00%	40.66%	0.00%	0.06%	4.78%	76.60%
6	1.56%	0.00%	1.50%	0.00%	0.00%	39.89%	0.00%	0.75%	0.12%	90.53%

Table 2: Description of MSI Ratio

Source: Authors' work, having been processed

Table 2 presents all measurement results using MSI which consists of 10 ratios.

Results and Discussion

To obtain results that are exhaustive and reliable from this study, the performance of Islamic commercial banks was evaluated by adding together the findings of analyses performed using IPI and MSI. This was done to measure the

effectiveness of the banks (Rusydiana&Sanrego, 2018; Silvia et al., 2019; Alhammadi et al., 2020; Mursyid et al., 2021; Puspitarini&Lutfiana, 2022). The outcomes of the calculations used to determine the IPI and MSI values of Islamic commercial banks in Indonesia are presented in Table 3 and span the years 2016-2020.

No.	Bank Name	Average IPI	Average MSI	Average IPI and MSI	Classification
1.	BNIS	38.21%	25.74%	31.98%	Good
2.	BRIS	40.21%	24.67%	32.44%	Good
3.	BMS	50.50%	25.27%	37.88%	Good
4.	BPDS	43.72%	32.46%	38.09%	Good
5.	BMI	43.59%	41.17%	42.38%	Very Good
6.	BCAS	44.84%	44.53%	44.68%	Very Good

Table 3: Result of Sum of IPI and MSI

Source: Authors' work, having been processed

According to table 3, the average results of the IPI and MS scores of Islamic commercial banks in Indonesia in 2016-2020 are as follows: BCA Syariah with 44.68 percent results, Muamalat Indonesia with 42.38 percent results, Panin Dubai Syariah with 38.09 percent results, 37.88% for Mandiri Syariah, 32.44% for BRI Syariah, and BNI Syariah with 31.98 percent results. The bank with the lowest results in BNI Syariah. According to the findings, BCA Syariah and Bank Muamalat Indonesia are placed in the category of having very good performance, whereas the other four banks are placed in the category of having good performance according to IPI and MSI.

3 Measuring the Performance of Islamic Commercial Banks Using IPI

Using IPI, this study compared the performance of Islamic commercial banks across six different ratios: Profit Sharing Ratio (PSR), Zakat Performance Ratio (ZPR), Equitable

Distribution Ratio (EDR), Directors' and Employees' Welfare Ratio (DEWR), Islamic Investment vs. Non-Islamic Investment (IH), and Islamic Income vs. Non-Islamic Income (PH) (Mutia et al., 2018; Nasim et al., 2020; Mayasari, 2020; Felani, et al., 2020; Prasetyo et al, 2020; Fatmawatie, 2021; Marzuki et al., 2022). This study used data from Indonesian Islamic commercial banks' average IPI index results from 2016 to 2020 and the performance classification, Bank Mandiri Syariah has the highest average IPI results at 50.50 percent, followed by BCA Syariah with 44.84 percent, Bank Panin Dubai Syariah with 43.72 percent, Bank Muamalat Indonesia with 43.59 percent, BRI Syariah with 40.21 percent, and BNI Syariah with 38.21 percent.

The results of the PSR show a range of values based on the six samples; these values come from the ratio that demonstrates the level of comparison between musyarakah and mudharabah financing and total financing. The higher the result, the more it indicates that the financing provided by musyarakah and mudharabah is balanced and proportionate to the overall financing. In addition, in the ZPR column, the

average results of zakat distribution divided by net assets show results that are relatively similar across the six samples. These results are below 1 percent, except for Bank Muamalat Indonesia, which has a yield of 2.25 percent. This is the result that we got as a result of the fact that the quantity of zakat that BMI distributed was quite commensurate with the total assets that were owned. The EDR column, which measures the distribution of income to a large number of stakeholders, shows that the results from the six samples are relatively similar and do not differ significantly from one another. The result with the lowest score is BRI Syariah, and the result with the highest score is BCA Syariah. BRI Syariah's comparison of the two figures was still not commensurate, whereas BCA Syariah was able to achieve high results because the number of card funds, employee expenses, and donation funds was quite commensurate with the total income obtained.

Comparable results can also be seen in the DEWR column, which reveals that BCA Syariah receives the best score while BNI Syariah receives the lowest score. This ratio illustrates the comparison of the salary of the director to that of an employee. While the IH and PH columns show results that are relatively similar across the six samples, it should be noted that the average performance of all Islamic commercial banks in Indonesia is greater than 99 percent. According to these findings, the six samples of Islamic commercial banks have done exceptionally well in terms of making halal investments and conducting halal business. The classification of Islamic bank performance can be established once the average IPI results have been obtained. According to the IPI, Bank BNI Syariah and BRI Syariah have achieved good levels of performance, whereas Bank Mandiri Syariah, Bank Panin Dubai Syariah, Bank Muamalat Indonesia, and BCA Syariah have achieved very good levels of performance. Due to the low level of musyarakah and mudharabah financing, the performance of BNI Syariah and BRI Syariah banks, which are both rated as good, is the reason why their PSR results are still low in comparison to the results of other Islamic banks.

Measuring the Performance of Islamic Commercial Banks Using MSI

In this study, researchers employed a method based on MSI that uses ten different ratios to evaluate the effectiveness of Islamic commercial banks. These ratios are as follows: education assistance (R1), research (R2), training (R3), publications (R4), fair returns (R5), affordable prices (R6), interest-free product (R7), profit ratio (R8), personal income (R9), and real sector investment ratio (Rusydia & Firmansyah, 2017; Hasan & Dewi, 2019; Yusup & Nasution, 2020; Ibrahim & Ismail, 2020; Mursyid et al., 2021; Salman, 2021). The results of a calculation that was done to determine the average MSI ratio of Islamic commercial banks that were active in Indonesia between the years 2016 and 2020 are presented in the following information. The following is a list of Islamic commercial banks in Indonesia, with the highest MSI results presented first and working its way down to the banks with the lowest MSI results, according to the average results of the MSI ratio of Islamic commercial banks in the period 2016-2020: BCA Syariah with 44.53 percent, Bank Muamalat Indonesia with 41.17 percent, Bank Panin Dubai Syariah with 32.64 percent, BNI Syariah with 25.74 percent, Bank Mandiri Syariah with 25.27 percent results, and BRI Syariah with 24.67 percent.

According to the findings that are presented in the tahdzib al fardh column, which is also known as the individual education column, the six samples of Islamic banks have provided assistance with education, research, and training. On

the other hand, it does not disperse publication funds, which results in a yield of 0% from any and all Islamic financial institutions for the publication ratio. According to these findings, Islamic commercial banks in Indonesia are quite good in terms of the individual education of their customers, but they still need to be improved because the percentage of customers who use Islamic banking is still relatively low. The ratio found in the iqamah al-adl column, also known as upholding justice, which includes just returns, reasonable prices, and products that are not subject to interest. However, the researchers of this study did not find any price-to-earnings (PER) accounts or accounts that recorded interest-free income. As a result, when the fair return ratio and interest-free products were taken into account, the entire sample had a yield of 0.00 percent. Although the ratio of affordable prices was the same across all six samples, the yield ranged anywhere from 33 to 52 percent. Based on these findings, it appears that Islamic commercial banks in Indonesia offer products at prices that are within reasonable ranges.

The next ratio is known as *jalb al-maslahah*, which translates to "improving welfare." This ratio is comprised of the ratio of profit, personal income, and investment in the real sector. The table presents the findings of the low personal income ratio and the low-profit ratio of the six samples of Islamic commercial banks. Even though the percentage of personal income is higher than the profit ratio, the personal income ratio is still considered to be low. In the meantime, the ratio of real sector investments has been producing better results. According to these findings, net income is not proportionate to total assets, and the distribution of zakat funds is not in balance with net assets, but Islamic commercial banks in Indonesia can be supported by high investment in the real sector of the economy. Once the average MSI results have been obtained, the classification of Islamic bank performance can then be determined. BNI Syariah, BRI Syariah, Mandiri Syariah, and Panin Dubai Syariah had good performance based on MSI while Muamalat Indonesia and BCA Syariah had very good performance. The ratio results in the element of *jalb al-maslahah* or benefit have a significant impact on the results obtained by Muamalat Indonesia and BCA Syariah, which are categorized as having very good performance. This is particularly the case in the real sector investment ratio, which is high in comparison to the ratios obtained by other banks.

Measuring the Performance of Islamic Commercial Banks Using Average of IPI and MSI

This study determined the average of the sum of IPI and MSI as a means of evaluating the performance of Islamic commercial banks using these two indicators. The following is a breakdown of the findings from a study that measured Islamic commercial banks in Indonesia between the years 2016 and 2020. According to table 3, the average results of the IPI and MSI of Islamic commercial banks in 2016-2020 are as follows: BCA Syariah at 44.68 percent results, Muamalat Indonesia at 44.38 percent results, Panin Dubai Syariah at 38.09 percent results, Mandiri Syariah 37.88 percent results, BRI Syariah 32.44 percent results, and BNI Syariah with 31.98 percent results. The lowest is BNI Syariah with 31.98 percent. The classification of Islamic bank performance can be established after obtaining the average results of the IPI and MSI. Bank BNI Syariah, BRI Syariah, Mandiri Syariah, and Panin Dubai Syariah had good performance based on IPI and MSI, while Muamalat Indonesia and BCA Syariah had very good performance.

Conclusion

Based on the results of the research, the performance of Islamic commercial banks using the IPI which is comprised of six ratios, BNI Syariah and BRI Syariah have good performance results. On the other hand, the performances of Mandiri Syariah, Panin Dubai Syariah, Muamalat Indonesia, and BCA Syariah are regarded as being very good. Meanwhile, the performance of Islamic commercial banks using the MSI which consists of ten ratios, BNI Syariah, BRI Syariah, Mandiri Syariah, and Panin Dubai Syariah has good performance results. On the other hand, BCA Syariah and Muamalat Indonesia are examples of financial institutions that have been rated as having very good performance during this period. According to the findings of an analysis of data using IPI and MSI, which is the average of the sum of IPI and MSI, respectively, BNI Syariah, BRI Syariah, Mandiri Syariah, and Panin Dubai Syariah have good performance results. During this period, Bank Muamalat Indonesia and BCA Syariah have both demonstrated very good performance. The performance of BNI Syariah and BRI Syariah banks, which are both rated as good, is the reason why their PSR results are still low in comparison to the results of other Islamic banks. This is because the level of musyarakah and mudharabah financing is relatively low in both of these banks. The ratio results in the element of jalb al masalah or benefit have a significant impact on the results obtained by Muamalat Indonesia and BCA Syariah, both of which are categorized as having very good performance. This can be seen most clearly in the real sector investment ratio, which, in comparison to the ratios obtained by other banks, is significantly higher than the average. This is because the real sector investment ratio is a ratio that measures investment in the real economy.

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