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The Development of National Islamic Foreign Exchange Bank in Indonesia

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ABSTRACT

Stagnation is a challenge faced by Islamic banking. Inadequate capital, small scale industries and banks, and low efficiency are the main obstacles to sharia banking in Indonesia. Therefore, the arrangement of various aspects needs to be done, so that national Islamic foreign exchange banks can compete with conventional commercial banks in terms of the effectiveness and efficiency of business activities. This study uses primary and secondary data with qualitative descriptive analysis. This study uses banking theory to determine the development of national Islamic foreign exchange banks in Indonesia. The data used are assets, liabilities, equity, and profit and loss. The total number of active national Islamic foreign exchange banks in Indonesia is 6 banks. The regulator encourages an increase in the role of national Islamic foreign exchange banks to carry out merger and acquisition strategies, hence they are strong in the capital, in BUKU IV category, can compete for business with conventional commercial banks, and can play an important role in the advancement of the Indonesian economy.

Keywords: Islamic foreign exchange bank, liabilities, equity, profit and loss

1. Introduction

The work program for strengthening capital and business scale has not yet run effectively, because there is no Sharia Commercial Bank that fits the BUKU IV category in Indonesia. Islamic banking is also faced with challenges, namely delays in economic growth due to global economic conditions that have not shown recovery and new challenges with the presence of the COVID-19 pandemic. In the current circumstances, the Islamic banking industry must be able to utilize the dynamics of the global and domestic economy to take a greater role in national development. The Islamic banking roadmap program in Indonesia has been carried out during the 2015-2019 period and will be evaluated by the relevant authorities to determine the next development target. Determination of targets in the context of enhancing the role of the Islamic banking sector and increasing the role in overcoming current global problems.

Institutionally, there is BUS in the form of full Islamic banks and there are also Sharia Business Units (UUS) from conventional commercial banks. The basis of sharia bank formation is the desire to provide financial services that have sharia principles, namely avoiding the practice of interest (Riba), other practices that are not in line with the principles

of sharia (Haram), gambling (Maysir), and uncertainty (Gharar). The development of Islamic banking is expected to improve economic and financial activities following Islamic guidelines. The current crisis phenomenon is due to behavior in economic activities that emphasize the element of profit by ignoring ethics, religion, and moral values. The principles of sharia in the current economy, focus on the elements of community and environmental interests. Sharia banking, if carried out effectively and efficiently, will have a positive impact on the balance and distribution of people's welfare.

Infrastructure and sustainable development in Indonesia need to be improved (Hannase et al, 2020). These obstacles have an impact on the stagnation in the development of national Islamic banking. Inadequate capital, small scale industries and banks, and low efficiency are the main obstacles in driving the role of Islamic banking in Indonesia (Fatwa, 2017). Limited capital is an important factor affecting the low expansion of Islamic banking assets. Currently, BUS has a core capital of less than IDR 2 trillion and no BUS has a core capital of more than IDR 10 trillion. The impact of Islamic banking capital limitations is the lack of flexibility to expand, such as opening a branch office, developing infrastructure, and improving service segmentation.

Islamic banking also experiences limitations in the financing segment. Therefore, in general, the business model only focuses on the retail segment, including Micro, Small, and Medium Enterprises (UMKM) and consumer. People prefer to commute to get better facilities (Fatwa et al, 2014). The products produced by Islamic banks are not varied and the services are not yet in line with expectations, because the public compares the features of Islamic banks that are not as complete as products at Conventional Commercial Banks (BUK). Several factors such as price, service quality that is not yet equivalent to BUK, and limited customer access and recognition, are some of the weaknesses of BUS. The more competitive banking competition will have a positive impact on business actors. The leadership strategy has a positive and significant effect on competitive advantage in Indonesia (Tairas et al, 2016).

In a report on the development of the Islamic banking industry, a distinction is made on business activities and office networks based on the bank's core capital. Sharia banking is also distinguished based on the type of bank, they are BUS, UUS, and Sharia People's Financing Bank. Comparison of BUK and BUS performance can be seen on the following chart:

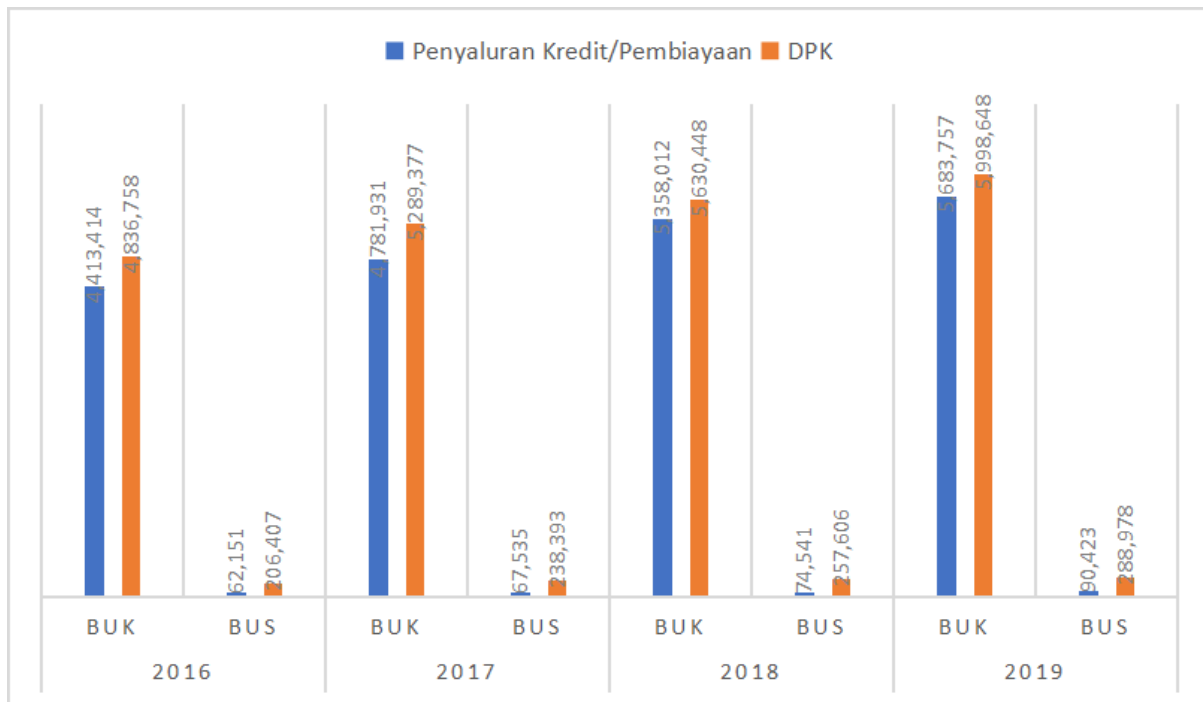


Figure 1. BUK and BUS Business Activities (Billion)

Source: Financial Services Authority (OJK), 2020

This information illustrates that BUK controls the market share of the banking industry in Indonesia compared to BUS. In terms of nominal profit-sharing financing, BUS experienced a positive trend, namely an increase in financing from 2016-2019, wherein 2016 only amounted to IDR 62.151 (Billion) to Rp 90.423 (Billion) in 2019. When comparing the portion of profit sharing financing for BUK and BUS, it can be seen that the BUS market share in 2019 is only 2%, while BUK is 98%. When viewed from the nominal indicators of the collection of Third Party Funds (DPK), BUS also experienced a positive trend, namely the increase in DPK from 2016-2019. In 2016, DPK was only IDR 206.407 (Billion) to IDR 288.978 (Billion) in 2019. When compared between the DPK portion for BUK and BUS, it can be seen that the BUS market share in 2019 was only 5%, while BUK was 95%.

Islamic banking is expected to be able to contribute positively to overcoming global problems, such as the issue of increasing population, uncontrolled regional development, and disrupting sustainable city development (Yola and Siong, 2016; Yola and Siong 2017). One indicator of the underdeveloped BUS is the low capital, consequently, Islamic banking can only carry out business activities intended for BUKU I, II, and III. The largest concentration of BUS capital is in the type of national foreign exchange bank, while non-foreign exchange type BUS capital, Regional Development Bank, foreign and mixed smaller. Deeper research

will be done to find out the problem of low BUS capital and strategies that need to be done in overcoming the problem of small capital with a case study of foreign exchange banks in Indonesia.

2. Literature Review

According to Bank Indonesia Regulation (PBI) Number 14/26/PBI/2012 concerning business activities and office networks based on core capital, it is stated that banks are grouped into 4 business groups as follows:

- BUKU I. Banks with core capital of less than IDR 1 trillion can conduct fund collection and distribution activities which are basic products or activities in rupiah, trade finance activities, activities with limited scope for agency and cooperation, payment system activities and electronic banking with limited coverage, temporary capital investment activities in the context of saving credit, and other services, in rupiah. BUKU I can only carry out limited foreign exchange activities as a foreign exchange trader based on a contract that is not contrary to Sharia principles.
- BUKU II. Banks with core capital of IDR 1-5 trillion can conduct product activities or activities in rupiah and foreign exchange, with a broader scope and based on a contract that is not contrary to Islamic principles. BUKU II may conduct limited treasury activities that cover spot transactions and other basic treasury activities, based on contracts that are not in conflict with Sharia principles.
- BUKU III. Banks with core capital of IDR 5-30 trillion can conduct business activities in rupiah and foreign currencies. They also can make an investment of 25% in Islamic financial institutions at home and abroad, limited in the Asian region.
- BUKU IV. Banks with core capital of more than IDR 30 trillion can conduct all business activities in rupiah and foreign currencies. They can also invest 35% in domestic and foreign financial institutions with a wider area than BUKU 3 (worldwide).

In conducting banking activities, it is required to carry out Islamic principles. "O you who have believed, fear Allah and give up what remains [due to you] of interest if you should be believers. And if you do not, then be informed of a war [against you] from Allah and His

Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged" (Al-Baqarah: 278-279). Trade is an exchange of property with other assets, both to be owned and controlled, where such practices may be based on the word of Allah SWT: "... Allah has permitted trade ..." (Al-Baqarah: 275). "O you who have believed, when you contract a debt for a specified term, write it down ..." (Al-Baqarah: 282).

The success of Islamic banking activities can be measured in various ways. Assessing a company's performance requires some assessment that can be represented through performance measurement, based on research conducted by Antonio, Sanrego, & Taufiq (2012). According to Ascarya, et al. (2016), performance measurement is one management tool to determine how far a company can achieve its objectives in terms of evaluating business performance, managers, internal divisions, and also the company's plans for the future both short and long term. According to Mohammed et al (2016), conventional and sharia banking performance, measurements use capital, asset, management, earnings, and liquidity indicators. Besides, Islamic banks are also calculated through Return On Assets (ROA) and Return On Equity (ROE) as the most important indicators in measuring performance in the banking industry (Bedoui, 2012). Analia & Anto (2019) also mentioned that Islamic banks still focus on the use of conventional benchmarks such as Data Envelope Analysis (DEA), and Economic Value Added (EVA) and other methods that are not enough to measure the performance of the Islamic banking industry and conclude that bank performance Sharia is always worse than conventional banks.

A company's balance sheet financial statements become very important to analyze business projections. Profit is difficult to determine in companies with different management and owners or companies that consist of many stakeholders with different interests. This results in the uncertainty of profits for other companies in the market. Company profit depends on the competitive structure in which the company operates (Barthwal, 2010). The coefficient of total assets to bank profits is positive, which means that when an increase in total assets occurs, it will cause an increase in bank income. Conversely, when a decrease in total assets occurs, it will cause a decrease in bank profits (Fatwa et al, 2017). Another opinion expressed by Molyneux and Forbes (1995) who have found a negative relationship between total assets and bank performance. The low total assets will have a high risk. If the total assets are high, the bank can choose an effective investment portfolio, even though the difference in assets between banks cannot be used to make a profit.

The coefficient of total liability is positive, which means when an increase in total liability occurs, it will cause an increase in return on assets. Conversely, when a decrease in total liability occurs, it will cause a decrease in bank profits (Fatwa et al, 2016). Another opinion expressed by Aguirre and Lee (2001), examined the relationship of market structure and bank performance with different regimes in Europe, the United States, and Japan from 1986-1999 with 133 banks. The finding is that total liabilities have a negative relationship with bank performance. The low total assets will increase the bank's operational risk as a result of the amount of debt, hence the profit has decreased.

A study conducted by Fatwa (2020) has examined the positive relationship between equity and bank profits. It shows that when the remuneration of the Board of Directors (BOD) increases, the impact will affect the shareholder dividend yield and bank profits. Management will ensure a return on equity is achieved to produce effective profits. Another opinion was expressed by Adrian et al (2017), who has reviewed that there is a negative relationship between equity and corporate profits. Liquidity is a very important indicator of company management. The business model has changed since the financial crisis, as reflected in the size of the total balance sheet. When capital regulation is tighter, asset contraction harms income.

3. Research Methodology

This study uses primary and secondary data with qualitative descriptive analysis. This study will use banking theory to determine the development of national Islamic foreign exchange banks (BUS) in Indonesia. The data used are assets, liabilities, equity, and profit and loss. The total number of active national Islamic foreign exchange commercial banks in Indonesia was 6 banks in the 2015-2019 period. Bank Mega Syariah, PT. Bank Muamalat Indonesia, PT Bank Panin Dubai Syariah, Tbk, PT. Bank BNI Syariah, and PT. Bank BRI Syariah. The data used were extracted from the OJK website, Bank Indonesia (BI), and library research.

4. Findings and Discussion

4.1. Asset

An increase in assets is one indicator of the success of a bank. Valuation of assets owned by banks is done by comparing the earning assets classified with earning assets. The valuation is also based on the ratio of allowance for possible losses on earning assets and classified

earning assets. The value of assets is seen from the balance sheet that is reported regularly to the regulator, the Financial Services Authority (OJK). There was an increase in national Islamic foreign exchange bank assets each year in the 2015-2019 period, as can be seen in Table 1.

Table 1. Asset development of National Islamic Foreign Exchange Bank

No.	Name of Bank	2015	2016	2017	2018	2019
1	PT. Bank Mega Syariah	5,564,667	6,166,649	7,013,401	7,333,238	8,022,758
2	PT. Bank Muamalat Indonesia	57,802,661	55,851,770	61,785,967	57,274,676	50,408,985
3	PT. Bank Panin Dubai Syariah, Tbk	7,135,883	8,762,445	8,760,676	8,771,988	11,127,021
4	PT. Bank BNI Syariah	22,995,377	28,314,175	34,828,327	41,053,167	4,954,163
5	PT. Bank BRI Syariah	24,239,170	27,693,406	31,546,275	38,480,749	43,112,706
6	PT. Bank Syariah Mandiri	70,799,017	78,831,722	87,939,774	98,583,050	11.297,480

Source: OJK, 2020 (Asset in million rupiahs)

Bank Mega Syariah experiences a positive trend every year by successfully increasing nominal assets for the period 2015-2019. In 2015, the nominal assets of PT. Bank Mega Syariah was 5,564,667 (in million rupiahs) and annually increased to 8,022,758 (in million rupiahs) in 2019. The average asset growth of PT. Bank Mega Syariah between the 2015-2019 period was 10%. Meanwhile for PT. Bank Muamalat Indonesia, they experience a fluctuating trend every year with a decrease in nominal assets for the period 2015-2019. In 2015, the nominal assets of PT. Bank Muamalat Indonesia was 57,802,661 (in million rupiahs) and in 2019 it fell to 50,408,985 (in million rupiahs) in 2019. The average asset growth of PT. Bank Muamalat Indonesia in the 2015-2019 period was -3%. In the same period, cash decreased by -10%, placements with Bank Indonesia by -17%, placements with other banks by -27%, acceptances receivable -17%, Accumulated depreciation of -21%, allowance for impairment losses on earning assets - 18%, and assets taken over -44%. The decrease was due to problems faced by them, such as an increase in non-performing loans and reduced capital owned by PT. Bank Muamalat Indonesia.

Bank Panin Dubai Syariah, Tbk experiences a positive trend every year by successfully increasing nominal assets in the period 2015-2019. In 2015, the nominal assets of PT. Bank Panin Dubai Syariah, Tbk was 7,135,883 (in million rupiahs) and annually increased to

11,127,021 (in million rupiahs) in 2019. The average asset growth of PT. Bank Panin Dubai Syariah, Tbk in the period of 2015-2019 was 12%. BNI Syariah experiences a positive trend every year and has succeeded in increasing the nominal assets of the 2015-2019 period. In 2015, the nominal assets of PT. BNI Syariah Bank was 22,995,377 (in million rupiahs) and annually increased to 49,954,163 (in million rupiahs) in 2019. The average asset growth of PT. BNI Syariah Bank between the 2015-2019 period was 21%.

BRI Syariah Bank experiences a positive trend every year by successfully increasing nominal assets between 2015 and 2019. In 2015, the nominal assets of PT. Bank BRI Syariah was 24,239,170 (in million rupiahs) and annually increased to 43,112,706 (in million rupiahs) in 2019. The average asset growth of PT. BRI Syariah Bank between 2015-2019 was 15%. Bank Syariah Mandiri experiences a positive trend every year by successfully increasing nominal assets for the period 2015-2019. In 2015, the nominal assets of PT. Bank Syariah Mandiri was 70,799,017 (in million rupiahs) and annually increased to 112,297,480 (in million rupiahs) in 2019. The average asset growth of PT. Bank Syariah Mandiri between the 2015-2019 period was 12%.

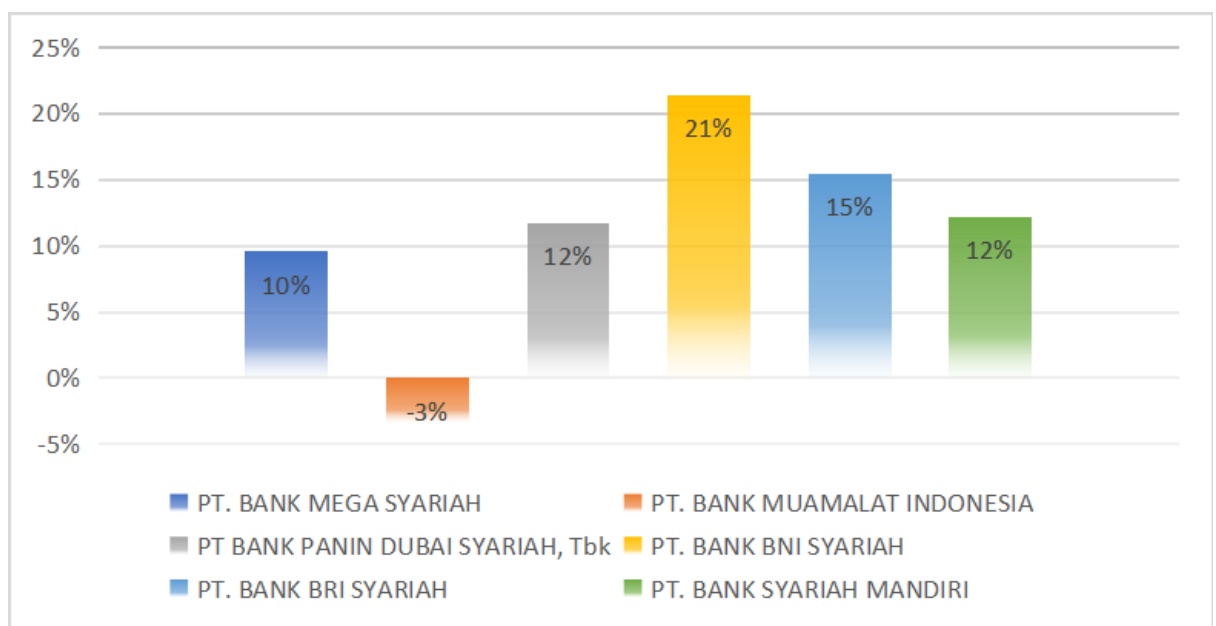


Figure 2. Average Asset Growth (%)

4.2. *Liability*

Liabilities represent debts that must be repaid in the future to other parties, in the form of unpaid deposits or checks and sales tax that has not yet been paid to the state. The value of liabilities can be seen from the balance sheet that is reported regularly to the regulator, the

OJK. There was an increase in national Islamic foreign exchange bank liabilities every year in the 2015-2019 period, as can be seen in Table 2.

Table 2. National Islamic Foreign Exchange Bank Liabilities

No	Name of Bank	2015	2016	2017	2018	2019
1	PT. Bank Mega Syariah	4.707.806	5.063.486	5.845.932	6,146,132	6,734,563
2	PT. Bank Muamalat Indonesia	53.654.555	52.169.467	56.384.108	53,304,222	46,450,728
3	PT. Bank Panin Dubai Syariah, Tbk	5.981.380	7.570.803	8.352.341	7,104,675	9,443,681
4	PT. Bank BNI Syariah	20.825.715	25.827.609	31.015.400	36,822,397	45,113,990
5	PT. Bank BRI Syariah	21.906.783	25.182.950	28.939.321	33,375,466	38,024,720
6	PT. Bank Syariah Mandiri	64.978.505	72.439.285	80.625.533	90,545,542	103,054,025

Source: OJK, 2020 (Liabilities in million rupiah)

Bank Mega Syariah experiences a positive trend every year with an increase in nominal liabilities for the 2015-2019 period. In 2015, the nominal liabilities of PT. Bank Mega Syariah was 4,707,806 (in million rupiahs) and annually increased to 6,734,563 (in million rupiahs) in 2019. The average growth in liabilities of PT. Bank Mega Syariah in the 2015-2019 period was 9%. Bank Muamalat Indonesia experiences a fluctuating trend in terms of nominal liabilities for the 2015-2019 period. In 2015, the nominal liabilities of PT. Bank Muamalat Indonesia was 53,654,555 (in million rupiahs) and annually increased to Rp. 46,450,728 (in million rupiah) in 2019. The average asset growth of PT. Bank Muamalat Indonesia in the 2015-2019 period was -4%. Savings on current accounts decreased in the same period by -9%, while deposits decreased by -6%, and financing received by -37%.

Bank Panin Dubai Syariah, Tbk experiences a fluctuating trend every year for the nominal liabilities for the 2015-2019 period. In 2015, the nominal liabilities of PT. Bank Panin Dubai Syariah, Tbk was 5,981,380 (in million rupiahs) and annually increased to 9,443,681 (in million rupiahs) in 2019. The average growth in liabilities of PT. Bank Panin Dubai Syariah, Tbk in the period 2015-2019 was 12%. BNI Syariah Bank experiences a positive trend every year with an increase in the nominal liabilities for the 2015-2019 period. In 2015, the nominal liabilities of PT. Bank BNI Syariah was Rp. 20,825,715 (in million rupiah) and annually increased to 45,113,990 (in million rupiah) in 2019. The average growth in liabilities of PT. BNI Syariah Bank in the 2015-2019 period was 21%.

BRI Syariah experiences a positive trend every year with an increase in nominal liabilities for the 2015-2019 period. In 2015, the nominal liabilities of PT. Bank BRI Syariah was 21,906,783 (in million rupiahs) and annually increased 38,024,720 (in million rupiahs) in 2019. The average growth in liabilities of PT. BRI Syariah Bank in 2015-2019 was 15%. Bank Syariah Mandiri experiences a positive trend every year with an increase in nominal liabilities for the 2015-2019 period. In 2015, the nominal liabilities of PT. Bank Syariah was 64,978,505 (in million rupiahs) and annually increased to 103,054,025 (in million rupiahs) in 2019. The average growth in liabilities of PT. Bank Syariah Mandiri in the 2015-2019 period was 15%.

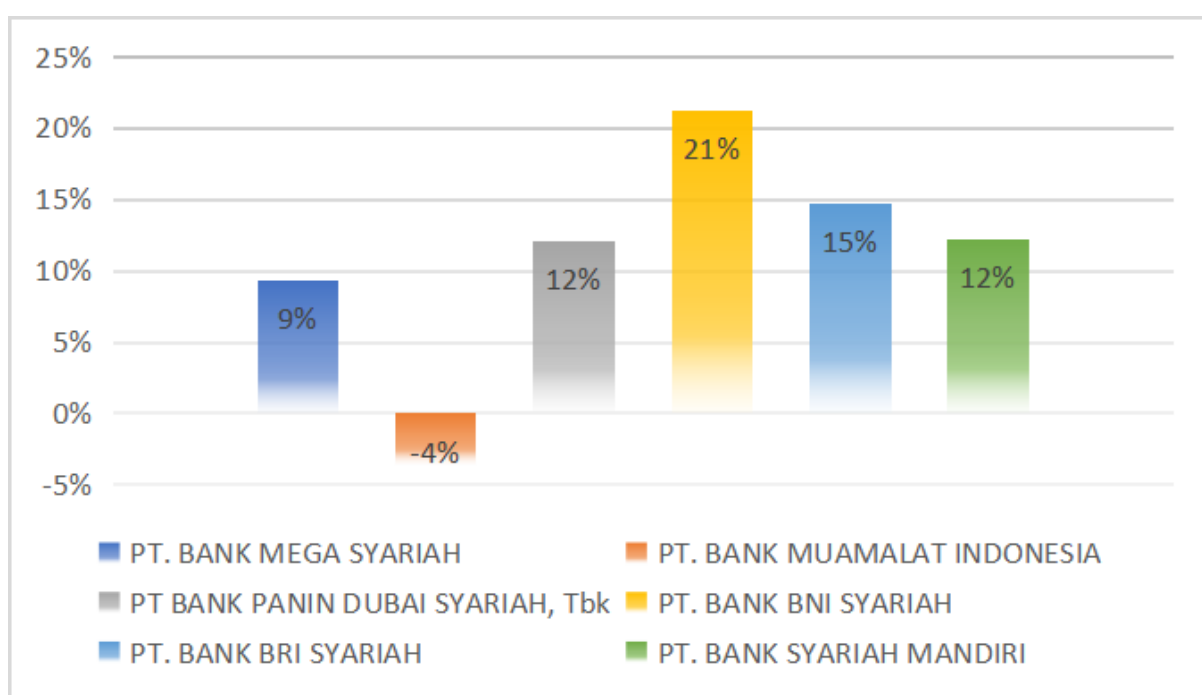


Figure 3. Average Growth in Liabilities (%)

Source: OJK, 2020

Each bank seeks to increase liquidity through increasing liabilities. The purpose of this strategy is to be able to expand the business using third party funds. The ultimate goal of increasing liabilities is the availability of capital that can be used in carrying out banking activities. Based on national Islamic foreign exchange bank liability data, only PT. Bank Muamalat Indonesia that has a negative performance for liabilities in the 2015-2019 period. Other banks in the national Islamic foreign exchange bank category experienced positive growth. Strategies in increasing the liabilities of PT. Bank Muamalat Indonesia was by restoring public confidence, increasing capital, and carrying out banking activities effectively and efficiently.

4.3. Equity

Capital is a manifestation of shareholders' interests to play a role in the banking business. Bank capital is used to maintain public confidence, especially debtors. The authorized capital of the bank will be able to be used to maintain the position of liquidity and investment in fixed assets, such as office buildings and modern office equipment as well as technology and communication which are essentials for banks. The value of liabilities can be seen from the balance sheet that is reported regularly to the regulator, the OJK. There was an increase in national Islamic foreign exchange bank equity every year in the 2015-2019 period, as can be seen in Table 3.

Table 3. National Islamic Foreign Exchange Bank Equity

No	Name of Bank	2015	2016	2017	2018	2019
1	PT. Bank Mega Syariah	856,861	1,103,163	1,167,469	1,187,106	1,288,195
2	PT. Bank Muamalat Indonesia	4,148,106	3,682,303	5,401,859	3,970,454	3,958,257
3	PT. Bank Panin Dubai Syariah, Tbk	1,154,503	1,191,642	408,335	1,667,313	1,683,340
4	PT. Bank BNI Syariah	2,169,662	2,486,566	3,812,927	4,230,770	4,840,173
5	PT. Bank BRI Syariah	2,332,387	2,510,456	2,606,954	5,105,283	5,087,986
6	PT. Bank Syariah Mandiri	5,820,512	6,392,437	7,314,241	8,037,508	9,243,455

Source: OJK, 2020 (Equity in million rupiah)

Bank Mega Syariah experiences a positive trend every year with an increase in nominal equity for the period of 2015-2019. In 2015, the nominal equity of PT. Bank Mega Syariah was 856,861 (in million rupiahs) and annually increased to 1,288,195 (in million rupiahs) in 2019. The average equity growth of PT. Bank Mega Syariah in the 2015-2019 period was 11%. Bank Muamalat Indonesia experiences fluctuating trends every year for equities in the 2015-2019 period. In 2015, the nominal equity of PT. Bank Muamalat Indonesia was 4,148,106 (in million rupiahs) and fluctuate annually, and in 2019 the amount was 3,958,257 (in million rupiahs). The average equity growth of PT. Bank Muamalat Indonesia in the 2015-2019 period was -1%. Reserves have increased in the same period by 4%, profit (loss) for the current year decreased by -38%.

Bank Panin Dubai Syariah, Tbk experiences a volatile trend every year for equities in the period 2015-2019. In 2015, the nominal equity of PT. Bank Panin Dubai Syariah, Tbk was

1,154,503 (in million rupiahs) and annually increased to 1,683,340 (in million rupiahs) in 2019. The average equity growth of PT. Bank Panin Dubai Syariah, Tbk in the period 2015-2019 was 10%. BNI Syariah experiences a positive trend every year with an increase in nominal equity for the 2015-2019 period. In 2015, the nominal equity of PT. Bank BNI Syariah was 2,169,662 (in million rupiahs) and annually increased to 4,840,173 (in million rupiahs) in 2019. The average equity growth of PT. BNI Syariah in the 2015-2019 period is 22%.

BRI Syariah experiences a fluctuating trend every year for equity in the 2015-2019 period. In 2015, the nominal equity of PT. Bank BRI Syariah was 2,332,387 (in million rupiahs) and annually increased to Rp 5,087,986 (in million rupiahs) in 2019. The average equity growth of PT. BRI Syariah in the 2015-2019 period was 22%. Bank Syariah Mandiri experiences a positive trend every year with an increase in nominal equity for the 2015-2019 period. In 2015, the nominal equity of PT. Bank Syariah Mandiri was 5,820,512 (in million rupiahs) and annually increased to Rp 9,243,455 (in million rupiahs) in 2019. The average equity growth of PT. Bank Syariah Mandiri in the 2015-2019 period was 12%.

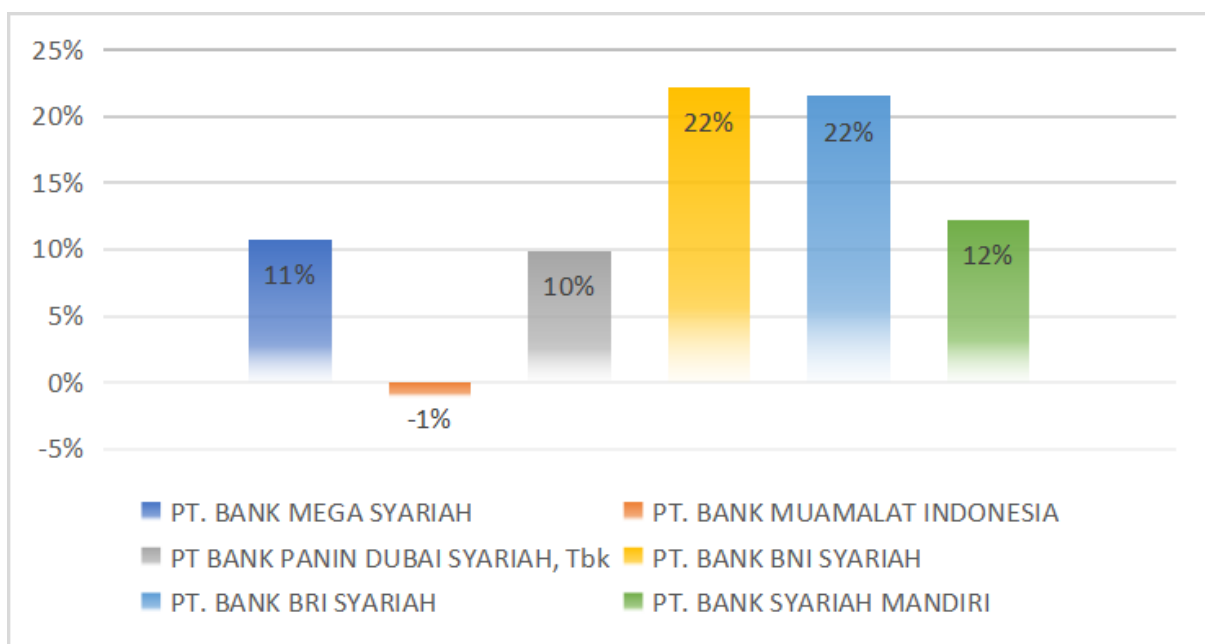


Figure 4. Average Equity Growth (%)

Each bank seeks to increase equity, so they can conduct business under the provisions of BUKU I-IV. The ultimate goal of increasing equity is the business expansion and the availability of capital that can be used to carry out banking activities. Based on national Islamic foreign exchange bank equity data, only PT Bank Muamalat Indonesia has a negative

performance for the 2015-2019 equity period. Other banks in the national Islamic foreign exchange bank category experienced positive growth. The strategy to increase the equity of PT Bank Muamalat Indonesia is by increasing internal funds. It can be said that all national Islamic foreign exchange banks are in the BUKU I, II, and III categories. To be able to compete with the conventional commercial banks (BUK), it is hoped that the national Islamic foreign exchange bank (BUS) will conduct mergers and acquisitions to be in the BUKU IV category.

4.4. Profit and Loss

The income statement is a financial statement that describes the company's operating results within a certain period. In the income statement, it is described as the amount and sources of income. Besides, there are also total costs and types of costs incurred during a certain period. From the total income and the amount of these costs, there is a difference called profit and loss. If the amount of revenue is greater than the total cost of the company, then it is a profit. Conversely, if the amount of income is smaller than the total cost, then it is a loss. An increase in national income of national Islamic foreign exchange banks each year in the period of 2015-2019 can be seen in Table 4.

Table 4. National Islamic Foreign Exchange Bank Profit and Loss

No	Name of Bank	2015	2016	2017	2018	2019
1	PT. Bank Mega Syariah	15,175	231,054	184,631	53,439	108,217
2	PT. Bank Muamalat Indonesia	125,469	120,032	50,255	112,593	32,229
3	PT. Bank Panin Dubai Syariah, Tbk	55,749	26,170	-810,962	19,059	14,875
4	PT. Bank BNI Syariah	219,663	270,908	326,361	383,510	598,008
5	PT. Bank BRI Syariah	117,897	170,642	96,939	190,250	66,409
6	PT. Bank Syariah Mandiri	250,370	278,698	421,804	723,268	1,204,291

Source: OJK, 2020 (Profit and loss in million rupiahs)

Bank Mega Syariah experiences a fluctuating trend every year in terms of nominal income and loss for the period of 2015-2019. In 2015, the nominal profit and loss of PT. Bank Mega Syariah was 15,175 (in million rupiahs) and in 2019 it became 108,217 (in million rupiahs). The average growth of profit and loss of PT. Bank Mega Syariah in the 2015-2019 period was 63%. Bank Muamalat Indonesia experiences fluctuating trends every year in terms of

nominal income and loss from 2015 to 2019. In 2015, the nominal profit and loss of PT. Bank Muamalat Indonesia was 125,469 (in million rupiahs) and in 2019 became 32,229 (in million rupiahs). The average growth of profit and loss of PT. Bank Muamalat Indonesia in the 2015-2019 period was -29%. Funds Revenue Income decreased in the same period by -13%, Revenue from Revenue Sharing by -18%, operating profit (loss) by -32%, Other non-operating income (expenses) by -10%.

Bank Panin Dubai Syariah, Tbk experiences a fluctuating trend every year in terms of nominal income and loss for the period of 2015-2019. In 2015, the nominal profit and loss of PT. Bank Panin Dubai Syariah, was 55,749 (in million rupiahs) and in 2019 became 14,875 (in million rupiahs). The average growth of profit and loss of PT. Bank Panin Dubai Syariah, Tbk in the 2015-2019 period was -28%. Fund Distribution Income decreased in the same period by -2%, Revenue from Revenue Sharing -2%, Revenue after distribution of profit-sharing by -16%, operating profit (Loss) by -32%, profit (Loss) for the current year by -28%, Impairment losses on financial assets increased by 15%, and other expenses increased by 10%. BNI Syariah experiences a positive trend every year in terms of nominal income and loss for the 2015-2019 period. In 2015, the nominal profit and loss of PT. BNI Syariah Bank was 219,663 (in million rupiahs) and in 2019 became 598,008 (in million rupiahs). The average growth of profit and loss of PT. BNI Syariah Bank in the 2015-2019 period was 28%.

BRI Syariah experiences a fluctuating trend every year in terms of nominal income and loss for the 2015-2019 period. In 2015, the nominal profit and loss of PT. Bank BRI Syariah was 117,897 (in million rupiahs) and in 2019 became 66,409 (in million rupiahs). The average growth of profit and loss of PT. BRI Syariah Bank in the 2015-2019 period was -13%. Other financial assets decreased in the same period by -38%, operational by -8%, foreign exchange transactions by -31%, profit (loss) for the current year by -9%, and expenses of other operations increased by 13%. Bank Syariah Mandiri experiences a positive trend every year in terms of nominal profit and loss for the 2015-2019 period. In 2015, the nominal profit and loss of PT. Bank Syariah Mandiri was 250,370 (in million rupiahs) and in 2019 became 1,204,291 (in million rupiahs). The average growth of profit and loss of PT. Bank Syariah Mandiri in the 2015-2019 period was 48%.

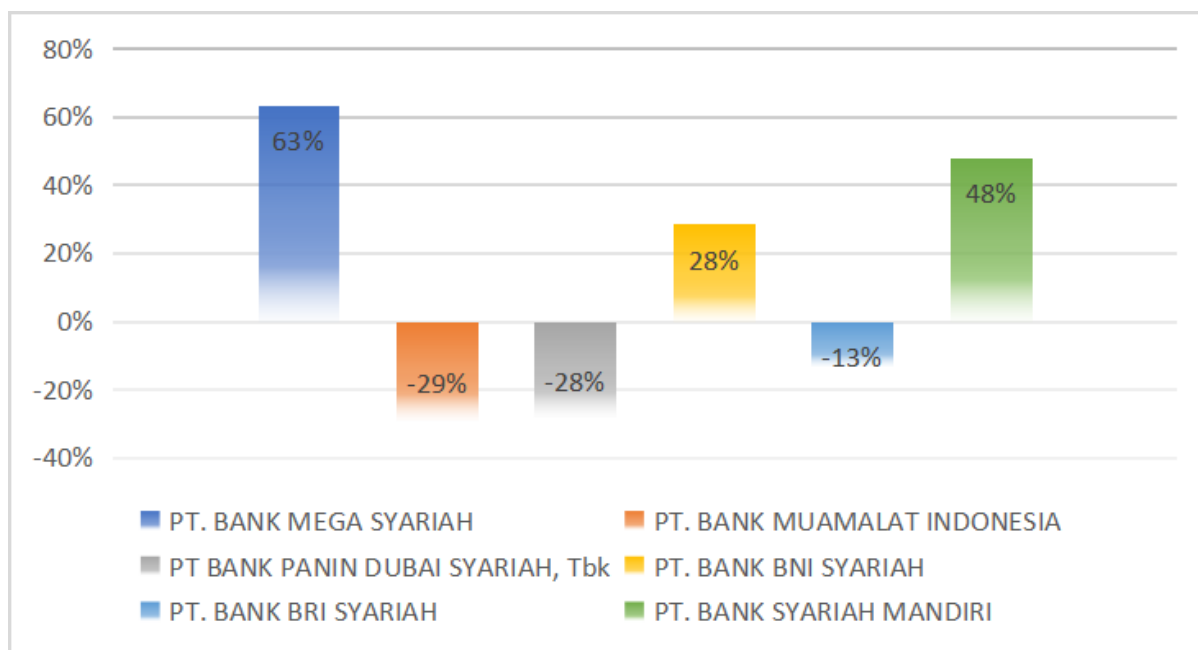


Figure 5. Average Profit and Loss Growth (%)

Source: OJK, 2020

Profit and loss is an indicator for every bank in business activities. Each bank seeks to increase profits to expand business in the future and attract investors to invest in banks that are performing well. Based on national Islamic foreign exchange bank profit and loss data, PT Bank Muamalat Indonesia, PT Bank Panin Dubai Syariah Tbk, and PT Bank BRI Syariah had a negative performance related to the development of income in the 2015-2019 period. The strategy to increase equity conducted by PT Bank Muamalat Indonesia is by adding capital to compete in Islamic banking. The capital can be obtained from the issuance of debt securities or subordinated bonds (Subdebt) and/or funds (Fresh funds) from shareholders. The strategy of PT Bank Panin Dubai Syariah Tbk is the implementation of a recovery plan and customer asset acquisition strategy. The strategy of PT Bank BRI Syariah is to encourage a maximum fee-based increase so that the concentration of income does not depend solely on income from the distribution of financing.

5. Conclusion

The business potential of a Sharia Commercial Bank is huge, as long as they understand the characteristics of financial institutions. Understanding of existing regulations and the pattern of justification formation will encourage national Islamic foreign exchange bank to be more successful. Indicators of success are positive trends in financial statements consisting of

assets, liabilities, equity, and profit and loss. National Islamic foreign exchange banks can turn into healthy, profitable, and valuable financial institutions, as long as they manage it effectively and efficiently. This research is aimed at regulators to encourage an increase in the role of the national Islamic foreign exchange bank by helping the banking intermediary function, as well as improving the welfare and prosperity of the people. The obstacle currently faced is limited liquidity, so it is necessary to consolidate the national Islamic foreign exchange bank in the form of a merger or acquisition. This strategy will produce a strong national foreign exchange banking capital, included in the BUKU IV category, and can compete with the conventional commercial banks (BUK).

6. Suggestion

- Future studies are expected to use a sample of state-owned, foreign exchange, non-foreign exchange banks, as well as regional, foreign, and mixed development banks.
- The next research is expected to use national Islamic foreign exchange bank data units, with quantitative analysis techniques.
- The next research is expected to use Islamic Banking Performance indicators based on the Maqashid Sharia Index Calculation.

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