

ANALYSIS OF FINANCIAL PERFORMANCE OF BANK MUAMALAT INDONESIA BASED ON ISLAMICITY PERFORMANCE INDEX PERIOD 2013 – 2020

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ABSTRACT

The development of Islamic banking in Indonesia is very important, especially since Indonesia has a majority Muslim population. Therefore, the performance of Islamic banking in Indonesia is very important to gain the trust of customers who want to deposit funds or distribute funds. Basically, Islamic banking carries out its activities using sharia principles to be free from usury. The purpose of this study was to determine the performance of Bank Muamalat Indonesia based on the Islamicity Performance Index (IPI) method in the period 2013-2020. This study uses quantitative methods with the type of research is descriptive research through secondary data. The results of the analysis of the financial performance of Bank Muamalat Indonesia based on the Islamicity Performance Index (IPI) method on the financial performance of Bank Muamalat Indonesia are good. This can be seen in the indicators of the Islamicity Performance Index (IPI) of Bank Muamalat Indonesia's financial performance as follows: Profit Sharing Ratio (PSR) from the results of the analysis is in good predicate, Zakat Performance Ratio (ZPR) results in poor predicate, Equitable Distribution Ratio (EDR) which includes Qardh and Donation in good predicate, Employee Expense in good predicate, while for Net Profit in poor predicate, Islamic Investment vs Non-Islamic Investment Ratio in very good predicate, and Islamic Income vs Non-Islamic Income in very good predicate.

Keywords : Sharia Banking Performance, Islamicity Performance Index (IPI).

INTRODUCTION

The development of Islamic banking in Indonesia has not been matched by optimal banking performance (Ria Fatmasari 2018). Because in fact Indonesian people use conventional banks more than Islamic banks. With the

development of Islamic banking which is increasingly showing an increase. This is indicated by the number of Islamic financial institutions in Indonesia. Islamic banks as the main motor of financial institutions have become a locomotive for the development of Islamic economic theory and practice in depth (Karim, 2004).

Banking Industry	Number of institutions	Number of offices	Assets (In Trillion Rupiah)	PYD (In Trillion Rupiah)	DPK (In Trillion Rupiah)
Sharia commercial bank	14	2.034	397,07	246,53	322,85
Sharia business unit	20	392	196,88	137,41	143,12
Sharia People's Financing Bank	163	627	14,95	10,68	9,82
Total	197	3.053	608,90	394,63	475,79

Figure 1 Islamic Banking Indicators Source : (Snapshot OJK, 2020)

Based on data from the Financial Services Authority (OJK) (www.ojk.go.id) there are 34 business units, consisting of 14 Sharia Commercial Banks (BUS) and 20 Sharia Business Units, as well as 163 Sharia People's Financing Banks (BPRS). To date, Islamic banking continues to show positive and significant improvements, not only in asset growth which continues to increase, but with disbursed financing (PYD) and third party funds (DPK) which are higher than the previous year. Hameed, dkk (2004) telah mengembangkan sebuah metode pengukuran kinerja islami indeks yang dinamakan Islamicity Performance Index (IPI). Metode ini terdiri dari Islamicity Disclosure Index dan Islamicity Performance Index (IPI). Metode Islamicity Performance Index ini memiliki beberapa rasio keuangan yang dapat dihitung yaitu profit sharing ratio, zakat performance ratio, equitable distribution ratio, directors-employee welfare ratio, Islamic investment vs non-Islamic investment ratio, Islamic income vs non-Islamic income ratio.

Performance Index method is used to measure the performance of Islamic banks in Indonesia which are still not optimal in all aspects, both in terms of finance, services and existing technology. With this method, it is expected to know about the performance of Islamic banking, not only the performance of conventional banks, but in the future Islamic banking in Indonesia can develop rapidly and can compete with other conventional banks.

The use of the Islamicity Performance Index to measure the performance of Islamic banks is considered important because of the increasing awareness of the Muslim community to assess how far Islamic banks have succeeded in achieving their goals. So far most of the Muslims have also realized that now it is not only how much return they can earn, but more importantly where their money has been invested. Meanwhile, for the non-Muslim community the Islamicity Performance Index is useful for them

in order to compare which bank has been managed better, both in terms of providing the level of return and social responsibility. (Okta Supriyaningsih, 2020).

PT Bank Muamalat Indonesia Tbk or often referred to as Bank Muamalat Indonesia is the first bank that applies Islamic Sharia principles in Indonesia which was founded on November 1, 1991. IMCI) and Muslim entrepreneurs who later received support from the government of the Republic of Indonesia. Bank Muamalat Indonesia conducts funding with 2 principles, namely Wadiah (deposit) and Mudharabah (profit-sharing), this bank itself is different from conventional banks which fund with an interest system which means that it cannot be changed back.

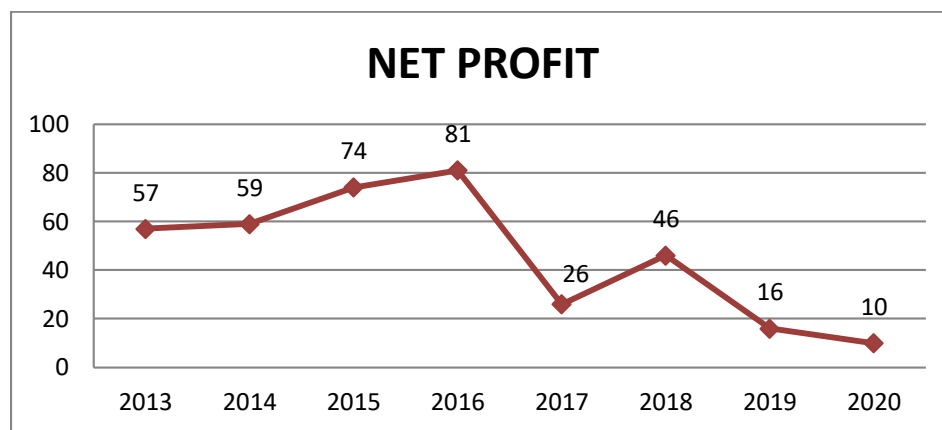


Figure 2. Net Profit of Bank Muamalat Indonesia
Source: Bank Muamalat Financial Report

Bank Muamalat Indonesia has a net profit that has fluctuated from year to year since the last 8 years due to the pandemic that has hit Indonesia for the last 2 years which has an impact on the Indonesian economy and banking is affected not only Islamic banks but conventional banks as well. This does not mean that because of the declining profit from year to year, Bank Muamalat Indonesia has never received an award, Bank Muamalat Indonesia itself has often received awards some time ago, including the 2nd Best Product Brand - Mudharabah IB Muamalat Deposits - Islamic Commercial Bank Deposits 2021, 1st Rank-Share Debit Bank Muamalat- Islamic Commercial Bank Book 2-Year 2021, 1st Rank-Savings IB Muamalat-Sharia Commercial Bank Book 2-Year 2021, 1st The Best Informative Website-Category Bank Syariah-Public Company (TBK) 2021, Ranking 1 SLE Index 2021, Rank 1 Loyalty in the 2021 Islamic Commercial Bank Category, and many more.

RESEARCH METHOD

The type of research used in this research is descriptive quantitative research. Quantitative data in this study is financial annual report data used to measure performance in 2013 – 2020.

1. Profit Sharing Ratio (PSR)

Profit Sharing Ratio is used to examine profit sharing which is the main goal of Islamic banks and see how far Islamic banks have succeeded in achieving their existence goals for profit sharing. The following is the formula for calculating Profit Sharing:

This formula is applied to measure the profit-sharing performance of Bank Muamalat Indonesia in profit-sharing activities to total financing whether it increases, decreases or remains.

$$\text{PSR} = \frac{\text{Mudharabah} + \text{Musyarakah}}{\text{Total Financing}} \times 100\%$$

2. Zakat Performance Ratio (ZPR)

Zakat Performance Ratio is one of the objectives of sharia accounting, especially zakat is one of the commands in Islam. The performance of Islamic banks should be based on the payment of zakat by Islamic banks which are used to replace conventional performance indicators, namely Earning Per Share (EPS). The calculation formula is as follows:

$$\text{ZPR} = \frac{\text{Zakat}}{\text{(Net Assets)}} \times 100\%$$

3. Equitable Distribution Ratio (EDR)

This indicator was prepared with the aim of knowing how bank income is distributed to stakeholders as seen from the amount of money spent on qardh and donations, labor costs, net income. This component will be divided by the bank's income after deducting zakat and taxes. The EDR calculation formula is as follows:

i. Qardh and donation

$$\frac{\text{Qardh dan Donation}}{\text{Income} - (\text{Zakat} + \text{Tax})} \times 100\%$$

ii. Employee Expense

$$\frac{\text{Employee Expense}}{\text{Income} - (\text{Zakat} + \text{Donation})} \times 100\%$$

iii. Net Profit

4. Islamic Investment vs Non-Islamic Investment (IH)

This ratio is used to measure the comparison of bank performance

$$\frac{\text{Net Profit} \times 100\%}{\text{Halal Investment} \times 100\% + \text{Non Halal Investment}}$$

between halal investments and non-halal investments carried out by Islamic banks.

5. Islamic Income vs Non-Islamic Income Ratio

This ratio is used to compare halal income with all income earned by sharia banks

$$\frac{\text{Halal Income} \times 100\%}{\text{Halal Income} + \text{Non-Halal Income}}$$

Health standards for Islamic banking performance:

Table 1

Islamicity Performance Index Penilaian Assessment Standards (IPI)

No	Aspek	Bobot
1	<i>Profit Sharing Ratio (PSR)</i>	≥30%
2	<i>Zakat Performance Ratio (ZPR)</i>	≥35%
3	<i>Equitable Distribution Ratio (EDR)</i>	
	• <i>Qardh dan Donation</i>	≥35%
	• <i>Employee Expense</i>	≥35%
	• <i>Net Profit</i>	≥35%
4	<i>Islamic Investment vs Non-Islamic Investment</i>	≥30%
5	<i>Islamic Income vs Non-Islamic Income</i>	≥30%

Source : Luhur Prasetyo 2014

RESULTS AND DISCUSSION

Profit Sharing Ratio

Profit Sharing Ratio plays an important role in identifying banking performance which is the main objective of Islamic banks. And to see how far Islamic banks are in achieving their goals. The higher the value of the Profit Sharing Ratio (PSR), the better the performance of Islamic banks in carrying out their duties which carry out profit sharing according to sharia principles.

Table 3
Profit Sharing Ratio (PSR) Bank Muamalat Indonesia
(In Thousands of Rupiah)

Year	Mudharabah	Musyarakah	Total Financing	PSR %	Predicatie
2013	2.262.126.524	18.978.280.697	41.612.000.000	51,04	Good
2014	1.808.869.915	20.257.450.449	42.865.000.000	51,47	Good
2015	1.146.881.473	20.808.387.823	40.706.000.000	53,94	Good
2016	828.760.754	20.900.782.526	40.010.000.000	54,31	Good
2017	737.155.759	19.857.952.289	41.288.000.000	49,11	Good
2018	437.589.958	16.543.871.446	33.559.000.000	50,60	Good
2019	756.513.534	14.206.883.916	29.877.000.000	50,09	Good
2020	620.075.366	14.478.475.682	29.084.000.000	51,91	Good

Source : The Financial Statements of Bank Muamalat Indonesia are processed by the author.

Based on the results in table 4.3 above regarding the Profit Sharing Ratio (PSR) in 2013 to 2020 fluctuating, but Bank Muamalat Indonesia is in good condition, the percentage of Profit Sharing Ratio (PSR) in 2013 to 2020 is above 30% where if Profit Sharing Ratio (PSR) 30% then the health of Islamic banking performance is in good condition.

1. Zakat Performance Ratio (ZPR) Calculation

Zakat Performance Ratio (ZPR) is used to measure the performance of Islamic banking by calculating bank zakat payments to replace conventional bank performance indicators. Judging from how much Islamic banking in distributing zakat from net assets (net assets). This means that with more net worth, there should be more and more in distributing zakat. Management of zakat funds is a real form of concern for sharia banking in fulfilling social obligations to the wider community

Tabel 4
Zakat Performance Ratio (ZPR) Bank Muamalat Indonesia
(In Thousands of Rupiah)

Year	Zakat	Net Assets	ZPR %	Predicate
2013	18.508.901	53.723.978.628	0,00034	Not Good
2014	22.723.300	62.413.310.135	0,00036	Not Good
2015	12.533.076	57.140.616.713	0,00022	Not Good
2016	13.002.528	55.786.397.505	0,00023	Not Good
2017	15.149.498	61.696.919.644	0,00024	Not Good
2018	10.586.089	57.227.276.046	0,00018	Not Good
2019	10.868.786	50.555.519.435	0,00021	Not Good
2020	10.293.412	51.241.303.583	0,00020	Not Good

Source : The Financial Statements of Bank Muamalat Indonesia are processed by the author

Based on the results in table 4.4 above regarding the Zakat Performance Ratio (ZPR) in 2013 to 2020, it fluctuated, but Bank Muamalat Indonesia was in poor condition, the percentage of Zakat Performance Ratio (ZPR) in 2013 to 2020 was below 35% where if Zakat Performance Ratio (ZPR) 35%, the performance of Islamic banking in the distribution of zakat is in poor condition.

2. Equitable Distribution Ratio (EDR) Calculation

Equitable Distribution Ratio (EDR) is used to measure bank performance in terms of income distribution obtained by the bank which is then distributed to stakeholders. The intended stakeholders are recipients of qardh and donations, employee expenses, dividends, and net profit for the bank. Each component is divided by the bank's income after deducting zakat and taxes.

a. Qardh dan Donation

Table 5 Qardh and Donasi Bank Muamalat Indonesia
(In Thousand Rupiah)

Year	Qardh + Donation	Income - (Zakat+ Tax)	EDR (%)	Predicate
2013	430.587.482	274.499.912	56,86	Good
2014	147.788.884	448.014.013	32,99	Not Good
2015	245.937.458	403.724.462	60,92	Good
2016	582.019.539	588.530.076	98,90	Good
2017	744.207.738	890.003.326	83,69	Good
2018	755.926.431	323.559.353	33,69	Not Good
2019	581.877.497	260.229.093	23,60	Not Good

2020	898.693.031	448.135.191	54,06	Good
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Source : Processed Data, 2021.

Based on the results in table 4.5 above regarding the Equitable Distribution Ratio (EDR) to qardh and donations in 2013 to 2020 fluctuated. but Bank Muamalat Indonesia is in poor condition, the percentage of qardh and donations in 2013 to 2020 is below 35% where if qardh and donations are 35% then the performance of Islamic banking is in poor condition.

b. Employee Expense

**Table 6 Employee Expense Bank Muamalat Indonesia
(In Thousand Rupiah)**

Year	Employee Expense	Pendapatan – (Zakat+ Pajak)	EDR (%)	Predicate
2013	754.058.623	274.499.912	46,70	Good
2014	860.391.877	448.014.013	92,04	Good
2015	924.521.476	403.724.462	89,99	Good
2016	880.811.834	588.529.428	49,66	Good
2017	802.492.698	890.003.326	90,17	Good
2018	845.632.021	323.559.353	61,34	Good
2019	770.738.563	260.229.093	96,18	Good
2020	703.031.794	448.135.191	56,88	Good

Source : Processed Data, 2021

Based on the results in table 4.6 above regarding the Equitable Distribution Ratio (EDR) to the workload in 2013 to 2020, it fluctuated, but Bank Muamalat Indonesia was in good condition, the percentage of labor load in 2013 to 2020 was above 35% where if Workload 35% indicates that Bank Muamalat Indonesia's Workload is in good condition.

c. Net Profit

**Table 7 Net Profit of Bank Muamalat Indonesia
(In Thousand Rupiah)**

Year	Net Profit	Pendapatan – (Zakat + Donasi)	EDR (%)	Predicate
2013	165.144.318	274.499.912	60,16	Good
2014	57.173.347	448.014.013	12,76	Not Good
2015	74.492.186	403.724.462	18,45	Not Good
2016	80.511.090	588.529.428	13,68	Not Good
2017	26.115.563	890.003.326	9,34	Not Good
2018	46.002.004	323.559.353	14,18	Not Good
2019	16.326.331	260.229.093	6,27	Not Good
2020	10.019.739	448.135.191	2,23	Not Good

Source : Processed Data,2021

Based on the results in table 4.7 above regarding the Equitable Distribution Ratio (EDR) to net income in 2013 to 2020, it fluctuated. but Bank Muamalat Indonesia is in poor condition, the percentage of net profit in 2013 to 2020 is below 35% where if the labor load is 35% then Bank Muamalat Indonesia's net income is in poor condition.

3. Islamic Investment vs Non-Islamic Investment Ratio Calculation

Calculation of Islamic Investment vs. Non-Islamic Investment Ratio is used to measure the comparison of bank performance between halal investment and non-halal investment carried out by Islamic banks. The value obtained is a measure of the halal aspect and the successful implementation of the basic principles, Islamic banks are free from elements of maysir, gharar, and usury in investing.

Table8
Islamic Investment vs Non-Islamic Investment Ratio Bank Muamalat Indonesia
(In Thousand Rupiah)

Year	Halal Investation	Non- Halal Investation	Halal + Non-Halal (Investation)	Ratio (%)	Predicate
2013	3.583.926.697	0	3.583.926.697	100	Very Good
2014	4.922.225.165	0	4.922.225.165	100	Very Good
2015	4.504.593.754	0	4.504.593.754	100	Very Good
2016	3.831.311.720	0	3.831.311.720	100	Very Good
2017	3.820.521.866	0	3.820.521.866	100	Very Good
2018	12.184.953.132	0	12.184.953.132	100	Very Good
2019	11.332.893.179	0	11.332.893.179	100	Very Good
2020	12.170.412.237	0	12.170.412.237	100	Very Good

Source : Processed Data, 2021

Based on the results in table 4.8 above regarding Islamic Investment vs. Non-Islamic Investment Ratio in 2013 to 2020 as a whole is a halal investment. Bank Muamalat Indonesia is in very good condition, the percentage of Islamic Investment vs. Non-Islamic Investment Ratio in 2013 to 2020 is above 30% where when it comes to Islamic Investment vs. Non-

Islamic Investment Ratio 30% indicates that Bank Muamalat Indonesia has successfully carried out its duties with very good as a bank based on sharia principles.

4. Islamic Income vs Non-Islamic Income Ratio Calculation

Calculation of Islamic Income vs. Non-Islamic Income Ratio is used to compare halal income with all income earned by Islamic banks both (halal and non-halal income). The value obtained is a measure of the halalness and success of a bank in implementing the basic principles of Islamic banking, which is free from all elements of usury in terms of income.

Table 9
Islamic Income vs Non-Islamic Income Ratio Bank Muamalat Indonesia
(In Thousand Rupiah)

Year	Halal Income	Non-Halal Income	Halal Income + Non-Halal Income	Ratio (%)	Predicate
2013	1.954.114.232	1.048.513	1.955.159.743	99,95	Very Good
2014	2.389.316.763	1.637.005	2.390.953.768	99,93	Very Good
2015	2.340.697.779	1.460.868	2.342.158.647	99,94	Very Good
2016	1.743.277.433	1.258.508	1.744.535.941	99,93	Very Good
2017	1.783.921.266	569.996	1.784.491.262	99,97	Very Good
2018	1.450.097.899	633.223	1.450.731.122	99,96	Very Good
2019	1.217.771.838	532.932	1.218.304.770	99,95	Very Good
2020	998.198	360.556	1.358.754	73,47	Very Good

Source : Processed Data, 2021

Based on the results in table 4.9 above regarding the Islamic Income vs. Non-Islamic Income Ratio in 2013 to 2020, it fluctuated but Bank Muamalat Indonesia was in very good condition, the percentage of Islamic Income vs. Non-Islamic Income Ratio in 2013 to 2020 was above 30 % where if Islamic Income vs Non-Islamic Income Ratio 30% indicates that Bank Muamalat Indonesia has succeeded in carrying out its duties very well as a bank based on sharia principles.

CONCLUSION

Based on the previous discussion, the financial performance of Bank Muamalat Indonesia based on the Islamicity Performance Index (IPI) method is good and in accordance with Islamic Sharia principles and Islamic Banking conditions are in a healthy condition. This can be seen from the indicators of the Islamicity Performance Index (IPI) of Bank Muamalat Indonesia's financial performance as follows: Profit Sharing Ratio (PSR) from the analysis results is predicate good, Zakat Performance Ratio (ZPR) results in the predicate not good, Equitable Distribution Ratio (EDR) which includes Qardh and Donation in good predicate, Employee Expense in good predicate, while Net Profit in poor predicate, Islamic Investment vc Non-Islamic Investment Ratio in very good predicate, Islamic Income vc Non-Islamic Income.

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