

**ANALYSIS OF FINANCIAL STATEMENTS USING THE SHARIA CONFORMITY AND PROFITABILITY (SCNP) MODEL IN ASSESSING FINANCIAL PERFORMANCE OF PT. BANK MUAMALAT INDONESIA TBK PERIOD 2015-2019**

***ANALISIS LAPORAN KEUANGAN DENGAN MENGGUNAKAN METODE SHARIAH CONFORMITY DAN PROFITABILITAS (SCNP) MODEL DALAM MENILAI KINERJA KEUANGAN PT. BANK MUAMALAT INDONESIA TBK PERIODE 2015-2019***

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***Abstract***

*Financial statements are records of the financial information of a company for a certain period that can be used to describe the company's performance. Financial statements aim to provide financial information in a company at a certain time period that can be used by parties who need financial statements. This study aims to determine the financial performance of Bank Muamalat Indonesia for the 2015-2019 period using the Sharia Conformity and Profitability (SCnP) Model. This research is a descriptive qualitative research with documentation method. The data used is secondary data in the form of financial reports obtained from the official website of Bank Muamalat Indonesia. This study assesses two indicators, namely Sharia Conformity and Profitability, Sharia Conformity can be measured using investment, income and profit sharing ratios. While Profitability can be measured using ROA, ROE and Profit Margin. The results of the study using the Sharia Conformity and Profitability (SCnP) Model at Bank Muamalat Indonesia show the distribution into two different quadrants, namely in the Lower Right Quadrant (LRQ) and Lower Left Quadrant (LLQ).*

**Keyword:** *report, finance, bank, sharia conformity and profitabilitas.*

***Abstrak***

*Laporan keuangan adalah catatan atas informasi keuangan suatu perusahaan pada periode tertentu yang dapat digunakan untuk menggambarkan kinerja perusahaan tersebut. Laporan keuangan bertujuan untuk memberikan informasi keuangan dalam suatu perusahaan pada periode waktu tertentu yang dapat digunakan oleh pihak yang membutuhkan laporan keuangan. Penelitian ini bertujuan untuk mengetahui kinerja keuangan Bank Muamalat Indonesia periode 2015-2019 dengan menggunakan metode*

*Sharia Conformity and Profitabilitas (SCnP) Model. Penelitian ini merupakan penelitian kualitatif deskriptif dengan metode dokumentasi. Data yang digunakan adalah data sekunder yang berupa laporan keuangan yang diperoleh dari website resmi Bank Muamalat Indonesia. Penelitian ini melakukan penilaian terhadap dua indikator, yaitu Sharia Conformity dan Profitability, Sharia Conformity dapat diukur dengan menggunakan investasi, pendapatan dan rasio bagi hasil. Sedangkan Profitability dapat diukur dengan menggunakan ROA, ROE dan Profit Margin. Hasil penelitian dengan menggunakan metode Sharia Conformity and Profitabilitas (SCnP) Model pada Bank Muamalat Indonesia menunjukkan persebaran kedalam dua kuadran yang berbeda, yaitu berada pada posisi Lower Right Quadrant (LRQ) dan Lower Left Quadrant (LLQ).*

**Kata kunci:** laporan, keuangan, bank, kesesuaian syariah dan profitabilitas.

## A. INTRODUCTION

Sharia banking is a banking system developed based on Islamic sharia. Sharia business law is the totality of regulations and legal provisions relating to business practices that are in accordance with sharia, in order to improve human welfare and benefit (Mughtar, 2018). Sharia banks are banks that are operationally different from conventional banks. The basic concept of Islamic banking is based on the Al-Qur'an and Hadith. All products and services offered must not conflict with the contents of the Al-Qur'an and the Hadith of the Prophet Muhammad (Ismail, 2016).

Banks as institutions play a role in collecting funds from the community in the form of savings and then distributing these funds to the community in the form of loans. Sharia principles such as the principles of justice and balance ('adl wa tawazun), benefit (probably), universalism (natural) and does not include gharar, maysir, usury, injustice and haram. The formation of this system is based on the prohibition in Islam on borrowing or collecting loans by charging loan interest (riba), as well as the prohibition on investing in businesses categorized as prohibited (haram), for example in businesses related to the production of haram food or drinks, un-Islamic media or entertainment, etc.

As explained in the word of God in surah al-Imran verse 130:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً عَوَّاتِقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

*Translation:*

“O people who believe! Do not eat usury in multiples and fear Allah so that you will be successful”.

The verse above explains that people who believe in Allah and follow His Messenger, avoid taking usury as an additional double to the capital you lend, as is done by ignorant people. And fear Allah by carrying out His commandments and avoiding His prohibitions so that you can obtain the goodness in this world and the hereafter that you desire.

In this case, sharia banking is present as a solution that carries out sharia-based financial transactions. Sharia banking refers to Islamic teachings which are guided by the Koran and Hadith. Sharia banks are banks whose business activities are based on sharia principles where sharia principles are contractual rules based on Islamic law as explained in Law no. 21 of 2008 concerning sharia banking.

With the enactment of Law Number 21 of 2008 concerning sharia banking, which was issued on 16 July 2008, the development of the national sharia banking sector has a legal basis and will encourage even faster growth. To face all these risks, financial management is needed to improve company performance. Banks are said to be good when they perform well.

Financial management is a routine practice that is very important in the business environment. Financial management is also a very important area in a large or small scale company, both profit and non-profit, it will have great attention in the financial sector, especially in the development of an increasingly advanced business world, competition between one company and another is getting tighter, not to mention that uncertain economic conditions can cause many companies to suddenly go bankrupt. Fred explains that the main functions of financial management are financial planning and forecasting, capital decisions, investment and growth, control, and relationships with capital markets (Hasan Sultoni, 2017). Financial management uses financial reports as a measuring tool for its performance in a certain period. Financial reports can be used as a tool to understand a company's financial condition for the purposes of making financial decisions in the future. Complete financial reports usually include a balance sheet, profit and loss statement, statement of changes in financial position, notes and other reports, as well as additional information related to these reports. The financial reports presented by management consist of four main reports which describe the sources of wealth (assets), obligations (liabilities), profitability, and transactions that cause the company's cash flow.

Sharia banking in Indonesia began in 1983 along with banking deregulation. The first bank in Indonesia is PT. Bank Muamalat Indonesia was officially established in November 1991 and is one of the banks whose business activities apply the principle of profit sharing. The development of sharia banking in Indonesia is intended to provide

alternative services to the public, either in the form of depositing funds or similar. Sharia banking is a product that offers financial services based on the principles of Islamic law. Sharia banks and other Islamic business organizations were built to carry out credentials in business transactions based on the rules and principles of Islamic law (Nasir, 2020).

The financial reports of Bank Muamalat Indonesia for the 2015-2019 period as recorded in the financial reports, can be seen in the following table:

**Tabel 1 Financial Statements BMI Period 2015 - 2019**

<b>Year</b>	<b>Asset</b>	<b>DPK</b>	<b>Financing</b>
<b>2015</b>	57,141	45,078	40,706
<b>2016</b>	55,786	41,920	40,010
<b>2017</b>	61,697	48,686	41,288
<b>2018</b>	57,227	45,636	33,559
<b>2019</b>	50,556	40,357	29,867

Source : financial statements BMI, 2022

Table 1 shows that the development of Bank Muamalat Indonesia every year experiences instability both in terms of assets, financing and third party funds (DPK). Therefore, researchers are interested in examining the financial performance of Bank Muamalat Indonesia based on concepts Maqashid Sharia.

Practice measurement using the approach Maqashid Shariiais a solution to existing problems regarding performance measurement for Islamic banks. Apart from that, measuring the performance of Islamic banks is based on concepts Maqashid Sharia this also has its advantages. First, measuring performance with conceptsmaqashid shariais the answer to the need for a measuring instrument for Islamic banks themselves. Draft maqashid sharia This provides answers that produce performance measurements based on Islamic values as a measuring tool. Second, the results of measuring the performance of sharia banks can be used as an alternative strategic approach that can provide a more universal picture of sharia banking performance and can be implemented in the form of strategies and policies that comprehensive in order to achieve the sharia objectives of the existence of the sharia bank. Third, there is a performance measurement approach maqashid shariaalso answered the question that in measuring performance, Islamic banks have different measuring tools from conventional banks.

Measurement of sharia banking performance using conventional methods shows unsatisfactory results and shows the effect that sharia banking performance is still far behind compared to conventional banks (Kuppusamy et al, 2010). This is also proven by many other studies that show similar results, some of which are studies conducted by Rosly and Abu Bakar (2003), Moin (2008), Badreldin (2009), Majid, et al (2013), and Erol et al, ( 2014).

Efforts to develop methods for measuring the performance of sharia banking without eliminating the sharia values contained therein have begun to be carried out. These include research by Muhammed et al, (2008), Muhammed and Taib, (2009), Kuppusamy et al (2010), Antonio (2012), Bedoui and Mansour, (2013) Jazil and Syahrudin, (2013), Muayyad and Esya, (2016) and Saoqi, (2017) examined the comparison of the financial performance of Islamic and conventional banking in Malaysia. Through method Sharia Conformity and Profitability (SCnP) which was previously developed by Kuppusamy (2010). The research results show that Islamic banking has better liquidity performance and credit risk management than conventional banking. The difference with previous research is that this research uses Bank Muamalat performance reports using a 5 year time span.

In line with this, the author is interested in measuring the performance of sharia banking based on conceptsmaqashid sharia. Concept-based performance measurementmaqashid shariaIn this research it is known as Sharia Conformity and Profitability (SCnP) Model. This method measures sharia banking performance through two variables, namely the sharia conformity variable and the profitability variable (Lia Anggraeni and Luqman Hakim, 2016). Judging from the limited research on the performance of sharia banking from a financial aspect based on sharia objectives(maqashid sharia)provides space for the author to conduct research using exploration of the theoretical approach used in measuring sharia banking performance which is clearly different from conventional measurements in general.

Based on the description above, the author is interested in taking the title of financial report analysis using methods Sharia Conformity And Profitability (SCNP) model in assessing the financial performance of PT. Bank Muamalat Indonesia Tbk 2015-2019 Period.

## **B. THEORETICAL FRAMEWORK**

### **1. Bank**

According to Law No. 7 of 1992 about banking then changed into Law No. 10 of 1998 what is meant by a bank is "a business entity that collects funds from the community in the form of savings and distributes them back to the community in the form of credit or other forms in order to improve the standard of living of many people (Saraswati & Raya, 2018). In simple terms, a bank is also defined as a financial institution whose business activities are collecting funds from the community and channeling these funds back to the community as well as providing other banking services.

According to law no. 21 of 2008 concerning Sharia Banking states that sharia banking is everything that concerns sharia banks and sharia business units, covering institutions, business activities, as well as methods and processes for carrying out business activities. Sharia banks are banks that carry out their business activities based on sharia principles and according to their type consist of Sharia Commercial Banks (BUS), Sharia Business Units (UUS) and Sharia People's Financing Banks (BPS) (Ismail, 2016).

The Islamic banking system has the same goals as conventional banking institutions, namely that banking institutions can generate income by lending capital, saving money, financing businesses or other activities. The principles of Islamic law prohibit elements of the Islamic banking system, such as:

- 1) Trading illegal goods (haram)
- 2) Flowers or extras (cheers)
- 3) Intentional gambling or speculation (maisir) as well as
- 4) Vagueness and manipulateness (gharaar)

### **2. Financial Statements**

According to Brigham and Houston, financial reports are reports of the accountability of managers or company leaders for the management of the company entrusted to them to parties who have an interest. (stakeholder) outside the company, company owners, government, creditors and other parties (Puspitasari, 2018). Financial reports generally aim to provide financial information about a company within a certain time period that can be used by parties who need financial reports. Financial reports have components consisting of; a) Balance sheet, b) Commitment & contingency report,

c) Profit and loss statement, d) Changes in equity report, e) Cash flow statement (Wijaya, 2018). In a simple sense, a financial report is a report that shows the company's current financial condition or in a certain period (Kasmir, 2016).

Bank financial reports are the same as company financial reports, except that bank financial reports are required to include commitment and contingency reports, namely reports that provide an overview of both claims and obligations at the report date. Each bank is required to submit financial reports in the form of a balance sheet, profit and loss, commitment and contingency reports, cash flow reports, and notes to financial reports based on the time and form determined by Bank Indonesia. Meanwhile, reports that must be published to the general public include: balance sheet, profit and loss, commitment and contingency reports which are equipped with the quality of productive assets and other information, calculation of financial ratios, calculation of minimum capital requirements, as well as foreign exchange and derivative transactions (Veithzal Rival, et al, 2013)

Financial Reports consist of four basic reports, namely (Sugiono & Untung, 2008):

- 1) Balance sheet, which shows the financial condition which includes assets, liabilities and capital at a certain time
- 2) Profit and loss report, presents the company's business results which include income and costs (expenses) incurred as a result and achievement of goals in a certain period
- 3) Report on changes in capital or retained earnings, which includes the beginning and ending balances of retained earnings in the balance sheet. To display an analysis of changes in profit amounts over a certain time period.
- 4) The cash flow report shows cash flow throughout a certain period, and provides data regarding cash sources and cash use for each activity in the period covered.

In general, financial reports aim to provide financial information about a company, both at a certain time and for a certain period. Financial reports can also be prepared suddenly according to company needs or periodically. What is clear is that financial reports are able to provide financial information to parties inside and outside the company who have an interest in the company. The following are some of the objectives of making or preparing financial reports, namely (Kasmir, 2016):

- 1) Provides information about the type and amount of assets (assets), liabilities and capital currently owned by the company
- 2) Provides information about the type and amount of income earned in a certain period

- 3) Provides information about the number of costs and types of costs incurred by the company in a certain period
- 4) Provide information about changes that occur in the company's assets, liabilities and capital
- 5) Provides information about company management performance in a period
- 6) Provide information about notes to financial reports
- 7) Other financial information

So, by obtaining a company's financial reports you will be able to know the company's overall financial condition. Then, financial reports are not just enough to read, but must also be understood and understand the company's current financial position. The method is to carry out financial analysis through various commonly used financial ratios

### **3. Financial performance**

Fahmi (2012), states that financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly. Such as by making financial reports that meet the standards and provisions in SAK (Financial Accounting Standards) or GAAP (Generally Accepted Accounting Principle), and others.

According to Sutrisno, a company's financial performance is the achievements achieved by the company in a certain period which reflects the company's level of health. In another definition, financial performance is defined as a prospect or future, growth and good development potential for the company (Orniati, 2009). Apart from that, financial performance can also be interpreted as a description of the bank's financial condition in a certain period, including both aspects of collecting funds and distributing funds (Kusumo, 2008).

From the definitions above, it can be concluded that financial performance is a description of every economic result that is able to be achieved by a banking company during a certain period through company activities to generate profits efficiently and effectively whose progress can be measured by conducting analysis of financial data. reflected in the financial statements.

Bank financial performance reflects the operational capabilities of a bank. A continuous decline in performance can cause the bank to be in a bad condition and even be at risk of bankruptcy. If this is not resolved immediately, banking credibility in the eyes of the public will decline even further and for banks that experience a sharp decline in performance, they are just waiting to be liquidated if there is no effort to improve



their performance. There are several methods of measuring financial performance that are often used, including:

1) Capital Asset Management Earning Liquidity (CAMEL)

To assess the health of a bank, it can be measured using various methods. One of the tools used to measure bank health is CAMEL analysis. The assessment elements in the CAMEL analysis are as follows:

a) Capital

The assessment is based on the capital owned by one bank. One assessment is using the CAR method (Capital Adequacy Ratio), namely by comparing capital to risk-weighted assets (RWA).

b) Asset Quality

The assessment is based on the quality of productive assets owned by a bank. There are two types of ratios measured, namely: the ratio of classified productive assets to productive assets and the ratio of allowance for losses on productive assets to classified productive assets.

c) Management

The assessment is based on capital management, asset management, profitability management, liquidity management and general management.

d) Earning

The assessment is based on a bank's profitability which is seen by a bank's ability to create profits. The assessment in this element is based on two types, namely: profit to asset ratio (Return on Assets) and the ratio of operating expenses to operating income (BOPO).

e) Liquidity

Liquidity assessment is based on two types of ratios, namely: the ratio of total net liabilities to smooth activities. Current assets include cash, current accounts and BI, Bank Indonesia Certificates (SBI) and money market securities (SBPU) which have been endorsed by the bank and the ratio of credit to funds received by the bank.

The results of the bank health assessment are carried out quantitatively. Furthermore, the bank health level ranking is classified in table 2 below:

**Tabel 2 Bank Health Level Rating**

<b>Credit Score</b>	<b>Predicate</b>
81-100	Healthy
66-80	Pretty Healthy
51-67	Unwell
0<51	Not Healthy

## 2) Data Envelopment Analisis (DEA)

One method used to measure the level of efficiency is Data Envelopment Analysis (DEA). This method is used to measure the financial performance of companies and other business institutions. DEA is a mathematical program optimization method that measures the technical efficiency of an economic activity unit (UKE)/Decision Making Unit (DMU) and compares it relative to other DMUs (Lestari, 2016). DEA is also a mathematical programming technique used to evaluate the relative efficiency of a collection of units to make decisions (Decision Making Unit/DMU) in managing resources (input) of the same type so as to produce output of the same type, where the relationship between the functional forms from input to output is unknown (Puspitasari et al., 2018).

## 3) Maqashid Indeks

Maqashid Index This is divided into 3 variables, namely individual education (Tahdzid al-Nafs), Establishing justice (Iqamah al-Adl), and Maslahah (Welfare) (Ghifari, et al, 2015). Each of these goals is translated as a concept (C), then with certain characteristics reduced into measurable dimensions (D). Furthermore, these dimensions are clearly reduced to certain elements (E) which can be easily measured, namely by using ratios. From the 3 concepts for realizing maqashid sharia that must be achieved by Sharia banks, these have been reduced to 9 dimensions and 10 measures of measuring financial ratios.

- a) Individual Education, It is intended that sharia banks must develop knowledge and justice in individuals so that spiritual values increase. This variable consists of four work indicators, namely education grants, research and development costs, employee training costs, and publicity costs.
- b) Justice, It is intended that sharia banks must ensure honesty and fairness in every transaction and business activity in terms of products, pricing and contract provisions. This variable is divided into three ratios, namely Fair Return, Functional Distribution, dan Interest Free Product.

c) Well-being, It is intended that Islamic banks must develop investment projects and social services to improve community welfare. This variable is divided into three ratios, namely Profit Return, Personal Income Transfer (Zakat), and Investment In Real Sector.

4) Shariah Conformity and Profitability (SCnP) Model

Sharia Conformity and Profitability (SCnP) Model is a combination of conventional and sharia financial performance indicators. Sharia Conformity and Profitability (SCnP) Model In this research, two indicators were used, namely Sharia Conformity and Profitability.

a) Sharia Conformity

Sharia Conformity can be measured using several indicators, namely:

(1)Islamic Investment, namely comparing sharia income with the total investment income that has been made. Based on Islamic law, sharia investment is an activity of placing funds that does not contain maysir, gharar and usury on one or more assets. Sharia investment can be calculated using the formula:

$$\text{Islamic Investment} = \frac{\text{Islamic Investment}}{\text{Islamic Investment and non-Islamic Investment}}$$

(2)Islamic Income, is the profit sharing income obtained by the bank with financing issued or distributed by the sharia bank which is expected to obtain results. Sharia income can be calculated using the formula:

$$\text{Islamic Income} = \frac{\text{Islamic Income}}{\text{Islamic Income} + \text{non-Islamic Income}}$$

(3)Profit Sharing Ratio, namely comparing mudharabah and musyarakah activities with the total financing carried out. The profit sharing ratio can be calculated using the formula:

$$\text{Profit Sharing Ratio} = \frac{\text{Mudharabah} + \text{Musyarakah}}{\text{Total Financing}}$$

b) Profitability

Bank profitability can be measured using several indicators, namely:

(1)Return on Assets (ROA), namely comparing net income with average total assets to measure the extent to which company assets can generate company profits. ROA shows the company's ability to use all assets owned to generate profit after tax, calculated using the formula:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$$

(2) Return on Equity (ROE), which compares net income with investment capital to measure the extent to which company capital can generate company profits, calculated using the formula:

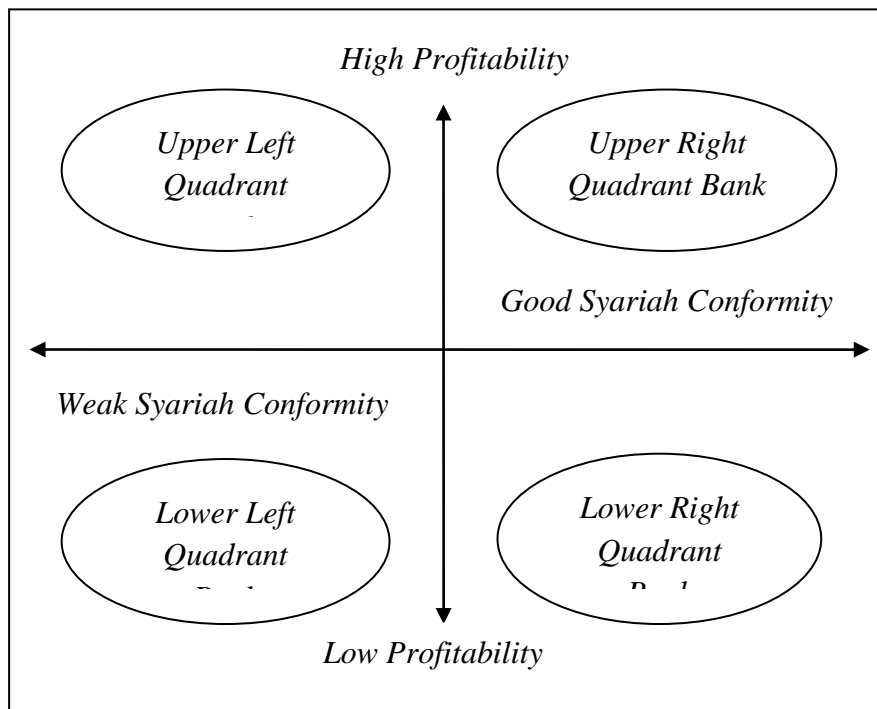
$$\text{ROE} = \frac{\text{Net Income}}{\text{Stockholder's Equity}}$$

(3) Profit Margin, namely by comparing net income with income received to find out how much real income the company receives. The indicator is calculated by dividing profit by total operating income shown as a percentage of total operations, calculated using the formula:

$$\text{Profit Margin Ratio} = \frac{\text{Net Income}}{\text{Total Operating Revenue}}$$

Research analyzing the performance of Islamic banks using Sharia Conformity and Profitability (SCnP) Model classify Islamic banks into four squares consisting of Upper Right Quadrant which indicates that sharia banks have conformity with sharia principles and high profitability. Lower Right Quadrant which indicates that Islamic banks have high compliance with sharia principles, but low profitability. Upper Left Quadrant which indicates that Islamic banks have low compliance with sharia principles, but high profitability. Lower Left Quadrant which indicates that Islamic banks have compliance with sharia principles and low profitability (Prasetyowati & Handoko, 2019). Below is a picture of 1 model Sharia Conformity and Profitability (SCnP) Model.

**Figure 1 Model Sharia Conformity and Profitability (SCnP) .**



**C. RESEARCH METHODS**

This type of research is descriptive research using qualitative methods. Qualitative research is research that aims to understand the phenomena experienced by research subjects, for example behavior, perceptions or actions. This research was conducted on BMI to obtain the information and data needed according to the research problem (Sugiono, 2014). The data used is secondary data in the form of the last quarter's financial reports obtained through website official Bank Muamalat Indonesia (BMI).

The technical analysis used in this research is to measure bank performance using the method Sharia Conformity and Profitability (SCnP) Model, with steps:

1. Calculate the ratios contained in the SCnP variable
2. Calculate the average of each variable, with the following formula:

$$X_{SC} = \frac{R1 + R2 + R3}{3}$$

$$X_P = \frac{R1 + R2 + R3}{3}$$

Where :

X SC : Average ratio of sharia conformity variables

X P : Average profitability variable ratio

Variable X SC :

R1 : Sharia investment ratio

R2 : Sharia income ratio

R3 : Profit sharing ratio

Variable X P :

R1 : Rasio return on assets (ROA)

R2 : Rasio return on equity (ROE)

R3 : Rasio profit margin

The average Xsc will be used as a point at coordinate X (Sharia Conformity) and the average Xp will be used as a point at the Y coordinate (Profitability)

3. Create SCnP graphs and interpret according to theory.

The provisions for placing a bank's position in the analysis of SCnP model research results are determined as follows:

- 1) If the results of the accumulated indicators Sharia Conformity and Profitability shows a positive result ( $> 0$ ), then it is located in the URL quadrant (Upper Right Quadrant Bank).
- 2) If the results of the accumulated indicators Sharia Conformity tall and Profitability low, then it is located in the LRQ quadrant (Lower Right Quadrant Bank)
- 3) If the results of the accumulated indicators Sharia Conformity low and Profitability high, then it is located in the ULQ quadrant (Upper Left Quadrant Bank)
- 4) If the results of the accumulated indicators Sharia Conformity and Profitability shows a negative result, then it is located in the LLQ quadrant (Lower Left Quadrant Bank).

## **D. RESEARCH RESULTS AND DISCUSSION**

### **Research Result**

The SCnP model that will be used is a research model for assessing the financial performance of sharia banking which has been carried out by Kuppusamy, Saleh and Samudhram (2010), this model combines its orientation on the profitability aspect which is used to assess financial performance and the orientation of the sharia conformity index towards the sharia system, namely Sharia Conformity to assess the socio-economic obligations of Islamic banks.

**1. Sharia Conformity**

Shariah Conformity or sharia compliance will measure how much the bank is able to comply with the sharia system, both in terms of investment, income and profit sharing using the sharia system or not. Sharia Conformity uses three aspects in its measurement, namely sharia investment, sharia income and profit sharing ratio.

**a. Sharia Investment**

Based on Islamic law, sharia investment is a fund placement activity that does not involve any actions *maisir*, *gharar* and *Riba* on one or more assets. Following Islamic Investment on BMI for the 2015-2019 period

**Table 3 Sharia Investment BMI 2015-2019 Period**

<b>Year</b>	<b>Shariah Investment (Thousands of Rupiah)</b>
2015	4.504.593.754
2016	3.831.311.720
2017	3.820.521.866
2018	12.184.953.132
2019	11.332.895.179

Source: data is processed, 2022

Sharia investment is a benchmark for banks to see the bank's sharia compliance in carrying out its activities. With a profit target that has previously been set, there is no incentive for Islamic banks to invest anywhere without looking at the system used by an agency, company or bank to manage profits. Furthermore, in this research no activity was found Non-Islamic Investment in sharia banking, the ratio Islamic Investment the BMI for the 2015-2019 period is as follows:

**Table 4 Sharia Investment Ratio BMI 2015-2019 Period**

<b>Year</b>	<b>Sharia Investment Ratio (%)</b>
2015	100
2016	100
2017	100
2018	100
2019	100

Source: data is processed, 2022

**b. Sharia Income**

Sharia income is profit sharing income obtained by banks with financing issued or distributed by sharia banks which is expected to obtain results or profits. The greater the

sharia income obtained, the better the sharia compliance of the sharia bank. To find out how much sharia income a BMI has, it is used Islamic Income by comparing Islamic Income with Non-Islamic Income or non-halal income. The sharia income for BMI for the 2015-2019 period is presented in the following table:

**Table 5 Islamic Income Bank Muamalat 2015-2019 Period**

<b>Year</b>	<b>Halal Income (Thousands of Rupiah)</b>
2015	2.122.849.805
2016	1.311.917.705
2017	866.682.147
2018	1.662.184.119
2019	439.373.722

Source: data is processed, 2022

Furthermore Non Islamic Income BMI 2015-2019 presented of follow:

**Table 6 BMI Non-Islamic Income 2015-2019 Period**

<b>Year</b>	<b>Non Halal Income (Thousands of Rupiah)</b>
2015	5.689.577
2016	1.303.379
2017	881.896
2018	649.155
2019	590.117

Source: data is processed, 2022

Non-halal income at sharia banks is obtained from interest income from conventional banks which are partners with sharia banks and fines for deliberate delays in payments from customers and debtors. This non-halal income is put into benevolent funds where the use is channeled to the bank's social activities to be given to the community. need. Based on non-halal income data from BMI, it was found that the amount of non-halal income experienced a significant decline from 2015 to 2019. From the above data it was produced Islamic Income Ratio as follows:

**Table 7 BMI Sharia Income Ratio 2015-2019 Period**

<b>Year</b>	<b>Sharia Income Ratio (%)</b>
2015	99,73
2016	99,90
2017	99,89
2018	99,96
2019	99,86

Source: data is processed, 2022



From the data above, it can be seen that BMI has a percentage Islamic Income which is almost the same. BMI has a percentage Islamic Income Ratio The highest was in 2018 at 99.96% and the lowest was in 2015 at 99.76%. This is because sharia income has increased as non-halal income has experienced a significant decline from 2015 to 2019.

c. Profit Sharing Ratio

The profit sharing ratio shows how far Islamic banks can share their profits with investors by comparing mudharabah and deliberation with the amount of financing from sharia banks. The amount of mudharabah and musyarakah financing for BMI for the 2015-2019 period is presented as follows:

**Table 8 BMI Mudharabah and Musyarakah Financing for the 2015-2019 Period**

Year	Mudharabah Financing (Thousands of Rupiah)	Musyarakah Financing (Thousands of Rupiah)
2015	1.052.718.497	20.192.427.340
2016	794.219.700	20.125.269.223
2017	703.554.231	19.160.884.745
2018	431.872.013	15.856.148.035
2019	748.496.676	14.008.299.777

Source: data is processed, 2022

**Table 9 Total BMI Financing for the 2015-2019 Period**

Tahun	Total Financing (Thousands of Rupiah)
2015	40.706.000.000
2016	40.010.000.000
2017	41.288.000.000
2018	33.559.000.000
2019	29.867.000.000

Source: data is processed, 2022

Total BMI financing during the 2015-2019 period experienced fluctuations. The most financing spent by BMI occurred in 2017 amounting to Rp. 41,288,000,000 and the lowest in 2019 was IDR. 29,867,000,000. Based on the data above, it produces Profit Sharing Ratio BMI for the 2015-2019 period is as follows:

**Table 10 BMI Profit Sharing Ratio for the 2015-2019 Period**

Year	Profit Sharing Ratio (%)
2015	52,19
2016	52,28
2017	48,11
2018	48,53
2019	49,40

Source: data is processed, 2022

Percentage Profit Sharing Ratio BMI has increased for two consecutive years. Starting from 2015 to 2016. This shows that BMI is getting better at dividing profits obtained in proportion to each investor and profits and losses are shared together. In 2017, the percentage of profit sharing ratio decreased by 4.17% from the previous year but in 2018 to 2019 it increased again.

## 2. Profitability

Profitability or profitability will measure how much a sharia bank is able to provide profits or profits during a certain period, by managing its business in a certain period. Profitability in the SCnP Model uses three indicators, namely Return on Assets (LONG), Return on Equity (ROE) and Profit Margin Ratio.

### a. Return On Assets (ROA)

Return On Assets used to measure bank management's ability to obtain overall profits. The greater the ROA of a bank, the greater the level of profit achieved by the bank and the better the bank's position in terms of asset use. This ratio is measured by comparing net profit with total assets owned by the bank. BMI's net profit is presented in the following table:

**Table 11 BMI Net Profit 2015-2019 Period**

Year	Net Profit (Thousands of Rupiah)
2015	74.492.188
2016	80.511.090
2017	26.115.563
2018	46.002.044
2019	16.326.331

Source: data is processed, 2022

Net Income or net profit is the income obtained by the bank, both non-operational and operational, after income tax has been deducted. BMI's net profit fluctuated very significantly during the 2015-2019 period. The highest in 2016 was IDR. 80,511,090 and the lowest in 2019 with a net profit of Rp. 16,326,331. Furthermore, the total assets owned by BMI in 2015-2019 are as follows:

**Tabel 12 Total Assets BMI Periode 2015-2019**

Year	Total Assets (Thousands of Rupiah)
2015	57.172.587.967
2016	55.786.397.505

2017	61.696.919.644
2018	57.227.276.046
2019	50.555.519.435

Source: data is processed, 2022

Assets are a source of wealth in a company which will be used to run the company's activities or which will be managed to earn income. Based on the data analysis above, BMI had the most assets in 2017, amounting to Rp. 61,696,919,644 and the least in 2019 was IDR. 50,555,519,435. Furthermore, based on the data above, the following are the measurement results Return On Assets (ROA) obtained as follows:

**Tabel 13 Return On Assets BMI Period 2015-2019 (%)**

Year				
2015	2016	2017	2018	2019
0,13	0,14	0,04	0,08	0,03

Source: data is processed, 2022

Based on the calculation results Return On Assets (ROA) Bank Muamalat Indonesia in 2015-2019 shows the bank's ability to earn return towards management Assets not satisfactory, in accordance with the standard assessment criteria issued by Bank Indonesia and the Financial Services Authority of 1.22%. This means that BMI is in a bad category.

b. Return On Equity (ROE)

Return On Equity (ROE) is a measurement that shows a bank's ability to generate profits from managing the equity owned by the bank. ROE is obtained by comparing net profit and total equity owned by the bank. The total equity data on BMI for the 2015-2019 period is as follows:

**Tabel 14 Equity BMI Period 2015-2019**

Year	Equity (Thousand of Rupiah)
2015	3.550.563.883
2016	3.618.746.556
2017	5.545.366.904
2018	3.921.667.078
2019	3.937.178.287

Source: data is processed, 2022

Equity is an element of ownership or wealth of shareholders who invest their shares in an agency. Large equity shows how large the amount invested by shareholders. The data above shows that the BMI for the amount of data storage entrusted to be managed again by banks is still relatively large. From the data above, the value Return On Equity (ROE) on BMI for the 2015-2019 period as follows:

**Tabel 15 Return On Equity BMI Period 2015-2019 (%)**

Year				
2015	2016	2017	2018	2019
2,09	2,22	0,47	1,17	0,41

Source: data is processed, 2022

From the data above, it can be seen that BMI experienced fluctuations from 2015 to 2019. This shows that the capital management carried out by BMI always fluctuates, resulting in fluctuating profits as well.

c. Profit Margin Ratio

Profit Margin Ratio is the bank's ability to generate profits from bank operational activities. Profit Margin Ratio measured by comparing net profit with total bank income. The data on net profit and total income has been previously listed which will result Profit Margin on BMI for the 2015-2019 period which is presented as follows:

**Table 16 Profit Margin Ratio BMI Period 2015-2019 (%)**

Year				
2015	2016	2017	2018	2019
1,84	1,41	0,48	0,98	0,42

Source: data is processed, 2022

From the data above, BMI experienced fluctuations during 2015-2019. Achievement Profit Margin the highest was 1.84% in 2015 and the lowest was 0.42% in 2019. This was due to a decrease in net profit and increased costs that had to be borne by the bank which was not accompanied by an increase in operational income. Next, the calculation results of each indicator will be processed to find out the average value which will be used as the X and Y axes which will later determine the quadrant position. The following is a data management table for each indicator

**Table 17 Calculation of Indicators Shariah Conformity BMI (%)**

Year	R1	R2	R3	<b>R1 + R2 + R3</b>
				<b>3 (<math>\bar{X}</math> SC)</b>
2015	100	99,73	52,19	83,97
2016	100	99,90	52,28	84,06
2017	100	99,89	48,11	82,66
2018	100	99,96	48,53	82,83
2019	100	99,86	49,40	83,08

Source: data is processed, 2022

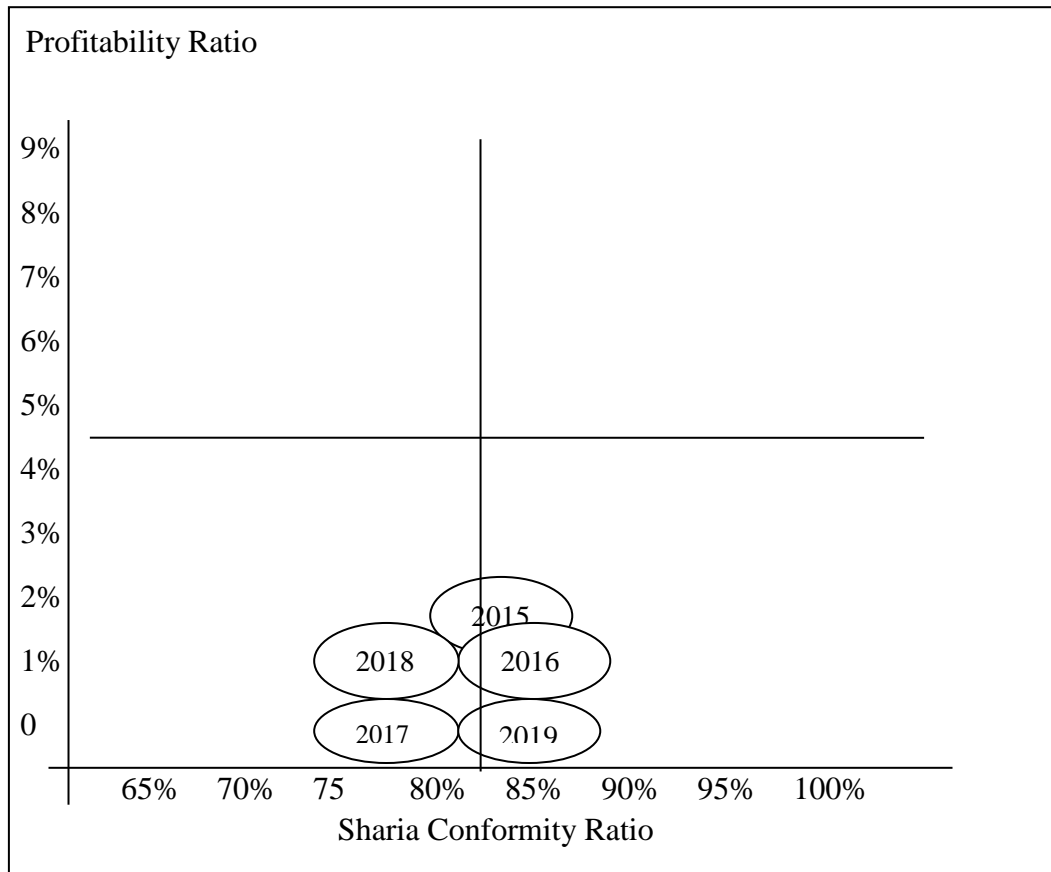
**Tabel 18 Calculation of BMI Profitability Indicator (%)**

Year	R1	R2	R3	$\frac{R1 + R2 + R3}{3}$ ( $\bar{X}_P$ )
2015	0,13	2,09	1,84	1,35
2016	0,14	2,22	1,41	1,25
2017	0,04	0,47	0,48	0,33
2018	0,08	1,17	0,98	0,74
2019	0,03	0,41	0,42	0,28

Source: data is processed, 2022

From the data above, the next step is to determine the quadrant position using the SCnP graph. The following are the results of data processing in graphical form to conclude and clarify financial performance at BMI, as follows

**Figure 2 SCnP Graph of BMI Model for the 2015 – 2019 Period**



Source: data is processed, 2022

The SCnP Model BMI graph for the 2015-2019 period shows an overview of the performance of Islamic banks spread across 4 quadrants. The research results show that the BMI for the 2015, 2016 and 2019 periods is at Lower Right Quadrant (LRQ) which

indicates that BMI has a high level of sharia compliance and low profitability, whereas in the 2017-2018 period it was at Lower Left Quadrant (LLQ) which indicates that BMI has a low level of sharia compliance and profitability. The SCnP Model BMI measurement data for 2015-2019 is presented as follows:

**Table 19 SCnP Measurement of BMI Model for the 2015-2019 Period**

Year	Sharia Conformity Ratio (SC)	Profitability Ratio (P)	Quadrant (Q)
2015	83,97	1,35	LRQ
2016	84,06	1,25	LRQ
2017	82,66	0,33	LLQ
2018	82,83	0,74	LLQ
2019	83,08	0,28	LRQ

Source: data is processed, 2022

In 2015, 2016 and 2019 there was one bank that was on Lower Right Quadrant (LRQ) which means it has a high sharia level but low profitability. This happens because of Sharia Conformity, the sharia investment ratio indicator reached 100%, even BMI's sharia income also almost reached 100%. In 2017-2018 BMI was at Lower Left Quadrant (LLQ), which means BMI has a low level of sharia compliance and profitability. Ratio Sharia Conformity BMI from 2017 to 2018 always increased from 82.66% to 82.83%, but this increase has not been able to make the BMI position out of Lower Left Quadrant (LLQ).

Analysis over five periods produces several different movements. This is due to company conditions, in this case BMI during the 2015-2019 period also experienced varying increases and decreases. Changes in the number and value of ratios resulting from operational activities generally also influence the movement of BMI's position in the quadrants. This will make it easier to analyze BMI's financial performance conditions.

## Discussion

On variables **Sharia Conformity** There are three ratios, namely sharia investment, sharia income and profit sharing ratio.

1. The sharia investment ratio requires data regarding sharia investments and non-sharia investments. From sharia investment data, no non-sharia investment was found. The data above shows that BMI only invests in the sharia sector and no non-sharia investment activities were found. This condition illustrates that BMI invests in the halal sector.

2. Sharia income ratio data is required Islamic Income and non Islamic Income. The sharia income ratio shows that BMI has a percentage Islamic Income which is almost the same, because sharia income has increased as non-halal income has decreased.
3. Profit sharing financing consists of mudharabah and musyarakah financing, while total financing is the total amount of financing carried out both from profit sharing financing and buying and selling financing. The sum of total financing and profit sharing financing is used to measure the profit sharing ratio. The profit sharing ratio shows that BMI has fluctuated. If the percentage Profit Sharing Ratio BMI has increased, this shows that BMI is getting better at sharing the profits earned by each investor and profits and losses are shared together.

On variables **Profitability** There are three ratios, namely ratios Return On Assets (ROA), Return On Equity (ROE) and Profit Margin.

1. Return On Assets (ROA), requires net profit data and the average of total assets. Total net profit describes how much profit the bank makes. Meanwhile, total assets describe how much wealth the bank has. Return On Assets (ROA) shows that Bank Muamalat Indonesia is in a bad predicate, due to the bank's ability to earn return towards management assets not satisfactory enough according to the assessment standards issued by BI and OJK. ROE requires data on net profit and average of total equity. The total equity obtained by the bank describes how much capital it has.
2. Return On Equity (ROE), shows that Bank Muamalat Indonesia is experiencing fluctuations, because the capital management carried out by BMI is always fluctuating, resulting in fluctuating profits. On ratio Profit Margin requires data on net profit and total income.
3. The total income obtained by the bank describes the amount of money received by the bank from business activities. On ratio Profit Margin Ratio shows that BMI is fluctuating due to a decrease in net profit and an increase in costs borne by the bank and is not accompanied by an increase in operational income.

The results obtained are not in line with the results carried out by Lia and Luqman (2016), who used Sharia Conformity and Profitability (SCnP) Model obtained the results that Bank Muamalat Indonesia (BMI) is the bank that is most consistently in place Upper Right Quadrant (URQ). This shows that BMI is the bank with the best performance based on sharia compliance and profitability. Meanwhile, research carried

out by researchers uses methods Sharia Conformity and Profitability (SCnP) Model obtained results that Bank Muamalat Indonesia (BMI) was in position Lower Right Quadrant (LRQ) and Lower Left Quadrant (LLQ). This means that Bank Muamalat Indonesia (BMI) is divided into two conditions: 1) BMI has a high level of sharia conformity but low profitability, 2) BMI has a low level of sharia conformity and profitability.

## **E. CONCLUSION**

Based on the results of the research and analysis that has been carried out, the researchers concluded that Bank Muamalat Indonesia (BMI) in 2015-2019 using the Sharia Conformity and Profitability (SCnP) Model method, the bank was in the Lower Right Quadrant (LRQ) and Lower Left Quadrant positions. (LLQ). This shows that for five years the position of BMI has been in two quadrants with different values obtained. If the bank is in the Lower Right Quadrant (LRQ) position then the Sharia Conformity indicator is high and Profitability is low and if the bank is in the Lower Left Quadrant (LLQ) position then the Sharia Conformity and Profitability indicators are low.

The suggestions to related parties with the aim of increasing insight and knowledge that are taken into consideration by the author are:

1. For banks, pay more attention to the disclosure of sharia items in addition to maintaining banking operations that comply with sharia.
2. For investors and potential investors, before deciding to invest, you should not only look at the financial side but also pay attention to sharia compliance.
3. For academics, it is best to carry out further research and not use the conclusions of this research as the final decision.
4. For further research, it is recommended to combine the Sharia Conformity ratio with other ratios such as the CAMEL ratio, for example combining it with the Asset, Capital, Management, Sensitivity and Liquidity ratios. It is also recommended to increase the research period and have more sharia company segments such as sharia pawnshops, sharia insurance and Bank Syariah Indonesia (BSI).



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