

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In the chapter 4 presented the result of the data analysis. For this chapter presents a discussion and summary of the hypotheses results and also summaries the limitations of the current research and suggestion for future research.

5.2 Overview of Study

The objectives of the research is to determine of Shariah bank performance in Indonesia listed on the Financial Service Authority (OJK) period in 2018-2022 may be affected by Capital Adequacy Ratio, Asset Quality, and Liquidity. This research uses a quantitative method as an approach to analyze a problem, the data was collected by obtaining corporate reports from the Financial Service Authority (OJK) period 2018-2022 website based on criteria (www.ojk.go.id). 45 companies in the Shariah Bank in Indonesia are registered in OJK, and 9 of this shariah banks are selected as samples because they accomplish the criteria of the purposive sampling method. Analysis of the data findings that all of hypotheses have a affects on Shariah Bank Performance.

Table 5.2 Summary of the Hypothesis Testing

Hypothesis	Accepted	Rejected
H1: Capital Adequacy Ratio has significant effects on Shariah Bank Performanve	✓	
H2: Asset Quality has significant effects on Shariah Bank Performance		✓
H3: Liquidity has significant effects on Shariah Bank Performance	✓	

5.3 Summary of Research Findings

The objectives of the research is to determine of Shariah Bank Performance in listed on the Financial Service Authority (OJK) period in 2018-2022 may be affected by capital adequacy ratio, asset quality and liquidity. Based on the result of data analysis. in the previous chapter, it can be conclude that capital adequacy ratio has a significant affect on shariah bank performance, asset quality has a significant affect on shariah bank performance, and liquidity has a significant affect on shariah bank performance.

5.3 Hypothesis Testing Result

IV	Standard	Sig.	VIF
Capital adequacy Ratio	.361	.020	1,053
Asset Quality	-0.45	.762	1,047
Liquidity	-0.55	.711	1,016
R²	75%		

5.3.1 The Influence of Capital Adequacy Ratio and Shariah Bank Performance

Based on Table 4.4, the t value of capital adequacy ratio 2.423 and the significant value is .020 which is is significant smaller than 0.05, it can be conclude that capital adequacy ratio is significantly influenced by shariah bank performance. Therefore, the hypothesis (H1) is accepted. Kingu et al. (2018) discovered that capital sufficiency positively affects ROA, indicating that banks can use their resources to support asset growth and boost profitability, decreasing their reliance on outside funding. The bank will be burdened more by external funding since it will have to pay interest in addition to principal installments, increasing expenses and decreasing earnings. This study supports that conducted in 2020 by Sri et al., who found that the capital adequacy ratio influences the performance of shariah banks..

5.3.2 The Influence of Asset Quality and Shariah Bank Performance

Based on Table 4.4, the t value of asset quality -0.305 and the significant value is $.762$ which is a significant higher than 0.05 , it can be concluded the high p-value implies that the observed relationship is not significant. This suggests that the weak relationship between the asset quality and shariah bank performances could likely be attributed to random variability rather than a true underlying association. Therefore, the hypothesis (H2) is rejected. This research is in accordance with research by Bahtiar et al. (2019) stated that capital adequacy ratio affect shariah bank performance. Asset quality has a significant negative impact on return on assets (ROA), as demonstrated by Anbar and Alper's (2011) research. These factors include excessive credit volume, rising costs, the cost of reserves for productive assets, and other expenses that reduce bank revenues, making it difficult for assets owned by banks to cover losses.

5.3.3 The Influence of Liquidity and Shariah Bank Performance

Based on table 4.4, the t value of liquidity is -0.374 and the significant value is $.711$ which is a significant higher than 0.05 , it can be concluded the p-value of 0.711 is quite high, suggesting that the relationship between the liquidity and the shariah bank performance is not statistically significant. Therefore, the hypothesis (H3) is accepted. Almumani (2013) asserts that ROA would not be impacted by liquidity. The amount of liquidity that banks possess has little bearing on how well they perform. The quantity of credit supplied less influence on banking performance is reflected in the prevalence of bad loans. This study supports that conducted by Muhammad (2021), who found that liquidity had an impact on shariah bank performance.

5.4 Contribution of Study

5.4.1 Body of Knowledge

Past studies conducted by Sri et al. (2020) stated that capital adequacy ratio affects shariah bank performance. While the asset quality hasn't affect on shariah bank performance accordance with research by Bahtiar et al (2019). This research uses samples from shariah bank performance in Indonesia listed on the OJK for period 2018-2022. This value is understanding the complex interplay between capital adequacy ratio, asset quality, and liquidity of shariah bank performance.

5.5 Limitation

This research looks at sharia banking financial reports in Indonesia. Sample companies were selected for 10 years, namely from 2013-2022. But, the large number of new banks in Indonesia means that the published financial reports do not last 10 years. However, due to limited data obtained due to limited publications, this research changed the sample selected for 5 years, namely from 2018-2022.

5.6 Suggestions for Future Research

For further research, expected to add variables internals that have not been mentioned such as management efficiency and earning capacity, this is aimed at to find out other factors which affects efficiency syariah banking.