TREND OF SHARIA BANKING FINANCIAL PERFORMANCE IN THE PANDEMIC TIME COVID 19

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Abstract: The purpose of this study was to determine the level of financial performance and the level of profitability ratios of Islamic people's finance banks using the ratio of Return On Asset (ROA) and Return On Equity (ROE). The ROA ratio is calculated by comparing net income to the company's total assets. Meanwhile, ROE is calculated by comparing net income to the company's total equity. The research method used is quantitative method.

The results showed that in terms of profitability, the financial ratio Return on Assets (ROA) with the lowest ROA prediction in 2021 is 2.21%. And the trend of forecasting the performance of Islamic banking in 2019-2021 in terms of profitability, the Financial Ratio Return on Equity (ROE) is also predicted to decline in 2020 but in 2021 the financial ratio ROE is reduced to be able to rise again with a better ROE than 2020, which is 21 , 15%.

Keywords: Trend Analysis, Financial Performance, ROA, ROE

Introduction

The emergence of Islamic financial institutions in Indonesia after Law No.10 of 1998, accompanied by high enthusiasm from the public to utilize banking services and Islamic financial institutions, is the beginning of the birth of a better micro and macro economy in Indonesia. The enactment of this law triggered the birth of new Islamic banks , both in the status of commercial banks, sharia business units and Islamic people's financing banks.

The first Islamic bank in Indonesia was established in 1991, namely Bank Muamalat Indonesia (BMI), which was the only bank that was established to carry out business activities based on the profit sharing principle at that time. Then, continued with other banks that opened sharia windows in carrying out their business activities to advance the country's economy. In order for the country's economy to remain stable, every country strives to keep banks in a safe and healthy condition.

The current economic development is inseparable from the role of a bank which is an intermediary institution that plays an important role in mobilizing public funds to be played as a major source of financing for the business world, both for investment and production in the context of encouraging economic growth. In addition, banks also provide services in the payment system so that economic activities can run efficiently, safely and well.

In recent years there have been developments in Islamic financial institutions. Where, people increasingly believe in Islamic financial institutions, both people who want to finance and invest. So in recent years, Islamic financial institutions have increased. The data on the increase in Islamic financial institutions are as follows:

Banking Office Network

Table. 1 Sharia Banking Office Network *(Islamic Banking Network)*						
Indicator	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Sharia Commercial Bank (BUS)						
- Number of banks	12	12	13	13	14	14
- Number of offices	2,163	1,990	1,869	1,825	1,875	1,919
Sharia Business Unit (UUS)						
- The number of conventional commercial banks that own UUS.	22	22	21	21	20	20
- Number of offices	320	311	332	344	354	381
Sharia Rural Bank (BPRS)						
- number of banks	163	163	166	167	167	164
- Number of offices	439	446	453	441	495	617
Total Office	2,922	2,747	2,654	2,610	2,724	2,917

Source: Financial Services Authority (2014 - 2019)

In 2014, sharia banking had a network of offices consisting of BUS, UUS and BPRS as in the table of 2,922 offices covering all types of offices, decreased to 2,747 offices in 2015 with 1,990 BUS offices, 311 UUS offices, and BPRS. as many as 446 offices. This condition is inseparable from the impact of slowing economic growth so that the Islamic banking industry consolidates its business by implementing efficiency, including closing operations that are deemed unproductive. The office network development consolidation strategy also continued in 2016, the number of offices decreased to 2,654 offices with a total BUS offices of 1,869 offices, UUS offices as many as 332 offices, and BPRS with 453 offices. In 2017, the number of offices also decreased to 2,610 with a total of 1,825 BUS offices, 344 UUS offices and 441 BPRS offices. In 2018 the number of offices increased to 2,724 with BUS offices as many as 1,875 offices, UUS offices as many as 354 offices and BPRS offices as many as 495 offices. In 2019 the number of offices also increased to 2,917 with 1,919 BUS offices, 381 UUS offices, and 617 BPRS offices. This is supported by the implementation of qanun regulations in Aceh which are a

significant driver of the growth of national financial institutions and an integral Islamic economy. With the passing of the LKS qanun in Aceh, all financial institutions operating in Aceh, including banks, are required to become LKS (Bara, 2018).

In the future, Islamic banking and financial institutions in Indonesia are predicted to continue to increase. Government support, in this case the Financial Services Authority (OJK) and Bank Indonesia (BI), is still expected to make the journey of this Islamic financial institution more smoothly in the future (Rahmayati, 2019). Socialization to the public must also be carried out continuously by all interested stakeholders so that people's understanding of the existence of this financial institution can increase, because this is supportive considering that Indonesia is a country with the largest Muslim population in the world.

In assessing the performance of a company then one of them can be taken from the description of the level of profitability which the company's ability to generate revenue is reflected in the profit of the company, management as implementing an enterprise has a tang g ung accountable for the ongoing operation of the company. And also the management has the responsibility to obtain funds to finance assets and use the assets owned to generate income (Andri, 2016)

One of the statistical tools that can be used to estimate the state of a business in the future based on past data is a trend. Trend is the prediction of a variable with time independent variables or the movement of a periodic series over several years and tends to go in a direction, where the direction can be up, flat, or down (Andri I. , 2017). forecasting is a continuation of the trend line through the time from the last observation to the time for the forecast to be made.

Based on data taken from the performance report of the Financial Services Authority (OJK) in 2019, the financial performance of Islamic banking in 2018 was IDR 477.33 trillion, while in 2019 the Islamic financial performance was IDR 507.76 trillion. This means that there is an increase of IDR 30.43 trillion or around 6.38%. Meanwhile in 2020 there is no data released by the OJK regarding the financial performance of Islamic banks. Where in 2020 the Covid-19 outbreak occurred which resulted in a weakening of the economy in Indonesia.

This is ya ng interesting for researchers to conduct research trend analysis, to analyze the profitability of Bank Financing Rakyat Syariah services in Indonesia (Hasanah, 2018). The development of Sharia Financing Profitability in Indonesia can be projected in the long term using trend analysis (*least square method*). This trend line will be able to describe the development of profitability.

Literature Review

Trend a statistical analysis method which is intended to make an estimate or forecast the future (Andri V. , 2016). movement up or down in the long run, which is obtained from the average value of change over time. The rate of change can increase or decrease. If the rate of change increases, it is called a positive trend or the trend has an upward trend. Conversely, if the average change decreases, it is called a negative trend or a trend that has a downward trend. Trend shows changes in the value of a variable that are relatively stable as population changes, price changes, technological changes, and increased productivity (Sari & Jufrizen, 2019).

Trend in future require various kinds of information (data) is quite a lot and observed in the time period is relatively long, so the analysis can know the extent of how much the fluctuations and the factors that influence those changes (Radiman, 2018). Theoretically, in time series analysis, the most decisive thing is the quality and accuracy of the data obtained and the time or period they were collected. If the more data collected, the better the estimation or forecasting will be obtained. Conversely, if the data collected is getting smaller, the estimation or forecasting results will get worse. Because basically the more data, the better the conclusion level (Andri V. , 2016)

Trends are divided into two types, namely linear trends and non-linear trends, and will be explained as follows:

1.   Linear trend, consisting of: *free hand method, semi average m ethod, the moving average method* and *the least squares method* .

 a.   *Free hand method* (method freely)

The method freely is the easiest way, but it is very subjective, meaning that if more than one person is asked to line the trend in this way, more than one trend line is obtained. Because each person has his own choice according to his opinion, which line represents the scatter diagram (a collection of coordinate points (X, Y); X = time variable (Putra, 2009).

 b.   *Semi average method* (*semi average method*)

The semi average method has a method where the data is grouped into two, each group must have the same data. The average was sought for each group. In this semi averaging method no pictures (graphs) are needed. Direct forecast value can be seen from the equation. Whereas with the freehand method, the forecast results must be read from a scale on the Y axis.

 c.   *Moving average method*

Using moving averages to find trends can lose some of the data compared to the original data. This means that the number of moving averages is not the same as the original data. In general, the original data was reduced by (n-1); n = degree of moving average, which is the amount of data (thus the amount of time) to calculate the moving average.

 d.   *Least square method*

The least squares method is an estimate or estimate of the values a and b of the equation Y = a + b X which is based on observational data in such a way as to produce the least (minimum) number of squared errors.

2. Non linear trend. A non-linear trend is a trend that has a quadratic function equation with a graph like a parabola. If the data development initially has a relatively large development at a time, the annual average growth rate is getting smaller and smaller, either due to saturation of activities or due to other factors, then the estimated future growth rate using a linear trend will provide representative results.

Income forecast is also an important factor in company planning. Because the income forecast will determine the capital ownership, income budget, financial position budget. The trend equation is as follows:

$$Y = a + bX$$

Information :

Y is the dependent variable (not independent) whose d trend is looking for

X is independent (free) with time (usually in years)

Meanwhile, to find the constant values a and b, the equation can be used:

$$A = \frac{\Sigma y}{N} \ dan \ \frac{\Sigma yx}{X2}$$

Methods

Creswell in Sugiyono states that the research method is a process of activity in the form of data collection, analysis and providing interpretations related to the research objectives (Sugiono, 2018). According to Sugiyono, a research method is a scientific way to obtain data with specific purposes and uses.

In conducting this research the writer uses quantitative research methods. According to Sugiyono, the quantitative research method is defined as a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, quantitative or statistical data analysis with the aim of describing and testing predetermined hypotheses (Sugiono, 2018). This study uses Tame Series data from 2013 to 2019 published by Bank Indonesia (BI) with a statistical report on Islamic banking. The method used for the Tame Series analysis is the *Least Square* method , which is a forecasting method that uses linear equations to find the most suitable line for past data sets in order to predict future data.

Quantitative data analysis, namely data analysis methods that have to do with formulas and numbers related to financial ratio analysis, namely: (1) Calculating the financial ratios of Islamic People's Financing Banks regarding profitability ratios. (2) Creating a table of financial ratios for the Sharia Rural Bank. (3) Analyze the financial profitability ratios of Islamic Rural Banks using time series analysis. (4) Conclude the results of the analysis. The method can be used for the analysis of time series is a dalah *method of Least Square* Persa maan linear line of analysis of time series is:

$$y = a + b\,x$$

information :

y : The devendent variable (not independent) whose trend is looking for

x : Independent (free) variable that uses time (usually in
      annual)

Meanwhile, to find the constant values a and b, the equation can be used:

$$a = \frac{\Sigma y}{N} \ dan \ b = \frac{\Sigma xy}{X2}$$

The Least Square method is an analytical method aimed at making an estimate or forecasting in the future. To forecast well, it requires a wide variety of information (data) which

is quite a lot and is observed in a relatively long period of time, so that the results of the analysis can be seen how much fluctuation has occurred and what factors influence changes. This method is most often used to predict Y, because the calculation is more accurate. The tr end line equation to be searched for is (Y = a + bx) (a = (ΣY) / n) (b = (ΣYx) / Σx 2) Y = periodic data (*time series*) = estimated trend value, a = value trend in the base year, b = the average growth of the trend value each year. x = time variable (day, week, month or year) To perform the calculation, a certain value is needed in the time variable (x) so that the total value of the time variable is zero or Σx = 0.

Results and Discussion

The data analysis technique in this research is quantitative data analysis. This data analysis is the answer to the formulation of the problem that will be researched to find out how the level of financial performance and the level of profitability ratio of Islamic public finance banks from 2019 to 2021 using *time series* analysis . The method that can be used in **time series** analysis is the *least square* method . The following is the data analysis technique used, namely:

1. *Least Square* Method
   Forecast using the least square method can be calculated using the formula:

a.   Return On Asset (ROA)

Islamic Rural Bank Financial Ratio (ROA)

No.	P eriod Annual Time	ROA	X	Xy	X^2
1	2013	2.79%	-3	-8.37%	9
2	2014	2.26%	-2	-4.52%	4
3	2015	2.20%	-1	-2.20%	1
4	2016	2.27%	0	0	0
5	2017	2.55%	1	2.55%	1
6	2018	1.87%	2	3.74%	4
7	2019	2.61%	3	7.83%	9
Total	n = 7	Σy = 16.55%		ΣXy = -0.97%	$\Sigma x^2 = 28$

Source: Financial Services Authority (2013 - 2019)

Trend Line Equations
Y = a + bX
Where :

$$a = \frac{\Sigma y}{N} \text{ dan } b = \frac{\Sigma yx}{x^2}$$
a = (16,55 / 7) = 2,36 %
b = (-0,97 / 28) = -0,03%

1) The equation for the Trend line is:
   $Y = a + bX$
   $Y = 2.36 + (-0, 03) X$

2) Estimated 2020 ROA Financial Ratio
   $Y = a + bX$
   $Y = 2.36 + (-0.03) X$
   $Y = 2.36 + (-0.03) 4$
   $Y = 2.36 + (-0.12)$
   $Y = 2.33\%$
   This means that forecasting the financial ratio of Islamic people's finance banks for ROA in 2020 is estimated at 2.33%.

3) Estimated Financial Ratio ROA 2021
   $Y = a + bX$
   $Y = 2.36 + (-0.03) X$
   $Y = 2.36 + (-0.03) 5$
   $Y = 2.36 + (-0.15)$
   $Y = 2.21\%$
   This means that forecasting the financial ratio of Islamic people's finance banks for ROA in 2021 is estimated at 2.21%.

b.   Return On Equity (ROE)

Sharia Rural Bank Financial Ratio (ROE)

No.	Annual Time Period	ROE ratio	X	Xy	X^2
1	2013	21.22%	-3	-63.66%	9
2	2014	16.13%	-2	-32.26%	4
3	2015	14.66%	-1	-14.66%	1
4	2016	16.18%	0	0	0
5	2017	19.40%	1	19.40%	1
6	2018	12.86%	2	25.72%	4
7	2019	27.30%	3	81.90%	9
total	n = 7	$\sum y = 127.75\%$		$\sum Xy = 16.44\%$	$\sum x^2 = 28$

Source: Financial Services Authority (2013 - 2019)

Trend Line Equations
$Y = a + bX$
Where :
$a = \dfrac{\sum y}{N}$ dan $b = \dfrac{\sum yx}{x^2}$
$a = (127{,}75 / 7) = 18{,}25 \%$

b = (16,44 / 28) = 0,58 %

1) The equation for the Trend line is:
   Y = a + bX
   Y = 18.25+ (0.58) X

2) Estimated 2020 ROE Financial Ratio
   Y = a + bX
   Y = 18.25+ (0.58) X
   Y = 18.25 + (0.58) 4
   Y = 18.25 + 2.32
   Y = 20.57%
   This means that forecasting the financial ratio of Islamic people's finance banks for ROE in 2020 is estimated at 20.57%.

3) Estimated Financial Ratio ROE 202 1
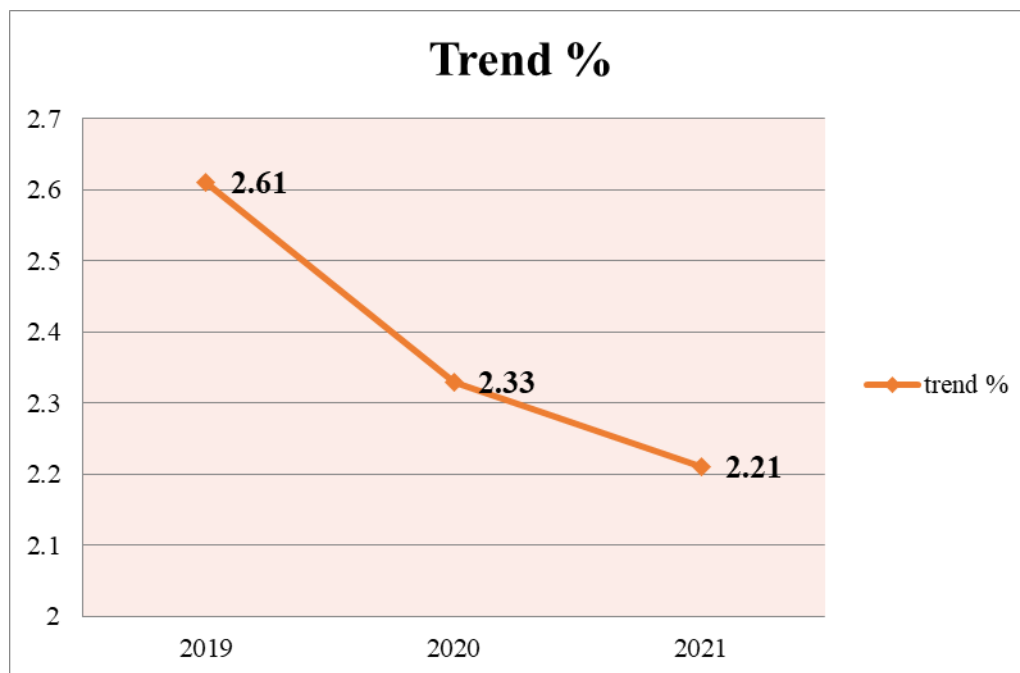   Y = a + bX
   Y = 18.25+ (0.58) X
   Y = 18.25 + (0.58) 5
   Y = 18.25 + 2.90
   Y = 21.15%
   This means that forecasting the financial ratio of Islamic people's finance banks for ROE in 2021 is estimated at 21.15%.

Return On Asset (ROA) Graph

For the ROA financial ratio figures in 2013 to 2019, the highest was in 2013, which was 2.73%, while the lowest ratio was in 2018 which was 1.87%. As for the Forecast Trend, the increase in the ratio of Islamic people's finance banks in 2020 has decreased by 0.28% from 2.61% in 2019 to 2.33% in 2020. For 2021, the forecasts carried out have also decreased by 0.12. % from 2.33% in 2020 to 2.21 in 2021.

Table 4.6
Return On Equity (ROE) Graph
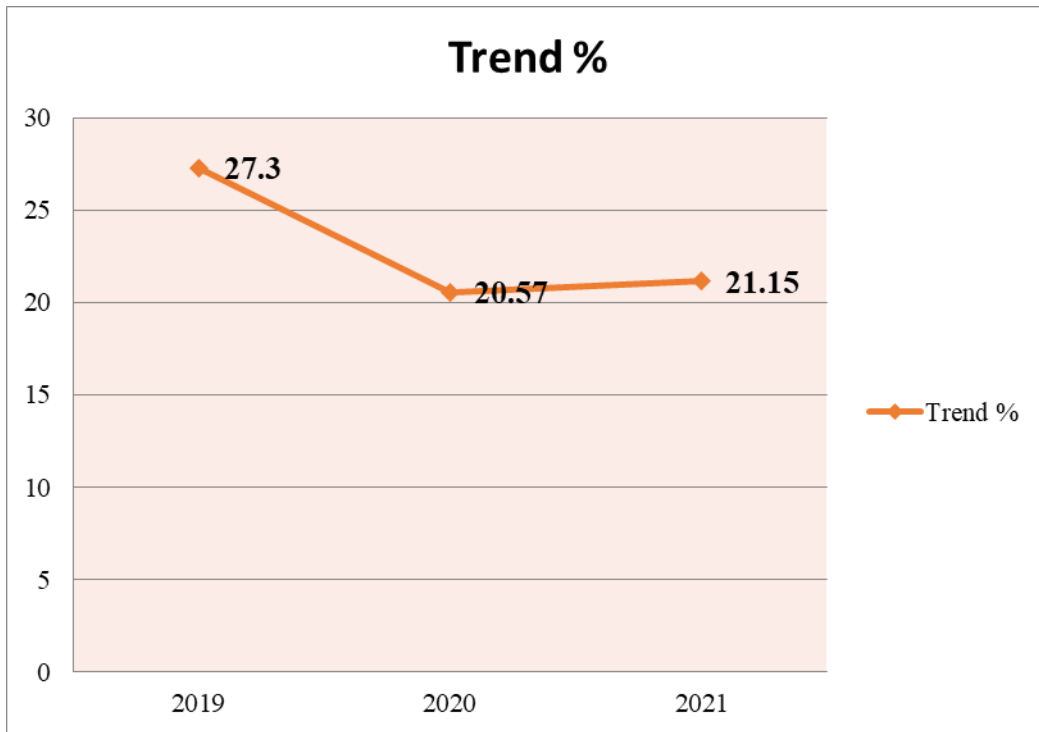
For the ROE financial ratio figures in 2013 to 2019, the highest is in 2019, which is 27.30%, while the lowest ratio is in 2018 which is 12.86%. As for the Forecasting Trend, the increase in the ratio of Islamic people's finance banks in 2020 has decreased by 6.73% from 27.30% in 2019 to 20.57% in 2020. For 2021, the forecast is a slight increase of 1 42% from 20.57% in 2020 to 21.15% in 2021.

Conclusion

Based on the description of the above discussion, it can be concluded that the financial performance of Islamic banking in 2013-2019 in terms of profitability, the financial ratio of Return On Assets (ROA) tends to decline with the lowest figure in 2018, which is 1.87%. And the financial performance of Islamic banking in 2013-2019 in terms of profitability, the financial ratio Return on Equity (ROE) also tends to decline, with the lowest ROE in 2018, which is 12.86%. however, in 2019 the ROE Financial Ratio was able to rise again with the highest ROE financial ratio from 3013 to 2019, namely 27.30%.

The trend of forecasting the performance of Islamic banking in 2019-2021 has also decreased in terms of the profitability of the financial ratio Return on Assets (ROA) with the lowest ROA prediction in 2021, which is 2.21%. And the trend of forecasting the performance of Islamic banking in 2019-2021 in terms of Profitability, the Financial Ratio Return on Equity (ROE) is also predicted to decline in 2020 but in 2021 the financial ratio ROE is reduced to be able to rise again with a better ROE than 2020, which is 21 , 15%.

With the level of Islamic banking financial ratios in terms of Return On Asset (ROA) and Return On Equity (ROE) which has experienced a downward trend, it is hoped that the company's financial performance will be further improved and for the Indonesian people who are majority Muslims are

expected to invest in sharia according to Islamic law for more increasing confidence in the performance of sharia banking.

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