Banking Financial Performance Before and During the Covid 19 Pandemic in Indonesia: Analysis of Comparison Between Islamic and Conventional Banking

Mister Candera[1], Amrah Muslimin[2], Dina Permatasari[3]
[1,2,3] Muhammadiyah University of Palembang, Indonesia
Corresponding author e-mail: mister.candera@gmail.com

Abstract: Banking is one of the financial institutions that is very influential on the economic conditions of a country. The level of banking liquidity is a reflection of the condition of the national economy. This study examines the differences in the financial performance of conventional banking and Islamic financial performance before and during the COVID-19 pandemic in Indonesia. The variables used to measure banking financial performance are risk profile, earnings, and capital. The data used are financial reports published by Otoritas Jasa Keuangan (OJK). The analysis used is the Multivariate Analysis of Variance (MANOVA). The results of the analysis found that there was no difference in the financial performance of Islamic banking on risk profile, earning, and capital indicators before and during the COVID-19 pandemic; there is no difference in the conventional financial performance of earning indicators before and during the Covid 19 pandemic; and there is no difference in the financial performance of conventional banking earning indicators during covid 19 and Islamic banking financial performance indicators of earning before covid 19. This analysis shows that the performance of Islamic finance is still able to deal with the impact of the COVID 19 pandemic in Indonesia.

Keyword: Financial Performance, COVID 19 Pandemic

JEL Classification: E50, E59

Introduction

Banking financial institutions are a very important measure of the health of a country's economy. The main task of banking institutions is to collect and channel funds from and to people who are excess and lack funds. Based on the legal source, banks in Indonesia are divided into two parts, namely conventional banks with legal sources, namely the Law and Islamic banks with legal sources, namely the Al-Qur'an and Hadith.

Conventional banks are banking institutions that carry out conventional business activities and provide traffic payment services that refer to the laws and regulations issued by the Government through Bank Indonesia. Meanwhile, Islamic banks are banking institutions that carry out all of their business based on sharia principles which refer to the Al-Qur'an and Hadith.

In carrying out their duties, Islamic banks use a profit sharing pattern. This pattern allows customers to monitor banking performance. If the profit sharing gets lower over a long period of time, it indicates that bank management is deteriorating. Meanwhile, conventional banking, which uses the interest pattern, is not able to assess the performance of the banking system.

In the last few months, Indonesia's economic condition has experienced a decline as a result of the Covid 19 pandemic. Almost all of the people's economic activities have stopped. Government regulations that prohibit crowds, people are required to remain at home, several businesses are prohibited from doing activities which in the end result in termination of employment rights (PHK). As a result, people's income has decreased and poverty has increased. This condition also indirectly affects the condition of banking, both conventional and Islamic banks. The ability of banks to collect funds from the public declined, especially in

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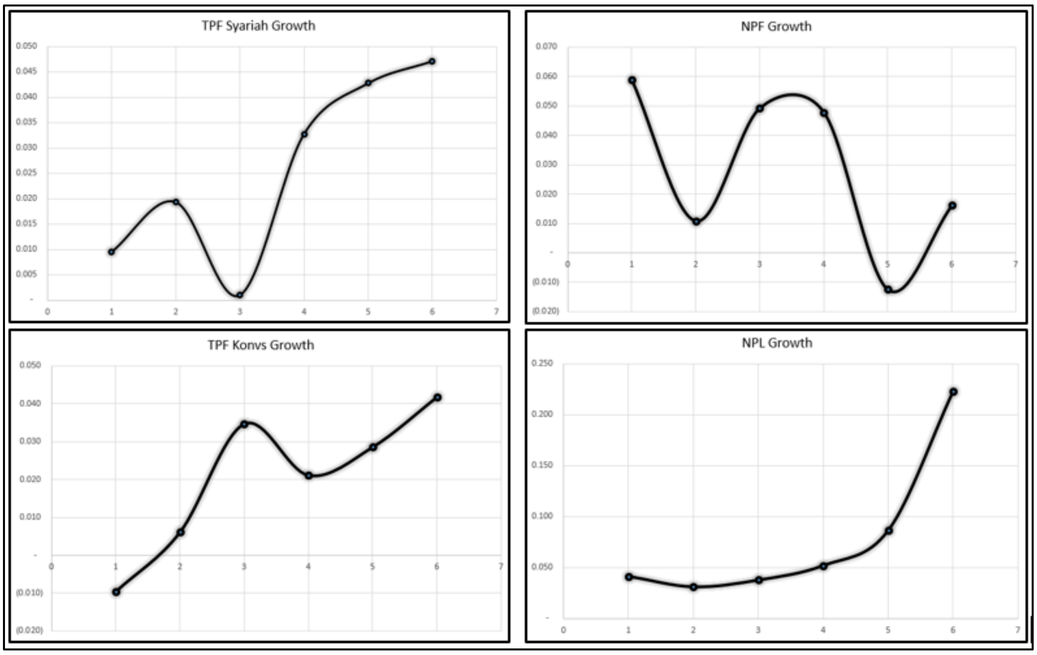
the early days of the Covid 19 pandemic in Indonesia. Along with that, the people's inability to pay credit or financing to financial institutions, both conventional and Islamic banks, is increasing because their income is decreasing. This can be seen from the following graph.



Resource: www.ojk.go.id

Figure 1. Banking conditions in Indonesia January to June 2020

From Figure 1 above, information is obtained that the growth of Islamic banking third party funds at the beginning of the emergence of the Covid 19 pandemic has decreased by 0.094 percent. Meanwhile, conventional banks experienced a decline in the second month of the emergence of the Covid 19 Pandemic, namely by 2.112 percent. The growth in the amount of non-performing Islamic bank financing in March and April experienced an increase, but in May it was able to be reduced to -1.12 percent. In contrast to Islamic banks, the growth of non-performing loans in conventional banks has an increasing trend. The highest bad credit occurred in June 2020, amounting to 22.29 percent.

The banking conditions above, identify how banking institutions respond to the Covid 19 pandemic. Therefore, researchers are interested in conducting further research. Especially regarding the financial performance of conventional banks and financial performance of Islamic banks. Several previous studies stated that there are differences in the financial performance of conventional banks with the financial performance of Islamic banks (Roslana and Triaryati, 2016; Jahja and Iqbal, 2012; and Arinta, 2016). However, several other researchers also stated that there is no difference between conventional financial performance and Islamic bank financial performance (Hawaldar, Rahiman, and Kumar, 2017).

Based on the results of previous research that have been described above, it can be said that there is a research gap regarding differences in the financial performance of conventional banking and the financial performance of Islamic banking. In addition, these studies have not looked at the differences in the financial performance of conventional banking institutions and Islamic banking in responding to pandemic conditions. Are there differences in the financial performance of banks in responding to pandemic conditions, especially the conditions of the Covid 19 pandemic?

Literature Review

According to Fahmi (2012) financial performance is an analysis

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carried out to see the extent to which a company has been implemented using proper and correct financial implementation rules. In connection with this, the financial performance to be examined is the financial performance based on BI Circular No. 13/24 / DPNP dated 25 October 2011 and PBI No. 13 / PBI / 2011 dated 5 January 2011 concerning Assessment of Commercial Bank Soundness Level replacing the previous PBI Number 6/10 / PBI2004 concerning Commercial Bank Soundness Rating System, determining the soundness level of a bank using four factors, namely RGEC. The factors measured include (Yessi, Rahayu, and Endang, 2015):

a) *Risk Profile*, risk profile assessment is an assessment of inhiren risk and the quality of risk management implementation in bank operational activities.
   1) *Loan to Deposit Ratio* (LDR) is a ratio used to compare credit to third party funds. The greater this ratio, the better the liquidity or the better the bank's performance.
   2) *Non Performing Loans* (NPL), namely the ratio between non-performing loans and total loans. The higher this ratio, the worse the level of financing.
b) *Good Corporate Governance* (GCG) is bank governance that applies the principles of openness, accountability, fairness and accountability.
c) *Earning* (Rentability) is a tool used to analyze or measure the level of business efficiency and profitability achieved by the bank concerned.
   1) Return On Asset (ROA) is a ratio that indicates a bank's ability to generate profits using its assets. The greater this ratio, the better the bank's performance.
   2) Net Interest Margin (NIM), the ratio between net interest income and earning assets. The higher this ratio, the better the company's performance in generating revenue for the results.
   3) Operational Costs and Operating Income (BOPO), namely the ratio that indicates bank operations. The higher this ratio, the more inefficient bank operations are.
d) *Capital* is an indicator of a bank's ability to cover the decline in its assets as a result of bank losses caused by risky assets. *Capital Adequacy Ratio* (CAR), to measure how much capital the bank has. The bigger the CAR, the better the health level of the bank.

However, due to data and time limitations, a study was conducted on 3 determinants of bank soundness, namely Risk Profile with Non Performing Financing / Non Performing Loan (NPF / NPL) indicators, Earnings with Return on Assets (ROA) indicators, and capital with Capital Adequacy indicators. Ratio (CAR). These indicators were selected based on the results of research conducted by Candera and Indah, 2021; Helhel, 2015; Ally, 2013; Prastawa and Zen, 2016; Rahmi, 2017; Roslana and Triaryati, 2016; Jahja and Iqbal, 2012; Hawaldar, Rahiman, and Kumar, 2017; and Arinta, 2016 which uses Non Performing Loans / Financing, Return on Assets, and Capital Adequacy Ratio as indicators of banking financial performance.

Research Methods

This research is a type of comparative research, which aims to compare the financial performance of conventional banking with the financial performance of Islamic banking before and during the Covid 19 pandemic in Indonesia.

Conventional financial performance variables consist of a variable *risk profile* as measured by using a *non-performing loan* (NPL);variable *earning* as measured by using *Return on Assets* (ROA); and variables *capital* measured using the *Capital Adequacy Ratio* (CAR). Islamic financial performance variables consist of a variable *risk profile* as measured by using *Non Performing Financing* (NPF);variable *earning* as measured by using *Return on Assets* (ROA); and variables *capital* measured using the *Capital Adequacy Ratio* (CAR). These data are obtained from the results of financial reports published on the official link of Otoritas Jasa Keuangan (OJK) http://www.ojk.go.id in the form of monthly data from July 2019 to June 2020.

Before being analyzed, the tabulated data were tested for normality using the QQ-Plot diagram. After being declared normal, continued with data

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analysis using *Multivariate Analysis of Variance*Ha (Multivariate ANOVA = MANOVA).

The hypothesis proposed in this study is
H0 : There is no difference between conventional and Islamic banking financial performance before and during the COVID-19 pandemic in Indonesia

: There is a difference between the financial performance of Islamic banking and conventional banking before and during the COVID-19 pandemic in Indonesia.

Result and Discussions

Descriptive Statistics Analysis

Table 1. Descriptive Statistics

Code of Bank	Risk Profile		Earning		Capital		
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	N
Conventional before a pandemic	2.675	.105	2.510	.0775	23.284	.515	8
Conventional after a pandemic	2.943	.146	2.228	.2832	22.125	.363	4
Islamic before a pandemic	2.025	.101	1.713	.0997	20.355	.274	8
Islamic before a pandemic	1.895	.071	1.563	.208	20.663	.374	4
Total	2.373	.425	2.039	.425	21.678	1.363	24

Resource: Data analysis with SPSS for Windows Release 20 version

According to the table above, there was information that the average financial performance factors Risk Profile in this case represented by the Non-Performing Loan / Financing (NPL / F) during the research period the highest data was in conventional banks. Both before the pandemic and after the pandemic. In contrast to Islamic banks during the pandemic, they even experienced a decline. The average financial performance of the earning factor represented by Return on Assets (ROA), conventional banks before and during the pandemic were also the highest ROA, which identifies that conventional banks are able to generate higher returns on assets. Meanwhile, Islamic banks both before and during the Covid 19 pandemic were only able to generate an average return on assets of 1.6. The average financial performance of the capital factors represented by the Capital Adequacy Ratio (CAR), conventional banks are higher than Islamic banks. This illustrates that conventional banks have a greater ability to cover the decline in their assets.

From the above analysis it can be concluded that even though conventional banks have a higher risk, conventional banks are more capable of generating profits and covering the decline in assets. Meanwhile, Islamic banks have a lower level of risk as well as the ability to generate profits and the ability to cover the decline in assets is also low.

Normality Analysis Test

The results of normality analysis using the QQ Plot chart method can be seen in Figure 2 below.

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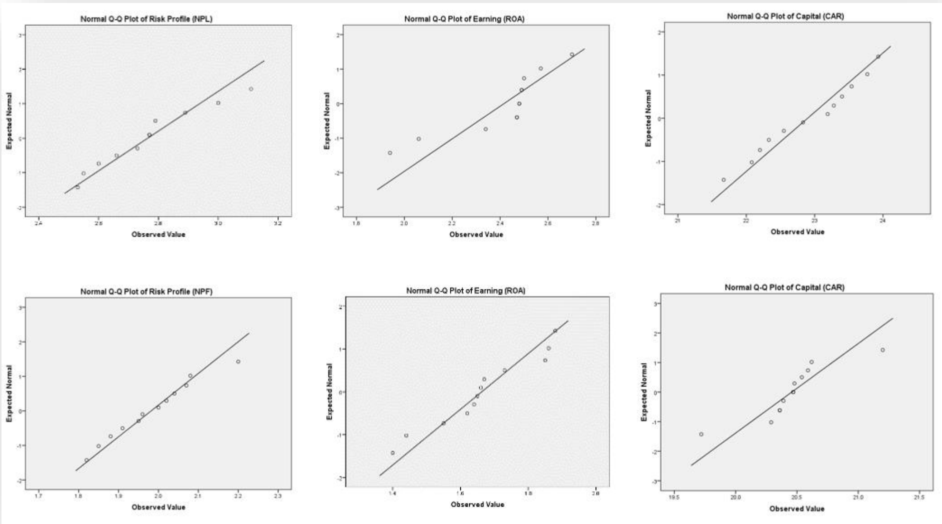

Resource: Data analysis with SPSS for Windows Release version 20

Figure 2. Normality Analysis QQ Plot

Based on the picture above, it can be seen that the data items move along a diagonal line. This identifies that conventional banking financial performance data and Islamic banking financial performance used are generally normally distributed. So that it can be continued as research measurement data.

Analysis Hypothesis

The difference between conventional banking financial performance and Islamic banking financial performance before and during the Covid 19 pandemic in Indonesia with the variable *Risk Profile* (NPF & NPL)

Table 2. Hypothesis Test Risk Profile Indicator

	Null Hypothesis	Sig.	Description
$H_{0\ 1.1}$	There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional banking during the Covid pandemic 19	.003	Rejected
$H_{0\ 1.2}$	There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking before the Covid pandemic 19	.000	Rejected
$H_{0\ 1.3}$	No there is a difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking during the Covid pandemic 19	.000	Rejected
$H_{0\ 1.4}$	There is no difference in the financial performance of conventional banks during the Covid 19 pandemic with Islamic banking before the Covid pandemic 19	.000	Rejected

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$H_{0\ 1.5}$	There is no difference in performance conventional banking financial Covid during a pandemic 19 pandemic with islamic banking during a pandemic Covid 19	.000	Rejected
$H_{0\ 1.6}$	there is no difference in the financial performance of islamic banking before a pandemic Covid 19 with the islamic banking during a pandemic Covid 19	.359	Accepted

Resource: Data analysis with SPSS for Windows Release version 20

The results of the analysis of the Risk Profile variable difference test with the indicators of Non Performing Financing and Non Performing Loans show that Null Hypothesis 1.1 - 1.5 is rejected, this can be seen from the significance value which is smaller than the alpha value of 0.05. In more detail, it can be explained as follows: (1) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional banking during the Covid 19 pandemic ($H_{01.1}$), the significance value of 0.003 is smaller than the alpha value of 0.05. So it can be concluded that $H_{01.1}$ is rejected, which means that there is a difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional financial performance during the Covid 19 pandemic; (2) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic and Islamic banking before the Covid 19 pandemic, the significance value of 0,000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{01.2}$ was rejected, which means that there was a difference in the financial performance of conventional banks before the Covid 19 pandemic with conventional banks during the Covid 19 pandemic; (3) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{01.3}$), the significance value of 0,000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{01.3}$ was rejected, which means that there was a difference in the financial performance of conventional banks before the Covid 19 pandemic and Islamic banking during the Covid 19 pandemic; (4) There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic ($H_{01.4}$), the significance value of 0.000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{01.4}$ is rejected, which means that there is a difference in the financial performance of conventional banks during the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic; and (5) There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{01.5}$), the significance value of 0.000 is smaller than alpha 0.05. So it can be concluded that $H_{01.5}$ is rejected, which means that there is a difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid 1 pandemic.While

Null Hypothesis 1.6 is accepted, based on table 2 above, a significance value is obtained, namely 0.359. This value is greater than the alpha value of 0.05, so it can be said that there was no difference in the financial performance of Islamic banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic.

The difference between conventional banking financial performance and Islamic banking financial performance before and during the Covid 19 pandemic in Indonesia withIndicator *Earnings* (ROA)

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Table 3. Hypothesis Test Earnings Indicator

	Null Hypothesis	Sig.	Description
$H_{0\ 2.1}$	There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional banking during the Covid pandemic 19	.358	Accepted
$H_{0\ 2.2}$	There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking before the Covid pandemic 19	.000	Rejected
$H_{0\ 2.3}$	None differences in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking during the Covid pandemic 19	.006	Rejected
$H_{0\ 2.4}$	There is no difference in the financial performance of conventional banks during the Covid 19 pandemic with Islamic banking before the Covid pandemic	19,096	Accepted
$H_{0\ 2.5}$	There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid pandemic 19	.039	Rejected
$H_{0\ 2.6}$	There is no difference in the financial performance of Islamic banking before the Covid 19 pandemic with Islamic banking during the Covid pandemic	19.580	Accepted

Resource: Data analysis with SPSS for Windows Release version 20

Results Analysis of different tests with indicators of Earning and Return On Assets as measuring tools shows that the Null Hypothesis 2.2, 2.3, and 2.5 is rejected, this can be seen from the significance value which is smaller than the alpha value of 0.05. In more detail, it can be explained as follows: (1) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic and Islamic banking before the Covid 19 pandemic ($H_{02.2}$), the significance value of 0,000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{02.2}$ is rejected, which means that there is a difference in the financial performance of conventional banks before the Covid 19 pandemic with conventional banks during the Covid 19 pandemic; (2) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{02.3}$), the significance value of 0.006 is smaller than the alpha value of 0.05. So it can be concluded that $H_{02.3}$ was rejected, which means that there was a difference in the financial performance of conventional banks before the Covid 19 pandemic and Islamic banking during the Covid 19 pandemic; (3) There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{02.5}$), the significance value of 0.039 is smaller than alpha 0.05. So it can be concluded that $H_{02.5}$ is rejected, which means that there is a difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic.

Meanwhile, Null Hypothesis 2.1, 2.4, and 2.6 is accepted. In more detail, it can be explained as follows (1) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional banking during the Covid 19 pandemic ($H_{02.1}$), the

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significance value of 0.358 is greater than the alpha value of 0.05. So it can be concluded that $H_{02.1}$ is accepted, which means that there is no difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional financial performance during the Covid 19 pandemic; (2) There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic ($H_{02.4}$), the significance value is 0.096, which is greater than the alpha value of 0.05. So it can be concluded that $H_{02.4}$ is accepted, which means that there is no difference in the financial performance of conventional banks during the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic; and (3) There is no difference in the financial performance of sharia banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{02.6}$), the significance value of 0.580 is greater than the alpha value of 0.05. So it can be concluded that $H_{02.6}$, there is no difference in the financial performance of Islamic banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic.

The difference between conventional banking financial performance and Islamic banking financial performance before and during the Covid 19 pandemic in Indonesia withIndicators *Capital* (CAR)

Table 4. Hypothesis Test CapitalIndicator

	Null Hypothesis	**Sig.**	**Description**
$H_{0\ 3.1}$	Differences in the financial performance of conventional banking before a pandemic Covid 19 conventional banking during a pandemic Covid 19	.001	Rejected
$H_{0\ 3.2}$	Difference conventional banking financial performance before a pandemic Covid 19 with syariah banking before a pandemic Covid 19	.000	Rejected
$H_{0\ 3.3}$	Difference conventional banking financial performance before a pandemic Covid 19 with the islamic banking during a pandemic Covid 19	.000	Rejected
$H_{0\ 3.4}$	difference financial performance during a pandemic Covid conventional banks with islamic banking 19 before a pandemic Covid 19	.000	Rejected
$H_{0\ 3.5}$	difference conventional banking financial performance during a pandemic Covid 19 with the islamic banking during pandemic Covid 19	.000	Rejected
$H_{0\ 3.6}$	Differences in the financial performance of Islamic banking before the Covid 19 pandemic and Islamic banking during the Covid 19 pandemic	1,000	Accepted

Resource: Data analysis with SPSS for Windows Release version 20

Results of different test analysis with Capital and Capital Adequacy Ratio as a measuring tool shows that Null Hypothesis 3.1 - 3.5 is rejected, this can be seen from the significance value which is smaller than the alpha value of 0.05. In more detail, it can be explained as follows: (1) There is no difference in the financial performance of conventional

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banking before the Covid 19 pandemic with conventional banking during the Covid 19 pandemic ($H_{03.1}$), the significance value of 0.001 is smaller than the alpha value of 0.05. So it can be concluded that $H_{03.1}$ is rejected, which means that there is a difference in the financial performance of conventional banking before the Covid 19 pandemic with conventional financial performance during the Covid 19 pandemic; (2) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic ($H_{03.2}$), the significance value of 0,000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{03.2}$ was rejected, which means that there was a difference in the financial performance of conventional banks before the Covid 19 pandemic with conventional banks during the Covid 19 pandemic; (3) There is no difference in the financial performance of conventional banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{03.3}$), the significance value of 0,000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{03.3}$ was rejected, which means that there was a difference in the financial performance of conventional banks before the Covid 19 pandemic and Islamic banking during the Covid 19 pandemic; (4) There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic ($H_{03.4}$), the significance value of 0.000 is smaller than the alpha value of 0.05. So it can be concluded that $H_{03.4}$ is rejected, which means that there is a difference in the financial performance of conventional banks during the Covid 19 pandemic with Islamic banking before the Covid 19 pandemic; and (5) There is no difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic ($H_{03.5}$), the significance value of 0.000 is smaller than alpha 0.05. So it can be concluded that $H_{03.5}$ is rejected, which means that there is a difference in the financial performance of conventional banking during the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic.

While Null Hypothesis 3.6 is accepted, based on table 4 above, a significance value is obtained, namely as much as 1,000. This value is greater than the alpha value of 0.05, so it can be said that there was no difference in the financial performance of Islamic banking before the Covid 19 pandemic with Islamic banking during the Covid 19 pandemic.

Discussions

Hypothesis testing shows that into a variable *risk profile* there is a difference between the financial performance of conventional banking and the financial performance of Islamic banking before and during the Covid 19 pandemic. However, the financial performance of Islamic banking both before and during the Covid pandemic did not show any differences.

One of the risk profile indicators is *non-performing loans / financing*. This indicator describes the ability of banks to manage risk. The lower the non-performing loan / financing ratio, the better the financial performance. Conversely, the higher the ratio of non-performing loans / financing, it means that the bank's financial performance will be worse. Based on conventional banking financial performance data and Islamic banking financial performance, the ratio of non-performing loans / financing is below 5%. This illustrates that banking financial performance is in good condition. However, when viewed from the average ratio of the two banks, it can be seen that the ratio of non-performing loans has increased. Before the Covid 19 pandemic the average ratio of non-performing loans was 2.67, after the Covid 19 pandemic it rose to 2.94. This increase illustrates that after the Covid 19 pandemic, the number of bad loans in conventional banking has increased. In contrast to conventional banking, the average non-performing financing ratio has actually decreased. Before the Covid 19 pandemic, the non-performing financing ratio was 2.03 while after the COVID-19 pandemic the non-performing financing ratio decreased to 1.90. The increase in financial performance in conventional banking while decreasing financial performance is thought to be the cause of the differences in the financial performance of the two banks.

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Analysis on the earning variable shows that there are differences in the financial performance of conventional banking with Islamic banking financial performance before and during the Covid 19 pandemic. However, the financial performance of conventional banks before and during the Covid 19 pandemic; the financial performance of conventional banking before the Covid 19 pandemic with the financial performance of Islamic banking during the Covid 19 pandemic; and the financial performance of Islamic banking before and during the Covid 19 pandemic had no difference.

One of the indicators used to measure the financial performance of banks from the earnings variable is Return On Assets (ROA). This ratio is used to measure the ability of banks to generate profits from asset management. The higher the ROA ratio, it means that the bank's financial performance is getting better. Conversely, if the ROA ratio is low, it means that the banking financial performance is also low. The average ROA ratio of Conventional Banking before the Covid 19 pandemic was 2.51, while during the Covid 19 pandemic the average ROA ratio decreased to 1.71. The average ROA of Islamic banking before the Covid 19 pandemic was 2.23, while during the Covid 19 pandemic the ROA decreased to 1.56. Based on this phenomenon, it is thought to be the cause of the absence of differences between conventional banking and Islamic banking performance.

Analysis on the variable capital shows that there are differences in the financial performance of conventional banking with the financial performance of Islamic banking before and during the Covid 19 pandemic. However, the financial performance of Islamic banking both before and during the Covid 19 pandemic had no difference.

The indicator used to measure capital is the Capital Adequacy Ratio (CAR). This indicator illustrates the level of the bank's ability to cover the decline in assets caused by bank losses. The higher the CAR ratio, it means the better the health level of the bank. Conversely, the lower the CAR ratio, it means the worse the soundness of the bank. The average CAR ratio in conventional banking before the COVID-19 pandemic was 23.28, while the average CAR ratio during the pandemic decreased to 20.36. The average CAR ratio in conventional banking before the COVID-19 pandemic was 22.12, while during the pandemic the average CAR decreased to 20.66. The financial performance of the two banks during the pandemic experienced a decline. However, the Islamic financial performance only decreased by 1.46 while the conventional financial performance was 2.93. Based on this analysis, it is suspected to be the cause of differences in the financial performance of conventional banking and Islamic banking financial performance.

Conclusions

These findings contribute to a better understanding of the financial performance of conventional banking and the financial performance of Islamic banking before and during the COVID-19 pandemic in Indonesia. The findings above are also important notes for financial companies, especially in Indonesia. In general, the performance of Islamic finance before or during the Covid 19 pandemic did not show a significant difference. This means that the performance of Islamic finance does not really respond to the conditions of the COVID-19 pandemic. When viewed from the financial data of Islamic banking, the financial performance conditions of Islamic banking are in the healthy category. Even though it is true that Islamic banking has a much slower growth than conventional banking.

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