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COMPARATIVE ANALYSIS OF OPERATIONAL EFFICIENCY IN SHARIA BANK SERVICES AND CONVENTIONAL BANKS

Fauzatul Laily Nisa
Faculty of Economics and Business, UPN "Veteran" Jawa Timur, Indonesia
Email: f.laily.nisa.es@upnjatim.co.id

Abstrack

Currently, competition in the banking industry is becoming increasingly difficult due to increasingly sophisticated domestic banking operations. Talking about banking, there are two types of banks in Indonesia. The first is a conventional bank and the other is a sharia bank. The existence of banks that comply with sharia principles creates competition between banks. Of course, this requires bank management to act very firmly and carefully to improve performance. The form of research used is descriptive analysis and uses a quantitative approach with a literature review. This research was carried out using the official website of the Indonesian Stock Exchange (BEI) http: //www.idx.co.id/ and based on secondary materials. The results of statistical tests imply that important divergences were found in several variables between conventional banks and Islamic banks, such as ROA, BOPO/REO, LDR/FDR, and ROE. However, for the CAR, NIM/NOM, and NPL/NPF variables, no relevant divergence was obtained.

Keywords: Bank Management and Performance

Introduction

A bank is a service organization or service to customers that provides various types of financial services. However, banks are basically known to be agencies that combine budgets from the public and customers and return them to customers who need the budget through loans and other means (Ismanto & Laksono, 2020) . Currently, competition in the banking world is becoming difficult due to increasingly sophisticated domestic banking operations, and every bank is increasingly trying to realize and utilize the facilities and technology it has to increase efficiency and effectiveness in every aspect of production, consumption and distribution. This will ultimately increase the company's superiority.

There are two types of banks in Indonesia. One is a bank based on conventional principles and the other is a bank based on sharia principles. Conventional banks are banks that carry out business activities and provide payment services as part of these activities. Meanwhile, Islamic banks are banks that run without interest. Sharia banks can also be described as financial institutions or banking institutions whose activities and activities are perfected based on the Al-Quran and the hadith of the Prophet SAW

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(Umardani & Muchlish, 2017) .

Sharia banking has different functions and qualities from conventional banking. Although conventional banks have an interest rate system that depends on the state of the country's economy, banks that adhere to sharia principles do not charge interest rates and instead encourage participation in the financial business sector. Conventional banks and Islamic banks are almost the same in many ways, especially the income from funds, procedures, transactions, computer technology used, the usual conditions for obtaining loans such as KTP, NPWP, proposals, financial reports and technical aspects are similar. And it also involves the legal department, the form of agency, the company receiving the loan, and the field of work (Arinta, 2016).

The existence of banks that adhere to sharia principles creates competition between banks. Of course, this requires bank management to act very firmly and carefully to increase its capabilities. Banking companies have given birth to a business world that prioritizes confidence, especially public confidence as users of banking services. If there is even the slightest problem or negative outlook regarding the poor financial condition of a bank, customers will rush to take their money from the bank, which can further disrupt the bank's financial condition. The form of competition is clearly visible in the transfer of customer savings, namely the impact of increasing or decreasing interest rates, which can increase the interest of customers or depositors to invest their funds in sharia banks. Meanwhile, if the interest rate is more profitable than profit sharing, then customers and savers will divert their savings to conventional banks.

As a financial institution, banks are obliged to protect their performance so that they can operate at their best. Apart from that, sharia banks must compete with conventional banks which are growing rapidly and are dominant in Indonesia. The survival of the banking industry in an increasingly competitive world must be accompanied by good management. One important factor for a bank to continue to exist is its performance (financial status) (Adhim Fauzan, 2021).

The problem currently facing conventional banks is that, apart from the large risks, banks also have to operate in a healthy manner because most of the funds they manage are public funds. Therefore, the government uses OJK authority to closely monitor and demand effective Indonesian banking business practices. OJK monitors and supervises the health of commercial banks, especially their financial performance, from time to time. To calculate the effectiveness of conventional banks, OJK pays attention to several comparisons such as investment sector, asset quality, management, profitability and liquidity (Asraf et al., 2020).

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In general, problems also occur in Islamic banks. There are two main problems encountered by Islamic banks in Indonesia. The main problem faced is the capital value of sharia banks which is quite low and sharia bank funding which is still exclusive. Low asset values are often identified by funding problems. The problem with Islamic banks is limited capital. Considering these problems, Islamic banks must focus on predicting liquidity risks to maintain good performance. One of the challenges faced by Islamic banks is related to the risk of unexpected activities which occasionally occur in financial institutions, both banks and non-bank financial institutions (Nasution & Husni Kamal, 2021).

A bank's performance can also reveal its capacities and weaknesses. By understanding the bank's advantages, you can use them to further develop the bank's business. Meanwhile, this vulnerability can be used as a basis for future improvements. A large number of conventional banks have now opened or are in the process of opening sharia-compliant branches. Conventional banks have dominated marketing since exploring and opening up the sharia business sector. Namely Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Danamon. And the increase in sharia banking assets towards sharia commercial banks (BUS) is growing rapidly every year (Solikah et al., 2017).

Research Methods

The title mentioned in this research is Comparative Analysis of Operational Efficiency of Sharia Banking Services and Conventional Banks. The type of research used is descriptive analysis and uses a literature review quantitative approach to compare the financial indicators of conventional banks and Islamic banks for the 2012-2014 period. This study was carried out through the official website of the Indonesia Stock Exchange (BEI), namely http://www.idx.co.id/ which is based on secondary data in the form of annual financial information. This study group included all conventional banks listed on the IDX from 2012 to 2014. By using a purposive sampling process and the ability to select raw materials, seven conventional banks and several sharia banks were made representative.

The material analysis method used is descriptive analysis. Descriptive statistical analysis in this study is used to describe the highest number, lowest number, mean and standard deviation of conventional banking and sharia banking variables .

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Result and Discussion

Table 1: Descriptive Statistical Analysis

Ratio	N	Conventional Banks				Islamic Bank			
		MIN	MAX	MEANS	Elementary School	MIN	MAX	MEANS	Elementary School
CAR	42	14.2	18.53	16.21	1.36765	11,10	32,20	18.99	6.72043
TWO	42	0.80	5.15	2.95	1.25803	-1.87	3.48	1.00	1.01472
BOPO/REO	42	59.93	93.25	72,31	10.31281	47.60	143,31	88,26	16.98817
NIM/NOM	42	1.88	8.55	5.27	1.88210	0.80	11.03	5.20	2,91059
LDR/FDR	42	67,55	90,51	80,74	6,84898	73,78	105,66	91,667	8,11100
NPL/NPF	42	0.40	3,52	1,83	0,81344	0,10	7,10	2,87	2,11139
ROE	42	7,62	38,66	22,35	7,91769	-17,61	25,05	6,73	7,94396

Source: Sovia et al., (2016)

The table above states the financial capacity of Islamic banks and conventional banks calculated at a comparative level (Amtiran, 2020) . Found several representative variables used to calculate the financial capacity of each bank observed. are CAR, NPL, ROA, ROE, and LDR for the 2015-2019 period. The CAR variable is a key figure for banks in terms of funding markers based on the bank's KPMM (minimum capital reserve requirement) with a figure of 8% (Fadah et al., 2022) .

The lowest number of conventional bank CAR variables was reached at 14.20% in 2012 and the maximum number of conventional bank CAR components was reached at 18.53% in 2012. The conventional bank CAR component had a mean of 16.2167 and a standard deviation of 1.36765. The minimum value of the Sharia Commercial Bank CAR variable was 11.10%, obtained in 2013, while the maximum number of Sharia Commercial Bank CAR components was 32 and 20%, obtained in 2012. The average CAR for Islamic banks was 18.9919 and the standard deviation was 6.72043. When viewed using an average, the average value of Islamic banks is 18.9919, while conventional banks only have a value of 16.2167. This shows that the CAR component figures for Islamic banks are better compared to conventional banks.

The minimum value of the conventional bank ROA component was 0.80%, which was obtained in 2014, and the maximum value of the conventional bank ROA component was 5.15%, which was obtained in 2012. The average conventional bank ROA

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component was 2.9533 and the standard deviation was 1. 25803. The minimum value of the ROA variable for Islamic banks was -1.87%, obtained in 2014. Meanwhile, the maximum figure for the ROA component of Sharia Commercial Banks was 3.48%, obtained in 2012. The average ROA component for Islamic banks was 1.0090 and the standard deviation was 1. 01472. The higher the ROA number, the higher the value. Looking at the mean number, the mean value for conventional banks is relatively high, namely 2.9533, while the average number for Islamic banks is only 1.0090. This shows that the ROA component figures for conventional banks have increased compared to the ROA component figures for Islamic banks. An increasing ROA value indicates better financial performance as a company becomes more profitable, thereby increasing shareholder happiness and encouraging capital investment by investors (Sovia et al., 2016) .

The minimum value of the BOPO variable in conventional banks was 59.93%, obtained in 2012, and the maximum figure for the BOPO component in conventional banks was 93.52%, obtained in 2014. The average BOPO component for conventional banks was 72.3157 and the standard deviation was 10. 31281. The highest value for the Syariah Bank REO variable was 143.31% obtained in 2014. The Syariah Bank REO component had a mean of 88.2652 and a standard deviation of 16.98817. The lower the BOPO/REO number, the higher the quality. Judging from the mean value, the mean value for conventional banks is 72.3157 and the mean value for Islamic banks is 88.2652. Even though both banks meet the criteria, BOPO conventional banks are better than sharia banks.

The minimum NIM component for conventional banks was 1.88%, obtained in 2014, and the maximum NIM component for conventional banks, 8.55%, was obtained in 2013. The average NIM component for conventional banks was 5.2733 and the standard deviation was 1.88210. The minimum value of the NOM variable for sharia banks was 0.80%, which was obtained in 2014, and the maximum number for the NOM component of sharia banks was 11.03%, which was obtained in 2012. The average of the NOM components for sharia banks was 5.2052 and the standard deviation was 2.91059. When viewed using the average, the average value for each bank is not much different. The mean for conventional banks is 5.2733, while the mean for Islamic banks is 5.2052.

The LDR variable describes the liquidity calculation used to calculate a bank's liquidity rating. "Loan to Deposit Ratio (LDR) is a calculation that estimates the liquidity of a bank by matching the budget taken from the public in the flow of savings, deposits and current accounts" (Komalasari & Wirman, 2021) . The minimum value of the LDR variable in conventional banks was 67.55% obtained in 2012, and the maximum value of the "Conventional Bank Current Ratio" variable was

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90.51% obtained in 2014. The average LDR component for conventional banks was 80.7476 and the standard deviation was 6.84898. The minimum value of the Sharia Bank FDR component was 73.78%, which was obtained in 2012 and the maximum number of Sharia Bank FDR components was 105.66%, which was obtained in 2012. The average of the sharia bank FDR components was 91.6762 and the standard deviation was 8.11100. Judging from the average, the mean value for conventional banks is lower, namely 80.7476 compared to sharia banks (91.6762). This states that sharia is a bank. Better than conventional banks.

This ranking is based on the quality of a bank's assets which are measured using non-performing loans (NPL). In sharia banking, this is known through the term non-performing financing (NPF). The minimum change in NPL for conventional banks was 0.40% in 2012-13 and the maximum change in NPL for conventional banks was 3.52% in 2014.

The minimum NPF component for sharia banks was 0.10% obtained in 2012-2014 and the maximum NPF value was 7.10% obtained in 2014. The average NPF component for sharia banks was 2.8743 and the standard deviation was 2.11139. The lower the NPL or NPF figure, the higher the quality of the bank. If you look at the average, the value of conventional banks is much better, namely 1.8324, and the value of Islamic banks is 2.8743.

The final ratio is the minimum value of the ROE variable of 7.62% obtained in 2014, and the maximum ROE figure of 38.66% obtained in 2012. The average ROE variable for traditional banks is 22.3543 and the standard deviation is 7.91769. The highest ROE component for Sharia Commercial Banks was 25.05%, obtained in 2012. The average ROE component for Sharia Commercial Banks was 6.7395 and the standard deviation was 7.93496. The higher the ROE number, the better the quality. Judging from the average value, the average value for conventional banks is relatively high, namely 22.3543, although the average number for Islamic banks is only 6.7395. This states that the ROE component figures for conventional banks are better compared to sharia banks.

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Independent sample t-test analysis

Table 2: Independent Sample T-test Statistical Test Results

RASIO		Levene's Test For Equality of Variences		t-test For Equality of Means		
		F	Sig.	t	df	Sig. (2- tailed)
CAR	*Equal Variences Assumed, Equal Variences not Assumed*	27,734	0,000	-1,854 -1,854	40 21,654	0,071. 0,077
ROA	*Equal Variences Assumed, Equal Variences not Assumed*	3,873	0,057	5,513 5,513	40 38,285	0,000. 0,000
BOPO/REO	*Equal Variences Assumed, Equal Variences not Assumed*	0,018	0,893	-3,678	40 32,978	0,001. 0,001
NIM/NOM	*Equal Variences Assumed, Equal Variences not Assumed*	5,595	0,023	0,090 0,090	40, 34,237	0,929. 0,929
LDR/FDR	*Equal Variences Assumed, Equal Variences not Assumed*	0,148	0,702	-4,718 -4,718	40 38,908	0,000. 0,000
NPL/NPF	*Equal Variences Assumed, Equal Variences not Assumed*	16,491	0,000	-2,110 -2,110	40 25,809	0,041. 0,045
ROE	*Equal Variences Assumed, Equal Variences not Assumed*	0,618	0,437	6,380 6,380	40 40,000	0,000. 0,000

Source: Sovia et al., (2016)

Table 2 states that the calculated F CAR is 27.734 and the probability is 0.000 because the probability of the material increases greatly from <0>0.05. Therefore, what is used is Equal variance not assumed. t the amount for CAR via Equal variance not assumed is -1.854 with a probability of 0.077 because the probability is > 0.05 so the hypothesis can be explained as correct because H0 is accepted and H1 is rejected because it is correct. conventional banks and sharia banks. Even though it has not been proven to be true, there is no divergence in the capabilities of conventional banks and Islamic banks when observing the CAR ratio.

F calculated ROA is 3.837 and the opportunity is 0.057. Because the probability of the material in the material is > 0.05, so the same model is considered valid. The total t value for ROA along with similar variance calculations is 5.513 through chance. 0.000 because probability < . It is 0.05 so H0 is not obtained and H1 is found to be correct. So it can be explained that the hypothesis that there is a difference in capability between conventional banks and Islamic banks has been proven correct.

The F number for BOPO/REO is 0.18 and the probability is 0.893. Because the probability of the material in the material is > 0.05, a similar model is considered valid. The t value for the total BOPO/ROE calculation of equal variance is -3.678 with a probability of 0.001 because the probability is < . It is 0.05 so H0 is not obtained and H1 is found to be correct. So it can be explained that the hypothesis that there is a difference in capability between conventional banks and Islamic banks has been proven correct.

F value of NIM/NOM is 5.595 and the probability of the data increasing from <0>0.05, so with a probability of 0.023, so the validity used is Equal variance not assumed, t

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says the use of NIM/NOM using Equal variance not assumed is 0.090 along with the probability 0.929 because the probability is > 0.05. then H0 is obtained and H1 is not found to be true, then it can be explained that the hypothesis presented is working. financial skills between conventional banks and sharia banks are not valid.

The F value for LDR/FDR is 0.148 and the probability is 0.702. Because the material probability is > 0.05, a similar model is considered valid. The T value for LDR/FDR assuming a similar model is -4.718 with a probability of 0.000 because the probability is < . It is 0.05 so H0 is not obtained and H1 is proven to be correct, so it can be explained that the hypothesis that there is a difference in capability between conventional banks and Islamic banks has been proven correct.

The F value for NPL/NPF is 16.491 and the probability is 0.000 because the probability of the material increasing as long as it is < 0.05 then a similar model is not assumed to be the basis. t calculated for NPL/NPF without assuming the same variance is -2.110 with a probability of 0.045 because the probability is < . If 0.05 then H0 is not obtained and H1 is found to be true.

If two references are similar, the validity of equal variance assumed should be used. Will compare two populations with the t-test (Kurniasih & Suryani, 2017) . The F value of ROE is 0.618 and the opportunity is 0.0437. Because the probability of the material above is > 0.05, the same variance is assumed to be. The calculated t value for ROE assuming the same model is 6.380 with a probability of 0.000 because the probability is < . 0.05 so H0 was not obtained and H1 was found to be correct, then it can be explained that the hypothesis of variations in financial skills between conventional banks and Islamic banks was proven correct.

Conclusion

Based on the results of a comparative analysis of the operational efficiency of sharia banking services and conventional banks from 2012 to 2014, several conclusions can be drawn:

1. Overall, Islamic and conventional banking skills have advantages and disadvantages. Islamic banks tend to have superior capabilities in terms of funding, liquidity and asset preservation, while conventional banks are better in terms of efficiency and return on capital.
2. However, it should be remembered that these results are specific to the period and sample of banks studied in this research. Other factors such as regulations, business strategy, and market conditions may also influence the results of this comparison.

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