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THE EFFECT OF FINANCIAL RATIOS ON PROFITABILITY OF INDONESIAN ISLAMIC BANKING BEFORE AND DURING THE COVID-19 PANDEMIC (2018-2021)

Ulva Ardiani[1]. Damanhur[2*], Muammar Khadafi[3]
ulva.206110101009@mhs.unimal.ac.id [1], .damanhur@unimal.ac.id[2], khaddafi@unimal.ac.id[3]
[123] Master Science Management Program, Malikussaleh University Lhokseumawe, Indonesia
*Corresponding author

ABSTRACT

This study aims to analyze the effect of financial ratios on profitability (NOM), and look at differences in profitability (NOM) in Islamic Banking before and during the Covid-19 pandemic (2018-2021). The sampling technique used purposive sampling. The selected sample is 10 Islamic Commercial Banks in Indonesia for the period from 2018 to 2021. Financial ratios are measured by ROE, NPF, FDR, and BOPO and profitability is measured by NOM. The data analysis method used is multiple linear regression and non-parametric test (Wilcoxon test). The results showed that ROE and BOPO had a positive effect on NOM, while NPF and FDR had a negative effect on NOM, then there is no difference in net operating margin (NOM) before and during the covid-19 pandemic.

Keywords: financial ratio, profitability, Islamic banking, covid-19

INTRODUCTION

Covid-19 has become a new phenomenon for people around the world, including Indonesia. The World Health Organization (WHO) on December 31, 2019, officially announced this case of cluster pneumonia with this new etiology. Furthermore, on January 30, 2020, Covid-19 was declared a public health Emergency of International Concern (PHEIC), and on March 11 2020 Covid-19 was declared a pandemic. Indonesia first reported 2 positive cases on March 2 2020, until mid-2021 positive cases continued to increase and until now in 2022 positive cases continue to decrease.

Based on statistical data (see Figure 1.1), the highest number of Covid-19 cases in Indonesia was found on the island of Java. The first position is in DKI Jakarta with 1,229,197 cases and 15,084 deaths. West Java is in second place with 1,088,802 cases and 15,536 deaths. Central Java is in third place with 619,051 cases and the highest death rate with 32,464 people. In fourth place is East Java with 570,102 cases and occupies the second position with the most deaths, namely 31,196 people. And in fifth place is Banten with 285,577 cases and 2,908 deaths.

The Covid-19 pandemic was also felt in the Indonesian economic sector, where the USD exchange rate against the rupiah weakened, on March 2 2020 the exchange rate of 1 USD against the rupiah was Rp. 14,256 and on April 9 weakened by 11.32% to Rp. 15,880 (Estro dariatno Sihaloho; 2020). Economic performance in the first quarter of 2020 was the lowest growth in the first quarter since 2001, namely only growing by 2.97% (Putra, 2020).

Program Magister Ilmu Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Malikussaleh

After the enactment of Law No. 21 of 2008 concerning Islamic banking which was issued on July 16, 2008, the development of the national Islamic banking industry increasingly has an adequate legal basis and will encourage its growth even more rapidly. Statistical data on Sharia Banking in January 2020 showed that there were 1,922 branches of Islamic Commercial Bank office networks spread across Indonesia and dominated by Java Island, while Java Island was the area where Covid-19 was most frequently found. This indicates that most Islamic banks are in the red zone (Sumadi, 2020).
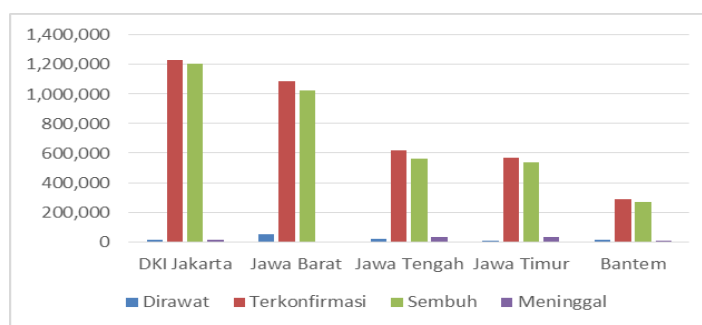
Source: Central Bureau of Statistics, (BPS) 2022.
Figure 1. Data on the Development of Covid-19 in Indonesia

According to (Ningsih and Mahfudz, 2020) the Covid-19 pandemic caused panic in the financial sector and had an impact on banking. All banks experienced turmoil in their intermediary function which tended to decline both in terms of financing and fundraising. Based on Sharia banking statistical data, the development of profitability from the pre-pandemic period in November 2018 to December 2021 fluctuated. In November 2021 profitability experienced a significant decrease of 1.39%. however, thereafter BUS profitability increased gradually. February 2021 is the highest level of profitability during the pandemic which is also the month of the merger or merger of the Himbara Sharia Bank.

Since the Covid-19 pandemic hit Indonesia, the banking sector has shown a decline in asset and liability management due to the disrupted company liquidity conditions. This is caused by debtors who cannot pay their obligations on time to banks based on policies set by the government regarding credit relaxation for debtors (Ahmad, et al., 2020).

In addition, the Covid-19 pandemic has affected the level of public saving in Islamic banks and Sharia business products which has decreased, production costs have increased because Indonesia is still dependent on raw materials to produce halal goods, and there have been many layoffs in the workforce Statistical data Sharia Banking in January 2020 showed a network of 1,922 Islamic Commercial Bank office branches spread across Indonesia and dominated by Java Island, while Java Island was the area with the most cases of Covid-19. This indicates that most Islamic banks are in the red zone (Safitri, 2020).

It can be seen that at the time of the economic crisis in 2008, Islamic banking was able to survive when many conventional banks went bankrupt. One of the reasons underlying the resilience of Islamic banking in facing the crisis is because of the profit-sharing system that is used, which makes Islamic banking not the sole risk bearer for losses that occur. The findings stated that Islamic banking had high resilience in facing the economic crisis in 2008. In addition, Azhari and Wahyudi (2020) also stated that Islamic banking was the financial sector that was affected by this prolonged pandemic. This moment is an opportunity for Islamic banking and other financial institutions to contribute to helping the community's economy.

Furthermore, Wahyudi (2020) stated that during the Covid-19 pandemic, Islamic banking faced several possible risks, namely the risk of non-performing financing (NPF),

market risk, and liquidity risk. Therefore, these risks will ultimately have an impact on the performance and profitability of Islamic banking. Many studies examine how the performance impact of CAR, NPF, FDR, BOPO, and Inflation on Profitability. There are differences in the findings of previous studies above and concerning field conditions in the Covid-19 pandemic situation, the researchers are trying to re-analyze the condition of Islamic banking in Indonesia by comparing the NPF and FDR values of Islamic banks between before the Covid-19 pandemic and during ongoing covid-19 pandemic (Pribanggayu et al., 2021).

Based on the explanation above, this research is important to do because Islamic Commercial Banks are the largest contributor to Islamic finance and have developed rapidly from year to year compared to other types of Islamic banking. Islamic banks were once considered capable of surviving various kinds of economic crisis conditions such as in 1998 and 2008. And at this time, the banking world was tested again by the presence of the covid-19 virus. This study intends to look at economic growth, especially in the world of Islamic banking before and during the Covid-19 pandemic. How does this pandemic situation affect the banking world and what policies can be taken by the government and banking parties to continue to maintain the existence of Islamic banking in society during the Covid-19 pandemic situation?

The purpose of this study is to analyze the effect of financial ratios on profitability (NOM), and look at differences in profitability (NOM) in Islamic Banking before and during the Covid-19 pandemic (2018-2021 period). This research is expected to contribute to the development of the literature, especially related to financial management.

METHOD

Data and Samples

The population that will be studied in this study are Islamic Commercial Banks that are recorded at the OJK, namely as many as 15 banks as of April 2022. The sample is part of the number and characteristics possessed by this population. The sampling technique used was purposive sampling. According to Sekaran and Bougie (2016), purposive sampling is a sampling technique based on certain criteria or characteristics of the sample. The purpose of using the purposive sampling technique is to get a representative sample according to the specified criteria. The criteria determined for the selection of samples in this study are:

1. Sharia Commercial Banks registered with the Financial Services Authority.
2. The financial reports of Islamic Commercial Banks have been published on the official website of each bank during the research period from 2018 - 2021.
3. Financial reports of Islamic Commercial Banks that are complete with what is needed in the research variables.

Based on these criteria, the sample that will be used in this study is 10 Islamic Commercial Banks with research objects for the period 2018 – 2021, e.i PT. Bank Aceh Syariah, PT. BPD Nusa Tenggara Barat Syariah, PT. Bank Muamalat Indonesia, Tbk, PT. Bank Victoria Syariah, PT. Bank Jabar Banten Syariah, PT. Bank Mega Syariah, PT. Bank Panin Dubai Syariah, PT. Bank Syariah Bukopin, PT. BCA Syariah, PT. Bank Aladin Syariah.

This research is a quantitative study using panel data. The type of data used in this research is quantitative data, namely data in the form of numbers, namely from the 2018-2021 period. Meanwhile, the data source used is secondary data, namely data obtained from the financial reports of Islamic commercial banks which have been published on the official website of each bank during the research period from 2018–2021.

Data analysis

The data analysis method used in this study is multiple regression analysis and different tests, using the Eviews statistical tool. The panel data regression model in this study is as follows:

$$NOM_{it} = \beta_0 + \beta_1 ROE_{it} + \beta_2 NPF_{it} + \beta_3 FDR_{it} + \beta_4 BOPO_{it} + e_i$$

Panel data analysis can be performed using static panel data consisting of Ordinary Least Square (OLS), Fixed Effect Model (FEM), and Random Effect Model (REM). To find out the effect of the independent variables on the dependent variable, one of them can be used in Ordinary Least Square (OLS) regression analysis. An easy way to estimate the coefficients using panel data that ignores the individual (firm) and time (year) dimensions is usually called Pool OLS Regression (Gujarati & Porter: 2012). The empirical equation for Ordinary Least Square is as follows:

$$Y_{it} = \beta_1 + \beta_2 X_{2it} + \mu_{it}$$

Furthermore, the Fixed Effect Model (FEM) this model can show constant differences between objects, even with the same regressor coefficient. This model also takes into account the possibility of the researcher facing the problem of omitted variables which might bring changes to the intercept time series or cross-section. The FEM model with fixed effects has a constant magnitude for various periods. Likewise the regression coefficient is fixed over time (time-invariant) (Gujarati & Porter: 2012). The empirical equation for the Fixed Effect Model can be seen in the equation below:

$$Y_{it} = \beta_{1i} + \beta_2 X_{2it} + \mu_{it}$$

$$Y_{it} = \alpha_1 + \alpha_2 D_{2i} + \alpha_3 D_{3i} + \alpha_4 D_{4i} + \beta_2 X_{2it} + \beta_3 X_{3it} + \mu_{it}$$

Next is the Random Effect Model, which is used to overcome the weaknesses of the stage effect method which uses pseudo-variables, so that the model experiences uncertainty. Without using pseudo-variables, the random effects model uses residuals, which are suspected to have a relationship between time and between objects. However, there is one condition for analyzing using a random effect model, namely the cross-data object must be greater than the number of coefficients (Gujarati, 2003). The REM model estimates panel data where the disturbance variables may be related (error terms) over time and between individuals.

The Panel Data Model Selection method used in this study is the F test (Chow test) and the Hausman test. The fixed effect significance test or Chow-test is to find out whether the panel data regression technique with the fixed effect is better than the panel data regression model without dummy variables or OLS. The basis for returning decisions using the hypothesis chow test is as follows (Gujarati, 2003): H0 : Correct OLS; H1 : Right FEM.

If the Chow test results are not significant (probability > 0.05) then H0 is accepted and H1 is rejected, which means that the panel data regression uses the OLS model and the test stops here. If the results of the Chow test are significant (Probability <0.05) it states that H0 is rejected and H1 is accepted, which means that the panel data regression uses the Fixed Effect Model (FEM), which is then carried out by the Hausman test.

The Hausman test can be defined as a statistical tester to select the most appropriate fixed effect model (FEM) or random effect model (REM). Hausman test testing is done with the following hypothesis: H0 : proper REM; H1 : Right FEM. If the company value of the Hausman test is <0.05 then H0 is rejected and H1 is accepted, which means that the correct model is the fixed effect model (FEM). However, if the probability value of the Hausman Test is > 0.05 then H0 is accepted and H1 is rejected, which means that the right model is the random effect model (REM).

The F statistic test shows whether all the independent variables included in the model have a simultaneous effect on the dependent variable (Ghozali 2009:16). This test is used to test the feasibility of the model (goodness of fit). The significance level used is 5% with degrees of freedom df = (n-k-1), where n = number of observations and k = number of variables. The test criteria are if f-statistic > f-table then H0 is rejected and if f-statistic <f-table then H0 is accepted.

According to Nugroho (2011: 101) The t test is to compare the averages of the two samples. This test was conducted to test each independent variable (X1, X2, X3, X4, X5) whether there was a significant increase in understanding of the dependent variable (Y) partially. If the significant value is less than 0.05, Ho is rejected and Ha is accepted, but if the significant value is greater than 0.05, Ho is accepted and Ha is rejected.

Different test t-test is used to determine whether two unrelated samples have different mean values. Different test t-test is done by comparing the difference between the two average values with the standard error of the difference in the mean of the two samples. The standard errors of differences in the mean values are normally distributed. It can be concluded that the t-test is to compare the average of two groups that are not related to one another (Suhikmat and Novita, 2018).

In the difference test, there are two parts, namely, the paired sample t-test and the non-parametric test (Wilcoxon test). The data normality test is a guide in choosing the different tests used. To find out whether normal data or not seen from the probability value if it is above 0.05 then the data is normally distributed and if it is below 0.05 then the data is not normally distributed, the normality test results for the dependent variable have a prob result of 0.0000 which indicates the data is not normally distributed then the test used is Wilcoxon test.

RESULTS AND DISCUSSION

Ghozali (2016) states that descriptive statistics provide an overview of a data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness. Descriptive statistics are usually used to describe the profile of sample data before utilizing statistical analysis techniques that function to test hypotheses. In this study, the dependent variable is NOM and the independent variables are ROE, NPF, FDR, and BOPO.Hasil Uji Statistik Deskriptif.

Table 1.2
Descriptive statisticsAnalisis

	N	Minimum	Maximum	Mean	Std. Deviation
NOM	40	0.040000	9.930000	1.520250	2.194203
ROE	40	-4.605170	3.458208	0.908052	1.963446
NPF	40	-4.605170	1.599388	-0.194608	1.755990
FDR	40	-2.040221	5.281832	4.118352	1.244502
BOPO	40	4.028205	6.060057	4.582849	0.340471

Source: Data processed with Eviews10, (2022)

Based on Table 1.2 NOM has an average value of 1.520250 with a standard deviation of 2.194203. The average value is smaller than the standard deviation which indicates that it is a poor representation of the entire NOM of Islamic Commercial Banks in the 2018-2021 period. The minimum value of NOM is 0.040000 while the maximum NOM is 9.930000 in 40 observations. Return On Equity has an average value of 0.908052 with a standard

deviation of 1.963446. The average value is smaller than the standard deviation which indicates that it is a poor representation of the entire BUS Return On Equity data for the 2018-2021 period. The minimum value of Return On Equity is -4.605170 while the maximum Return On Equity is 3.458208. In the observations made as many as 40 observations.

Non-Performing Financing has an average value of -0.194608 with a standard deviation of 1.755990. The average value is smaller than the standard deviation which indicates that it is a poor representation of the entire BUS Non-Performing Financing data for the 2018-2021 period. The minimum value for Non-Performing Financing is -4.605170 while the maximum for Non-Performing Financing is 1.599388. In the observations made as many as 40 observations. The financing-to-deposit ratio has an average value of 4.118352 with a standard deviation of 1.244502. The average value is greater than the standard deviation which indicates that it is a good representation of the entire BUS Financing to deposit ratio data for the 2018-2021 period. The minimum value of the Financing to deposit ratio is -2.040221 while the maximum Financing to deposit ratio is 5.281832. In the observations made as many as 40 observations. Operating Costs and Operating Income have an average value of 4.582849 with a standard deviation of 0.340471. The average value is greater than the standard deviation which indicates that it is a good representation of all BUS Operating Costs and Operating Income data for the 2018-20201 period. The minimum value of Operating Costs and Operating Income is 4.028205 while the maximum Operating Costs and Operating Income is 6.060057. In the observations made as many as 40 observations.

Based on the F test statistics table, it is known that the F statistic is 20,194 and the F table is 2.49, indicating that the F statistic > F table with a p-value of 0.000 is smaller than the significant level (α) of 0.05. It means that together (simultaneously) there is a significant influence between the variables ROE, NPF, FDR, and BOPO on the NOM variable. It shows that the data analysis method used has a goodness of fit with this research model.

Table 1.3
F test Statistic

Cross-section fixed (dummy variables)			
R-squared	0.909889	Mean dependent var	1.520250
Adjusted R-squared	0.864834	S.D. dependent var	2.194203
S.E. of regression	0.806698	Akaike info criterion	2.677482
Sum squared resid	16.91980	Schwarz criterion	3.268590
Log-likelihood	-39.54964	Hannan-Quinn critter.	2.891208
F-statistic	20.19489	Durbin-Watson stat	1.408618
Prob(F-statistic)	0.000000		

Source: Data processed with Eviews10, (2022)

T-test Statistics is used to determine the magnitude of the influence of each independent variable individually (partially) on the dependent variable. Table 1.3 shows the influence of ROE on NOM (β=0.488799, t =4.887464, and P-value 0.0000), with a positive regression coefficient direction. This calculation explains that the t statistic (4.887464) is greater than the t table of 2.49 and the value of Sig. of 0.000 below α 0.05). Thus it can be concluded that with a 95% confidence level, the ROE has influence and significance on NOM.

The results of this study support research conducted by (Azhar and Supaino, 2018) with the title Analysis of the effect of ROE, CAR, NPF, BOPO, and FDR on Return on Islamic Banking Assets in Indonesia for the 2013-2017 period. ROE is a ratio to measure a company's ability to generate net profit associated with dividend payments. The higher the return on equity means the higher the amount of net profit that will be generated from every

rupiah of funds embedded in equity. Conversely, the lower the return on equity means the lower the amount of net profit generated from each rupiah of funds embedded in equity.

Table 1.3
Statistical T-test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.04965	2.166316	-4.639051	0.0001
ROE	0.488799	0.100011	4.887464	0.0000
NPF	-0.086644	0.167053	-0.518661	0.6084
FDR	-1.121211	0.158627	-7.068210	0.0000
BOPO	3.431648	0.476379	7.203615	0.0000

Source: Data processed with Eviews10 , (2022)

At this time, even though Islamic banks are facing a global economic crisis due to the Covid-19 outbreak, the fact is that Islamic banks are still able to operate and efficiently manage funds to generate profits with available capital. In research (Ihsan and Hosen (2021) when viewed from the growth of ROA and ROE, it has indeed decreased, but the income of funds after profit sharing received by BNIS is good enough compared to 2019.

Based on these statistical results of the t-test statistic, the result is that Non-Performing Financing (NPF) does not affect NOM (β=-0.086644, t =-0.518661, and P-value 0.6084), with a negative regression coefficient direction. This calculation explains that the t statistic (-0.518661) is smaller than the t table of 2.49 and the value of Sig. of 0.608 is greater than α 0.05). Thus it can be concluded that with a 95% confidence level, the NPF variable has no effect and is not significant on NOM.

The greater the NPF, the greater the opportunity cost that must be incurred by the bank resulting in losses to the bank. However, in this study, the NPF has decreased along with economic uncertainty as it is today. This means that the Covid-19 pandemic does not affect customers in making installment payments. This is because the bank carries out an appropriate risk analysis which later these problems will affect the amount of the profit-sharing level obtained.

In addition, the bank also properly implements the regulations issued by the Financial Services Authority (POJK) No.11/POJK.03/2020 concerning Credit/Financing Relaxation for people affected by Covid-19 (OJK, 2020) which aims to encourage the optimization of banking intermediation function, and supporting national economic growth (Saputri and Hannase, 2021). This can assist customers in paying installments which has an impact on reducing non-performing financing (NPF) so that Islamic commercial banks can maintain their profitability.

Research conducted by Syachreza and Mais (2020) shows that the higher the level of non-performing financing risk (NPF) of a bank, it will affect the decline in the financial performance of Islamic commercial banks or vice versa if the level of non-performing financing risk (NPF) is low, it will improve the financial performance of Islamic commercial banks. According to the Financial Services Authority (OJK), the maximum NPF standard is 5%, if anything exceeds this standard it will be a warning for Islamic bank business actors in maintaining credit quality.

Then the result of FDR (β=-1.121211, t=-7.068210, and P-value 0.0000), with a negative regression coefficient direction. This calculation explains that the t statistic of (-7.0682) is greater than the t-table of 2.49 and the value of Sig. of 0.000 greater than α (0.05).

Thus it can be concluded that with a 95% confidence level, the FDR variable has a negative and significant effect on NOM. Previous studies have found mixed relationships. The research of Yusuf (2021), shows a positive influence on profitability. Meanwhile, research (Wahyudi, 2020) states that FDR does not affect the profitability of Indonesian Islamic Commercial Banks. However, this study shows that FDR has a negative effect on Net Operating Margin (NOM).

If the bank's ability to manage financing is higher, the level of non-performing financing will be lower. If the NPF is lower, the bank can generate profits from the financing issued. However, in this study, it did not have that effect. A low FDR level does not affect income to be low. This is due to the existence of third-party funds that were not channeled optimally or in another sense during the Covid-19 pandemic Islamic banks held back the pace of financing expansion to reduce the risk of default which ultimately had an impact on profitability. However, there is another possibility that DPK received by the bank is placed in other instruments whose income is more certain and safer. The results of this study support research conducted by (Purbaningsih and Fatimah, 2018) which states that FDR has a negative effect on the profitability of Indonesian Islamic public banking.

At this time the FDR of Islamic commercial banks is still around 80%. This is still far below the Sharia business unit which has reached 100%. However, judging from the current crisis, the FDR of Islamic banks is still in the good category because they have not experienced much change during the pandemic. This means that the level of trust from deposit and loan customers is still high despite the crisis. The need for loan funds is still stable as well as savings funds (Ihsan and Prawidya, 2020).

Furthermore, the result of BOPO (β= 3.431648, t = 7.203615, and P-value 0.0000), with a positive regression coefficient direction. This calculation explains that the t statistic of 7.2036 is greater than the t table of 2.49 and the value of Sig. of 0.000 is greater than α (0.05). Thus it can be concluded that with a 95% confidence level, the BOPO variable has a positive and significant effect on NOM.

The results of this study support research conducted by Yusuf (2017) which states that Operational Costs and Operating Income (BOPO) have an effect on profitability. The higher the BOPO, the higher the amount of return on assets which will increase profitability and of course will increase the return on assets that will be received by Islamic banks. So that the higher this ratio, indicates that the bank's operational costs are higher, which means that the bank is less efficient in controlling its operational costs which affects the decrease in income generated by Islamic Commercial Banks.

In this research, BOPO is the variable that has the most influence on NOM in Islamic commercial banks. This states that the bank is not efficient in carrying out its business activities. This is due to the large number of costs that banks need to use in carrying out operational activities during the economic crisis caused by the Covid-19 pandemic case. Therefore, to increase the NOM of Islamic banks, they must manage bank operational activities efficiently by minimizing bank operational costs which greatly affect the level of bank profits which is reflected in net income gains. Banks that are efficient in operations can generate high income and need to take the right policies to cut unnecessary costs (Syachreza and Mais 2020). An increase in BOPO causes a decrease in profits, thus impacting a decrease in NOM.

In this study, the non-parametric difference test used the Wilcoxon test (see Appendix). The Wilcoxon test value was 0.2287 which showed that the value was above 0.05, which meant that there was no difference in profitability between before and during Covid-19. Wilcoxon test results are determined by significant values, i.e:
    1. If the probability value is below 0.05, it indicates that there is a significant

difference between the initial variable and the final variable, which indicates that there was an influence between profitability before Covid-19 and during Covid-19.

2. If the probability value is above 0.05, it indicates that there is no significant difference between the initial variable and the final variable, which indicates that there was no effect between the Net Operating Margin (NOM) before Covid-19 and during Covid-19.

3. So, it can be concluded that the prob value in this Wilcoxon test is 0.2287 which shows that the value is above 0.05, which means that there is no difference in profitability between before and during Covid-19.

Based on the results of the non-parametric different test it is known that the probability value (NOM) in the Wilcoxon test is 0.2287 which indicates that the value is above 0.05 which means that there is no difference in profitability (NOM) between before and during Covid-19. In research conducted by Dania, et al (2021) entitled Differences in Bank Profitability Ratios in Indonesia Before and During the Covid-19 Pandemic. In this study, the financial performance of banks in Indonesia using the ROA and NIM ratios shows that there are differences in bank financial performance before and during the Covid-19 pandemic.

Statistical results show that there was a decline in bank financial performance in Indonesia before and during the Covid-19 pandemic. Indonesian banking has not been effective enough in using assets to generate profits during the pandemic and weak credit growth so the allocation of third-party funds has been placed more in Government Securities (SBN) is one of the reasons. Another study was also conducted by Ajeng, et al., (2021), the findings of this study indicate that the ROA and ROE of Islamic banks in Indonesia have decreased due to the Covid-19 pandemic. Meanwhile, the ROA and ROE of Islamic banks in Malaysia have increased during the Covid-19 pandemic.

However, this is inversely proportional to the results of this study which stated that there was no difference in profitability between before and during Covid-19. Another thing that caused no difference in the profitability ratios (NOM) before and during the pandemic was that the central government adopted a holistic economic recovery policy. The implementation of these policies must be supported by the local government. Regional governments have a strategic role in encouraging the acceleration and effectiveness of national economic recovery. In addition, APBD policies can be synergized to accelerate economic recovery in the regions. Communities and business actors including MSMEs also have a strategic role in accelerating Indonesia's economic recovery. The government provides fiscal and monetary incentives/stimulus, which should be welcomed positively by business actors by running their businesses well. National economic recovery is carried out by adopting comprehensive fiscal and monetary policies (Ministry of Finance: 2020).

Besides that, the government also allocated state budget funds for economic recovery in the amount of Rp. 695.2 trillion. The national economic recovery is expected to begin in the third quarter. There are 3 (three) policies implemented, namely increasing the consumption of energy. Increasing business activity and maintaining economic stability and monetary expansion. The policy is implemented simultaneously with synergy between fiscal policyholders, monetary policyholders, and related institutions.

The government is trying to move the business world by providing incentives/stimuli to MSMEs and corporations. For MSMEs, the government, among other things, has provided delays in installments and interest subsidies for bank loans, interest subsidies through People's Business Credit and Ultra Micro, working capital guarantors of up to Rp. 10 billion, and provision of tax incentives, for example, Income Tax (PPh Article 21) is borne by the Government for corporations, the government provides tax incentives including free PPh Article 22 imports, reduction of installments of PPh Article 25 and preliminary VAT returns; placing government funds in banks for debtor restructuring.

The government also provides working capital guarantees for strategic, priority, or labor-intensive corporations. To support national economic recovery. Bank Indonesia maintains the stability of the rupiah exchange rate, lowers interest rates, and purchases Government Securities and macroeconomic and financial system stability to encourage business activity (Ministry of Finance: 2020).

CONCLUSION

Based on the research results show that ROE and BOPO have a significant effect on NOM. Meanwhile, NPF and FDR did not affect NOM. Based on the results of the different tests, it was found that there was no difference in the financial ratios of Indonesian Islamic banking before and during the Covid-19 pandemic. In particular, there is no difference generated through the paired sample t-test of differentials on profitability with the NOM indicator.

As for further research, it is suggested to develop the financial ratios to be studied. There are limited ratios in this study where the ratios used are limited to ROE, NPF, FDR, BOPO, and NOM for profitability which do not reflect complete financial ratios, and also the absence of external factors used in research such as inflation, BI Rate, and others.

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Appendix

different test statistics result

Test for Equality of Medians of PROFITABILITY
Categorized by values of DUMMY
Date: 07/07/22   Time: 14:04
Sample: 2018 2021
Included observations: 40

Method	df	Value	Probability
Wilcoxon/Mann-Whitney		1.203729	0.2287
Wilcoxon/Mann-Whitney (tie-adj.)		1.204124	0.2285
Med. Chi-square	1	3.600000	0.0578
Adj. Med. Chi-square	1	2.500000	0.1138
Kruskal-Wallis	1	1.481707	0.2235
Kruskal-Wallis (tie-adj.)	1	1.482681	0.2234
van der Waerden	1	1.357160	0.2440

Category Statistics

DUMMY	Count	Median	> Overall Median	Mean Rank	Mean Score
0	20	0.600000	7	18.25000	-0.167434
1	20	1.165000	13	22.75000	0.173271
All	40	0.855000	20	20.50000	0.002919