

## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

In essence, this research was carried out to accomplish goals. The goal of this study is to examine how The Effect of Competition and Stability on The Effectiveness of Islamic Banks in Indonesia listed on the Indonesian Stock Exchange from 2018 to 2022. This chapter aims to evaluate all the research findings summaries as well as the study's contributions, limitations, and recommendations for further investigation.

#### **5.2 Summary of Research Findings**

The study's two (2) research questions are explained in the sections that follow.

##### **5.2.1 The Effect of Competition on Effectiveness**

The results of this study showed that the competition variable partially has a significant effect on effectiveness. "What is the impact of bank competition on bank effectiveness?" is the first research question. To ascertain the impact of bank rivalry on bank effectiveness, Hypothesis 1 is developed. The results of the study show that the t-count of the competition variable has a greater value than the t-table. When the probability value is studied, it can be seen that the Competition variable partially has a significant effect on effectiveness because it is lower than the significant level ( $= 0.05$ ). The results of this study concur with those of Apriadi et al. (2017) and Widiyanti (2015), who found that rivalry has an impact on effectiveness.

##### **5.2.2 The Effect of Stability (STB) on Effectiveness**

The results of this study showed that the stability variable partially has no significant effect on effectiveness. "What is the impact of bank stability on bank effectiveness?" is the second research question. To ascertain the impact of bank stability on bank effectiveness,

Hypothesis 1 is developed. The results of the study show that the t-count of the stability variable is smaller than the t-table. When the probability value is studied, it can be seen that the stability variable partially has no significant effect on effectiveness because it is bigger than the significant level ( $\alpha = 0.05$ ). The findings from this study concur with the research from those of Apriadi et al. (2017) who discovered that stability has no influence on effectiveness.

### **5.3 Contribution of Study**

The contribution of this study is to provide a new perspective on the effect of competition and stability on effectiveness. Based on the results of this study, it was found that competition and stability did have a significant effect on the effectiveness of Islamic banks in Indonesia stock exchange for the 2018-2022 period.

Practically speaking, it is anticipated that the study's findings will indicate that BI or OJK policies that lessen the extent of banking competition in Indonesia should take precedence. By creating OJK Regulations, policies like the Single Presence Policy (PBI No. 8/16/PBI/2006) ought to be able to sharpen the emphasis of the OJK. The controlling shareholders are given three options in PBI No. 8/16/PBI/2006, including (a) transferring some or all of their share ownership, (b) completing a merger or consolidation of the banks they control, and (c) forming a bank holding company. The Single Presence Policy was developed with BI's consideration of building a solid and robust banking system. Based on the findings of this study, OJK is advised to lower the degree of competition in order to attain this goal. As a result, it is suggested that points (a) and (c) be eliminated because it is unlikely that they will have a significant impact on the level of competition.

### **5.4 Limitation**

The limitation of this study would be the sample size. The sample size for this study

may be too small, making it unable to generalize the results because it only focused on Islamic banks that were listed on the Indonesia Stock Exchange between 2018 and 2022. Because of this, only businesses who began trading in 2018 and released annual reports from that year through 2022 are picked.

### **5.5 Future Research**

Because it is extremely possible that other factors that were not considered in this study would affect the effectiveness of the bank. It is hoped that future researchers would be able to use or add other research variables. In order to increase the accuracy of them. In addition, future researchers will probably be able to prolong their study duration and include samples from various industry sectors.

### **5.6 Concluding Remarks**

In essence, an aim was pursued in doing this research. The purpose of this study was to examine The Effect of Competition and Stability on The Effectiveness of Islamic Banks in Indonesia listed on the Indonesian Stock Exchange from 2018 to 2022. In this study, effectiveness is the dependent variable, whereas competition and stability are the independent variables. There are no indications of multicollinearity in the regression model, according to the study's findings.

It is crucial to do extra research into more variables in order to get more accurate and superior outcomes for future research projects on efficacy. Finally, it is suggested that future studies modify the factors, include a larger sample and population, and enhance the research methods. This will make it easier for experts in the field to find solutions to a particular problem and allow academics to create frameworks for future-focused study that will deepen understanding of the subject.