

Original Research Article

Analysis of Capital Adequacy Ratio, Operating Expenses Operating Income, Non-Performing Financing, Financing to Deposit Ratio, and Net Operating Margin Return on Assets at Sharia Commercial Banks

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Abstract: This study was conducted to see the effect of Capital Adequacy Ratio (CAR), Operating Costs to Operating Income (BOPO), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Net Operating Margin (NOM) on Return on Assets (ROA) at Sharia Commercial Banks. The analysis method used is panel regression, the data used is secondary data from the financial statements of Islamic Commercial Banks for the 2021-2023 period. The results of the analysis stated that CAR, BOPO, NPF, FDR, and NOM have a simultaneous influence on ROA in Sharia Commercial Banks. Partially CAR, NPF, and FDR do not affect ROA. While NOM has a significant positive influence on ROA, on the contrary, BOPO has a significant negative influence on ROA. The results of this study provide important information for bank management in managing these factors to improve financial performance and bank profitability.

Keywords: Financial Performance, Return on Assets, Capital Adequacy Ratio, Operating Expenses to Operating Income, Non-Performing Financing, Financing to Deposit Ratio, Net Operating Margin.

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1. INTRODUCTION

Islamic banking is a significant development in Indonesian culture which mostly adheres to Islam. With the rapid development of Islamic banks, it is believed to be able to overcome the problems of people who want to use banking services without involving interest, according to Islamic legal standards that prohibit usury. This is the fundamental attraction of Islamic banks to attract the public as customers as expected. The presence of Islamic banks also provides more convenience for the public to save at Islamic banks, thereby increasing public interest in using banking services that are by religious principles.

Relevant financial statements are the basis for assessing a bank's financial performance. One way to assess the performance of an Islamic bank is to look at its profitability (Al-Zauqi & Setiawan, 2020). One way to see profitability is Return on Assets (ROA), Return on Assets (ROA) is a profitability ratio to show the comparison of profits generated with the total assets (Mainata & Ardiani, 2018). Factors that can affect ROA are Capital Adequacy Ratio (CAR), Operating Cost Operating Income (BOPO), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Net Operating Margin (NOM).

Capital Adequacy Ratio or CAR is the ratio of a bank's capital adequacy to support assets that have risk, such as financing. If the CAR value is high, the bank's ability to bear credit risk and risky productive assets is also better. According to Prastiwi (2021), Capital Adequacy Ratio, or CAR is a ratio used to see how many parts of a bank's assets that have risk (such as financing, securities, investments, and other bills) are supported by the bank's capital and from outside funds (such as loans, public deposits, and others). In the research of Almunawwaroh & Marliana (2018), it was found that CAR has a negative influence on profitability. However, research by Mustafa (2020) states different results, namely CAR has a positive influence on profitability.

Operating Cost Operating Income or BOPO is a ratio that indicates how well a company or bank is in carrying out its operational activities. The higher this ratio, the greater the bank's ability to reduce its operating costs. However, this can also signal the risk of loss because the operating income generated is not large enough to cover operating expenses. According to research by Kusumastuti & Alam (2019), Ahmed Mennawi (2020), and Putra (2020), it was found that BOPO has a negative influence on ROA. However, different results from Yundi & Sudarsono's (2018)

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research, show that BOPO has a positive influence on ROA.

Non-performing financing or NPF is a ratio that describes the amount of non-performing financing compared to all financing owned by the bank. The higher this ratio, the greater the financing that the bank considers problematic. This could reflect the bank's inability to recognize its customers or to provide credit to borrowers who are unlikely to be able to repay their loans. In Ananda's (2020) research and Ningati's (2020) research, it was found that NPF has a negative influence on profitability. However, different research results by Hanafia & Karim (2020) and Zubaidah & Hartono (2019) show that NPF has a positive influence on profitability.

Financing to Deposit Ratio or FDR is a ratio to see how much liquidity a bank has that describes the bank's ability to meet credit demand using all the assets it has. Results of Yusuf's research (2017), Amalia nur Zubaidah (2019) states that there is a significant effect of NPF on positive ROA. However, this finding is different from the results of research conducted by Wibisono & Wahyuni (2017), and Fajriah & Jumady (2021) which stated that there was no significant effect of NPF on ROA.

Net Operating Margin or NOM is a ratio that reflects the efficiency of managing bank assets and liabilities in generating profits (Munandar 2022). NOM assesses a bank's management's ability to make a profit on interest by looking at how well they provide loans. This is important because a bank's operating income is highly dependent on the difference in interest from loans disbursed. Thus, NOM helps in evaluating how efficient a bank is in managing its assets and liabilities to generate interest income. In Wibisono & Wahyuni's (2017) research, Irawan & Kharisma (2020) it was found that NOM has a significant positive effect on ROA.

Therefore, this study was conducted to see the influence of CAR, BOPO, NPF, FDR, and NOM on ROA at Bank BSI, BTPN, Panin Dubai Syariah, Mega Syariah, BCA Syariah, and Bank Victoria Syariah. Understanding the factors that affect ROA, is expected to provide better knowledge about the financial performance of the six Islamic banks and provide valuable information for making decisions in the Islamic banking industry.

2. LITERATURE REVIEW

2.1. Profitability

According to Rahma (2021), profitability is the net profit of a company or bank that is influenced by various factors. The size of the profit is determined by two indicators, Return on Equity or ROE and Return on Assets or ROA. ROE is to see how much return on capital generates profits for the bank, while ROA is to see how much profit the bank can generate from all the

assets it owns. In this study, researchers use ROA as a profitability ratio. According to Amajida & Muthafer (2020), profitability is the amount of money that has been generated by a company or bank in a certain period. One way to view and assess a company's ability to earn profits is to use the ROA asset value ratio. The ROA ratio shows how well a company or bank is making a profit by utilizing the assets it owns. So, if the company's financial performance improves, its profitability will increase, but if the financial performance is poor, its profitability will fall.

2.2. Capital Adequacy Ratio (CAR)

In general, a company's capital adequacy ratio, commonly referred to as the solvency ratio, indicates how well its operating activities can be funded by outside sources of money. According to Rufaidah (2021), the Capital Adequacy Ratio or CAR is a ratio that shows the level of capital adequacy of a bank, also often referred to as the Minimum Capital Provision Obligation or KPMM. Capital is an important component in business development and loss risk collection activities, this can increase CARs when they can bear credit risk or risky productive assets. If the CAR ratio is higher, the bank's profit will increase and the ROA will increase. As a result, bank management must increase capital because with adequate capital, banks can expand their business more safely (Widyastuti & Aini, 2021).

Based on Bank Indonesia Regulation No.3/21/PBI/2001 determines the ability of a bank to overcome losses, using KPMM or CAR capital ratio instruments that show the wealth of a bank. The minimum CAR regulation applied by Bank Indonesia is 8% of ATMR (Risk-Weighted Assets).

2.3. Operating Expenses Operating Income (BOPO)

The ratio that measures and assesses the operational activities and efficiency level of a bank is Operating Cost to Operating Income or BOPO. The main activities of the bank involve the collection and distribution of funds, as well as interaction with third parties. Therefore, yield and interest costs are often the dominant factors in a bank's income and operating costs. The decline in pretax profits is often caused by rising operating expenses, which in turn can lower a bank's Return on Assets (ROA). According to Kurnia & Mawardi (2012), if the ratio value of a bank is below 90%, it is considered to have a good level of efficiency. The tolerable ratio value of Bank Indonesia is 93.25%. If the value of Operating Expenses to Operating Income is more than 100%, the bank is considered ineffective in its operations. This indicates that the expenses incurred by the bank outweigh its revenue. If the BOPO ratio is small, then the bank's ROA will be low; conversely, if the ratio value is large, incoming income will decrease and costs incurred will increase (Somantri and Sukardi 2019).

According to Ariyani's research (2016), when the value of BOPO falls, profits increase, and banks are considered more efficient in managing operational costs. To reduce operational risk, banks are trying to manage BOPO, which is part of uncertain operational activities. The operating cost structure of a bank affects the decline in profits, operating losses, and failures of goods and services that are captivated.

2.4. Non-Performing Financing (NPF)

Non-Performing Financial or NPF is a ratio to assess asset quality. Yusuf (2017) argues that the risk of problematic financing is measured by Non-Performing Financing or NPF. The high level of risk in problematic financing in a bank is reflected in the increase in Non-Performing Financial NPF. With the increasing amount of financing issued by banks, of course, it will increase the risk of problematic financing. This must be considered carefully by banks because of the value of the Non-Performing Financial or NPF ratio. This circumstance can lower a bank's ROA as the bank's revenue is affected, thereby reducing the bank's profits.

The assessment criteria based on BI Circular No. 13/24/DPNP (2011) rank one is below 2%; rank two is between 2% and 5%; rank three is between 5% and 8%; rank four is between 8% and 12%; and rank five is more than 12%. In Islamic banking, the term Non-Performing Loan (NPL) is changed to Non-Performing Financing (NPF) because in Islamic banks there is no credit, but financing.

2.5. Financing to Deposit Ratio (FDR)

According to Nugraha & Arshad (2020), the Financing to Deposit Ratio or FDR is a liquidity value that compares the total distribution of funds with the number of deposits and shows the bank's ability to distribute funds from third parties. The financing-to-deposit ratio (FDR) is a comparison between financing from banks with the amount of funds from third parties successfully deployed by banks (Syafi'i Antonio 2005). The higher the ratio, the less liquidity the bank has. Banks will face bigger problems if depositors withdraw their funds. It will also affect where savers choose to park their funds. The FDR standard set by Bank Indonesia is 80-110%, which requires Islamic banks to maintain a stable FDR value. An FDR rate that is too low indicates that the bank is not functioning well as a funding channel, while a low FDR value indicates that the bank is less effective as a financing channel (Mutmainnah & Wirman, 2022).

2.6. Net Operating Margin (NOM)

Net Operating Margin (NOM) is an indicator to assess the ability of a bank's management to utilize facilities to obtain net operating income. The greater the value of the NOM, the greater the percentage of income from productive assets, which reduces the likelihood of the bank facing financial problems (Aulia & Anwar, 2021). According to Budianto & Dewi (2023), Net

Operating Margin (NOM) is a financial ratio to see how effectively a company generates profits from its main business. In the banking linkup space, NOM reflects a bank's ability to earn operating income (such as interest-based income and fees) that has been reduced by operating expenses (including rent, administration, and salary costs). By calculating the result of net operating income with total assets, we can see the value of NOM. If the NOM number rises, the possibility of banks making a large profit and the better the bank generates income from its business activities.

2.7. Research Framework

Based on the theory that has been explained in the description above, the following research framework can be made:

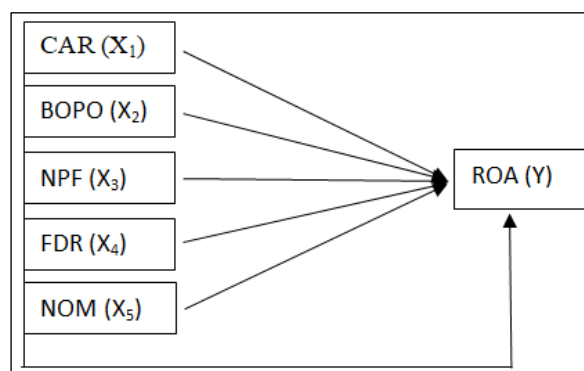


Figure 2.1: Research Model

Based on the research framework built above, the following hypotheses were proposed:

- Hypothesis 1 (H1): It is suspected that the Capital Adequacy Ratio (CAR) has a positive effect on Return on Assets (ROA).
- Hypothesis 2 (H2): It is suspected that Operating Expenses (BOPO) negatively affects Return on Assets (ROA).
- Hypothesis 3 (H3): It is suspected that Non-Performing Financing (NPF) hurts Return on Assets (ROA).
- Hypothesis 4 (H4): It is suspected that the Financing to Deposit Ratio (FDR) negatively affects Return on Assets (ROA).
- Hypothesis 5 (H5): It is suspected that Net Operating Margin (NOM) has a positive effect on Return on Assets (ROA).
- Hypothesis 6 (H6): It is suspected that CAR, BOPO, NPF, FDR, and NOM simultaneously affect Return on Assets (ROA).

3. RESEARCH METHOD

The type of research used is quantitative research. because it uses numerical data that has been collected by researchers. Previously, researchers planned interrelated variables based on theories from experts. These variables are then tested to prove the hypothesis that has been proposed (Zikri 2023). The population and samples used are Sharia Commercial Banks listed on the

Indonesia Stock Exchange, namely Bank BSI, BTPN Syariah, Panin Dubai Syariah, MEGA Syariah, BCA Syariah, and Victoria Syariah between 2021 – 2023. The data collection technique in this study uses purposive sampling techniques, which is a method of viewing data based on certain criteria (Sekaran & Bougie, 2016). Data is obtained through access from the website page www.ojk.go.id.

O conduct hypothesis testing, quantitative methods of analysis are used. Quantitative analysis is used to classify research data to obtain the information needed for the analysis process. The testing in this study used Eviews software. The analysis technique used is panel regression. Panel data regression analysis is a type of analysis that uses panel data to see how one dependent variable is related, to one or more independent variables. Panel data is data consisting of time series and cross-section data (Ahmaddien & Susanto, 2020).

As for the regression equation:

$$Y = \alpha_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Where,

$Y =$ Variabel dependen

$\alpha =$ Regression Coefficient

$\beta =$ Regression Coefficient Parameter

$X_1 =$ Independent Variable

$X_2 =$ Independent Variable

$X_3 =$ Independent Variable

$\varepsilon =$ Fall

So the regression equation is obtained, namely:

$$Y = \alpha_0 + \beta_1CAR + \beta_2BOPO + \beta_3NPF + \beta_4FDR + \beta_5NOM + \varepsilon$$

Where,

$Y =$ ROA

$\alpha =$ Regression Coefficient

$\beta =$ Regression Coefficient Parameter

$\beta_1CAR =$ Regression Coefficient of CAR

$\beta_2BOPO =$ Regression Coefficient of BOPO

$\beta_3NPF =$ Regression Coefficient of NPF

$\beta_4FDR =$ Regression Coefficient of FDR

$\beta_5NOM =$ Regression Coefficient of NOM

$\varepsilon =$ Fall

4. RESULTS OF RESEARCH AND DISCUSSION

4.1. Research Results

4.1.1 Regression Model Testing

a. Chow Test

This test is carried out to select a suitable model for use between a common effect or fixed effect.

Table 4.1: Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	17.736066	(5,61)	0.0000
Cross-section Chi-square	64.629217	5	0.0000

Source: Output Eviews 12 (2024)

Based on Table 4.1 the probability value of cross-section F is $0.000 < 0.05$ so H_a is accepted. Therefore, the best model for regression testing is the fixed effect model.

b. Hausman Test

The Hausman test is done to select a suitable model between a more appropriate fixed effect or random effect model.

Table 4.2: Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	88.680328	5	0.0000

Source: Output Eviews 12 (2024)

The results of the Hausmann test in Table 4.2 show that the probability of cross-section is $0.0000 <$

0.05 , so H_a is accepted. Therefore, the best model for regression tests is the fixed effect model.

After performing both tests, it was found that the fixed effect model was the correct panel data

regression model. Therefore, the Lagrange Multiplier (LM) test is not required.

4.1.2 Regression Equation Analysis

Table 4.3: Regression Calculation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.964394	0.699109	2.809855	0.0067
X1	0.005033	0.002772	1.815727	0.0743
X2	-0.013568	0.005593	-2.426038	0.0182
X3	0.001085	0.004052	0.267650	0.7899
X4	-0.005388	0.004977	-1.082592	0.2833
X5	0.744216	0.062140	11.97640	0.0000

Source: Output Eviews 12 (2024)

Based on the results of regression calculations in Table 4.3, the following equation is obtained:

$$Y = 1.96439365498 + 0.0050333 * X1 - 0.013568 * X2 + 0.001085 * X3 - 0.005388 * X4 + 0.744216 * X5 + [CX=F]$$

The explanation is as follows:

1. The constant value obtained is 1.96439365498 then it can be interpreted that if the independent variable increases by one unit evenly, then the dependent variable will also increase by 1.96439365498.
2. The value of the regression coefficient of the CAR variable (X1) is 0.005, meaning that if the variable X1 increases, the variable Y also increases by 0.005, and vice versa.
3. The value of the regression coefficient of the BOPO variable (X2) is 0.013, meaning that if the variable X2 increases, the variable Y will decrease by 0.013, and vice versa.

4. The regression coefficient value of the NPF variable (X3) is 0.001, meaning that if the variable X3 rises, the variable Y will also increase by 0.001, and vice versa.
5. The regression coefficient value of the FDR variable (X4) is 0.005, meaning that if the variable X4 increases, the variable Y will also decrease by 0.005, and vice versa.
6. The regression coefficient value of the NOM variable (X5) is 0.744, meaning that if the variable X5 increases, the variable Y also increases by 0.744, and vice versa.

4.1.3 Hypothesis Test Results

1. T-test result

The significance level of each independent variable with the dependent variable is calculated by the t-test. In this case, it is said to have a significant influence if the value is less than 0.05. The results of the t-test can be seen in the table below:

Table 4.4: Test Results t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.964394	0.699109	2.809855	0.0067
X1	0.005033	0.002772	1.815727	0.0743
X2	-0.013568	0.005593	-2.426038	0.0182
X3	0.001085	0.004052	0.267650	0.7899
X4	-0.005388	0.004977	-1.082592	0.2833
X5	0.744216	0.062140	11.97640	0.0000

Source: Output Eviews 12 (2024)

Partially, the independent variable affects the dependent variable as follows:

- a) For the variable CAR (X1), shows the value of t-Statistic 1.815727 with prob. (significance) 0.0743 (>0.05). Thus, it can be concluded that variable X1 does not affect variable Y.
- b) For the BOPO variable (X2), it shows a t-statistical value of -2.426038 with a probability

value (significance) of 0.0182 (<0.05). Thus, it can be concluded that variable X2 hurts variable Y.

- c) For the NPF variable (X3), indicate a t-statistic value of 0.267650 with prob. (significance) 0.7899 (>0.05). Thus, it can be concluded that the variable X3 does not affect the variable Y.

- d) For the FDR variable (X4), indicate the value of t-Statistic -1.082592 with prob. (significance) 0.2833 (>0.05). Thus, it can be concluded that the variable X4 does not affect the variable Y.
- e) For the variable NOM (X5), show the value of t-Statistic 11.97640 with prob. (significance) 0.0000 (<0.05). Thus, it can be concluded that variable X5 affects variable Y.

2. F Test

The F test is a method for comparing variance between two or more groups of data. Used to determine if at least one of the groups averages significantly different. The result is presented in the form of an F value, which is the ratio of variance between groups and within groups. It can be seen in the following table:

Table 4.5: Test Results f

R-squared	0.992430
Adjusted R-squared	0.991189
S.E. of regression	0.336221
Sum squared resid	6.895732
Log likelihood	-17.71609
F-statistic	799.6665
Prob(F-statistic)	0.000000

Source: Output Eviews 12 (2024)

It is known that the f-Statistic value is 799.6665 with the value of Prob. (F-Statistic) amounted to 0.000000 (<0.05). Thus, it can be concluded that the independent variable (CAR, BOPO, NPF, FDR, NOM) has a significant effect simultaneously on the dependent variable (ROA).

3. Test Coefficient of Determination (R²)

The determination coefficient test is used to determine how much influence the independent variable has on the dependent variable. The results of the coefficient of determination test can be seen in the following table:

Table 4.6: Test Results R²

R-squared	0.992430
Adjusted R-squared	0.991189
S.E. of regression	0.336221
Sum squared resid	6.895732
Log likelihood	-17.71609
F-statistic	799.6665
Prob(F-statistic)	0.000000

Source: Output Eviews 12 (2024)

It is known that the Adjusted R-squared of 0.991 can be concluded that the contribution of the influence of independent variables (CAR, BOPO, NPF,

FDR, NOM) on the dependent variable (ROA) simultaneously amounted to 9.91%. While the remaining 90.09% was influenced by other variables outside the study.

4.2. DISCUSSION

The Effect of Capital Adequacy Ratio on Capital Adequacy Ratio

Based on the results of the statistical analysis that has been carried out, it shows the prob. The significance of 0.0743 is greater than 0.05. This means that there is no significant positive influence that CAR has on BUS ROA in the 2021-2023 period. This indicates that if CAR increases, the ROA value will decrease. This result is not by the theory which states that a high CAR value will contribute to increasing bank ROA. This occurs because the Bank has a capital structure that is not optimal, where the capital composition is not by operational needs and the risks faced. This can result in adequate CAR but low ROA due to inefficient capital allocation. So it can be concluded that Hypothesis 1 is rejected. This research is in line with research conducted by Hanafia & Karim (2020).

The Effect of Operational Costs on Operational Income on the Capital Adequacy Ratio

Based on the statistical analysis that has been carried out, shows the prob. The significance of 0.0182 is smaller than 0.05 and the t-statistic value is negative, which indicates that there is a significant negative influence that BOPO has on BUS ROA in the 2021-2023 period. This indicates that if BOPO increases, the ROA value will decrease. An increase in operational costs will usually put pressure on bank profit margins. When operational costs increase without a commensurate increase in income, bank profit margins will decrease. This can result in ROA decreasing because the profits generated from bank assets are not commensurate with the costs incurred to operate the bank. In other words, large bank operational costs will make the bank's ROA value small. So it can be concluded that Hypothesis 2 is accepted. This research is in line with research conducted by Pratama, Mubaro, & Afriansyah (2021).

The Influence of Non-Performing Financing on the Capital Adequacy Ratio

Based on the results of the analysis that has been carried out, it shows the value of prob. The significance of the NPF is 0.7899, which means there is no significant positive influence on ROA because it is smaller than 0.05. This indicates that if the NPF increases, the ROA value does not experience a significant change. However, this result is not by the theory which states that a high NPF value will cause a decrease in bank ROA. NPF reflects financing risk, where lower financing quality is indicated by an increase in the NPF ratio. In addition, the increase in NPF illustrates the comparison between problematic financing and total financing which is getting worse. Thus, it can be concluded that

Hypothesis 3 is accepted. This research is in line with research conducted by Fadhillah & Suprayogi (2019).

The Influence of Financing to Deposit Ratio on Capital Adequacy Ratio

Based on the results of the statistical analysis carried out, the prob value was obtained. The significance of FDR of 0.2833 is greater than 0.05, indicating that FDR has no significant influence on BUS ROA in the 2021-2023 period. This indicates that if FDR increases, the ROA value will decrease. This result is not by the FDR theory, where a high DPK value compared to the financing provided will have an impact on increasing the bank's ROA. This is caused by the bank's low liquidity capacity, which is indicated by the higher FDR ratio, which is caused by the increase in funds in the form of financing distributed by banks to the public. So it can be concluded that Hypothesis 4 is accepted. This research is in line with research conducted by Rohansyah (2021).

Influence of Net Operating Margin on Capital Adequacy Ratio

Based on the results of the statistical analysis that has been carried out, the NOM variable gets a prob value. The significance is 0.0000, where the value is smaller than 0.05, which indicates that there is a significant positive influence that NOM has on BUS ROA in the 2021-2023 period. This indicates that if NOM increases, the ROA value will increase. This result is by the theory which states that a high NOM value will contribute to increasing bank ROA. So it can be concluded that Hypothesis 5 is accepted. This research is in line with research conducted by Hanafia & Karim (2020).

The Influence of Capital Adequacy Ratio, Operating Costs, Operating Income, Non-Performing Financing, Financing to Deposit Ratio, and Net Operating Margin on Capital Adequacy Ratio.

Based on the results of the statistical analysis carried out, there is a significant influence of CAR, BOPO, NPF, FDR, and NOM on BUS ROA in the 2021-2023 period simultaneously. This means that when a bank carries out its overall operational activities, whether the value of CAR, BOPO, NPF, FDR, and NOM increases or decreases, this will affect increasing or decreasing ROA. This shows that these factors jointly influence the bank's financial performance in achieving optimal ROA. So it can be concluded that Hypothesis 6 is accepted.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

This research analyzes the influence of financial ratios such as Capital Adequacy Ratio (CAR), Operational Costs to Operating Income (BOPO), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Net Operating Margin (NOM) on Return on

Assets (ROA) in Islamic commercial banks. Based on the research results, CAR, NPF, and FDR do not have a significant influence on ROA, which means that increasing the capital adequacy ratio, non-performing financing, and the financing to deposit ratio cannot increase the profitability of Islamic banks. NOM has a significant positive influence on ROA, meaning that if financial ratios increase, the profitability of Islamic banks will also increase. On the other hand, BOPO has a significant negative effect on ROA, indicating that increasing operational costs and problematic financing can reduce profitability.

5.2 RECOMMENDATIONS

1. For further research, it is recommended that all Sharia banks registered with Bank Indonesia obtain different samples.
2. For further research, it is recommended to extend the observation time or period so that the results can be compared more comprehensively.
3. For further research, it is recommended to add other variables to identify factors that can influence Sharia Banking Return On Assets (ROA).
4. For the next research, it is hoped that the results will be better and there will be variations in determining research methods.

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