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The Impact of Risk Profile, Capital Adequacy Ratio, And Good Corporate Governance Implementation On Islamic Bank Financial Performance

Taufik Akbar
Accounting Program Study Faculty of Economics and Business
Universitas Mercu Buana Jakarta

ABSTRACT

The goal of this study is to know how the influence of Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), and Good Corporate Governance (GCG) to the financial performance of Islamic Banks that operates actively in Indonesia. 9 Islamic Banks datas with the 2012-2015 period is used in this study. The analysis technique used multiple regresion using SPSS version 23 software. The results of this study indicate that Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), and Good Corporate Governance (GCG) is not significant to financial performance.

Keywords: Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Good Corporate Governance (GCG).

1. INTRODUCTION

Banks are required to always provide the best service in accordance with the demands and needs of its customers, in order to always gain the trust of customers or the communities. Aside from the granting provided by the Bank must always maintain its profitability to maintain its business continuity because the banks main objective is to achieve maximum profitability level. Currently all banks in Indonesia, both conventional and syariah decreased profitability, due to slowing credit growth by an increase in the ratio of non-performing loans (non-performing loan/NPL ratio for conventional banks and NPF for syariah banking). This is because external factors such as the weakening Chinese economy and the uncertainty of The Fed interest rates will still affect the domestic economy, including the banking sector closely related to the financing of the real sector.

The rate of penetration of syariah banking in the midst of the onslaught of conventional banking industry is experiencing growth. But their penetration to date is still not maximal compared with conventional banks. Various problem that still exist on this bank because it is still a little. So far, the market share of syariah banking is less than 5% of the total banking market in general (http://ekbis. sindonews. com).

On the other hand, the Financial Services Authority (OJK) noted that as of June 2016, the syariah banking sector has total assets of Rp306. 23 trillion and consists of 12 Commercial Syariah Banks (BUS), 22 Syariah Business Unit (UUS) and 165 Syariah Financing Banks (BPRS). Syariah banking assets grew by 11. 97% over the same period the previous year (ekbis. sindonews. com). In Bank Surat Edaran Bank Indonesia No. 06/23/DPNP dated 31 May 2004 Bank Indonesia states that there are three ratios used as parameters of the banks financial performance, ie Return On Assets (ROA), Return On Equity (ROE) and Net Interest Margin (NIM).

The Return On Asset (ROA) ratio is part of the financial performance that matters to the bank. Return On Asset Ratio (ROA) describes the overall ability of the company to generate profits by the total available assets (Syamsuddin, 2013: 63). Return on Assets (ROA) is used to measure bank profitability because Bank Indonesia as a supervisor and supervisor of banking prioritizes the profitability of a bank as measured by assets with funds mostly from public savings funds. The greater the ROA of a bank, the greater the level of profit the bank will achieve, and the better its position in terms of used asset. (Dendawijaya, 2009: 118). Therefore, in this study ROA is used as a measure of banking performance. The election of the banking industry due to the banks activities is necessary for the smooth operation of the real sector economy.

Bank in running its operations certainly can not be separated from various risks that often referred to as Risk Profile. The banks business risk is the degree of uncertainty about an outcome expected or expected to receive. Assessment of risk profile factor in bank operations conducted by 8 (eight) risks there are credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. Researchers focus on taking credit risk and liquidity risk.

Credit risk is the risk of possible bank losses as a result of non-repayment of loans granted by banks to debtors. In demonstrating the ability of bank management in managing non-performing loans provided by banks, the quality of productive assets in Syariah banks is measured by Non-Performing Financing (Muhammad, 2014). Non-Performing Financing (NPF) is used to measure the level of financing problems faced by syariah banks. Non-Performing Financing (NPF) is a variable affecting financial performance as it reflects financing risk. The higher this ratio, indicating the quality of syariah bank financing is getting worse. The level of health financing (NPF) influences the achievement of bank profitability. Financing management is needed by the bank, considering the financing function as the largest revenue contributor for syariah banks (Suhada and Pramono, 2014).

In general the same concept is shown in Syariah banks in measuring liquidity by using the *Financing to Deposit Ratio* (Muhamad, 2014). *Financing to Deposit Ratio* (FDR) is how much third party funds syariah bank is released for financing (Muhammad, 2005: 265).

The liquidity ratio is proxied with the *Financing to Deposit Ratio* (FDR). If someone want to maintain the liquidity position by increasing cash reserves, the bank would not use the entire loanable funds are there because a portion is returned again in the form of cash reserves *(cash reserve),* this means that the business financial performance will be reduced. Conversely, if the bank wants to enhance profitability, then with cash reserve for liquidity used by the banks business, so the liquidity position will fall (Sinungan, 2000: 98). If this ratio rises to some extent then more funds will be channeled in the form of financing, which will increase bank earnings, assuming banks are channeling their funds for effective financing. With increasing profits, then Profitability (ROA) will also increase, because profit is a component that forms profit abilities (ROA).

Good Corporate Governance is a set of rules governing relationships between shareholders, managers of companies, creditor parties, governments, employees and other internal and external stakeholders relating to their rights and obligations or in other words a system that regulates and controlling the company, with the aim of increasing the added value for the two parties concerned. Therefore, a study on the effectiveness of corporate governance within a bank is necessary. Implementation of good corporate governance will be achieved if there is a relationship between the elements associated with the company both internal and external elements. In this study that will be used is internal element that is element that needed in company. The internal good corporate governance elements used in this study include the Board of Directors, the Board of Commissioners, and the Syariah Supervisory Board. The Board of Directors in a company is a person who owns the company or a professional person appointed by the business owner to run and dream n the company.

A large number of boards benefit the company from a resource dependence standpoint that the company is dependent on its board to better manage its resources. Thus, the greater the number of boards of directors the better the bank management and improve profitability. The Board of Commissioners is a board responsible for overseeing and providing advice to company directors. According to Chtourouet al. (2001) stated that the increasing number of boards the company management monitoring mechanism will be better. Thus, the greater the number of boards of commissioners, the coordination between supervisors will be more effective. Abuse that can reduce the profitability of any bank can be minimized.

The Syariah Supervisory Board is a board in charge of advising and advising the directors and overseeing bank activities in accordance with syariah principles (PBI No. 11/33 / PBI / 2 009). According to Chtourou et al. (2001) stated that the increasing number of boards the company management monitoring mechanism will be better. Thus, the greater the number of Syariah Supervisory Board will increase the supervision of the management of bank activities in accordance with the principles of syariah so that no use of funds that are not principled syariah, so that will increase profitability.

At capital banks are required by Bank Indonesia to maintain a minimum capital adequacy requirement of 8%. Assessment is on the Capital Adequacy Ratio (CAR) with a minimum of 8%. Capital Adequacy Ratio (CAR) is a ratio showing how much the total assets of a bank containing risk (credit, inclusion, securities, claims to other banks) is financed from its own capital in addition to obtaining funds from sources outside the bank. Capital Adequacy Ratio (CAR), which is an indicator of capital, which can be used as a variable affected the financial performance. Capital adequacy relates to the provision of capital itself required to cover the risk of losses that may arise from the movement of bank assets that are essentially most of the funds derived from third party funds or the community (Sinungan, 2000: 162). The high ratio of capital can protect the depositor, and the impact of increasing public confidence in the bank, and ultimately can increase financial performance. Bank management needs to increase the CAR value in accordance with Bank Indonesia's minimum requirement of 8% because with sufficient capital, the bank can expand its business safely in order to increase its profitability (Yuliani, 2007: 33).

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Agency Theory

Jensen and Meckling (1976) argued that the main principle of agency theory states the existence of a working relationship between the party that gives authority ie the investor with the party who receives the authority (agency) i.e. manager. Management is a party contracted by shareholders to work in the interests of shareholders. Because they are elected, the management must account for all of their work to shareholders.

According to this theory the relationship between owner and manager is intrinsically difficult to create due by conflicting interests. The relationship between principal and agent can lead to information imbalance condition (asymmetrical information) because the agent is in a position that has more information about the company than the principal. Assuming that individuals act to maximize self-interest, then with its asymmetry information it will encourage agents to hide some information that the principal does not know.

2.2. Signal Theory

According to Connelly et al. (2011) Signaling Theory suggests how a company should signal the users of financial statements. This signal is information about what has been done by the management to realize the desire of the owner. Signals may be promotions or other information that the company is better than other companies, in this case showing *Firm Size* or size of a company.

2.3. Financial performance

ROA is used to measure the banks financial performance. The greater the ROA of a bank, the greater the level of profit achieved by the bank, and the better the banks position in terms of asset use. (Dendawijaya, 2009: 118).

ROA is calculated based on the ratio of profit before tax and total assets.

$$\text{ROA} = \frac{\text{Earning Before Income Tax}}{\text{Total Assets}} \times 100\%$$

2.4. Risk Profile

Risk Profile is an assessment of the risks attached to the banks business activities, both quantifiable and unquantifiable, potentially affecting the banks financial position. Assessment of the quality of risk management implementation is an assessment of risk management aspects, risk management framework, risk management process, adequacy of human resources, and adequacy of management information system and adequacy of risk control system with respect to bank business characteristics and complexity. Assessment of risk profile factors is an assessment of the related risks and the quality of risk management implementation in bank operations performed with 8 (eight) risks: credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. Researchers focusing on credit risk and liquidity risk for further investigated, due to limited data access.

2.5. Credit Risk

Non-Performing Financing (NPF) is used to measure the level of financing problems faced by syariah banks. NPFs reflect financing risks. The higher this ratio, indicating the quality of syariah bank financing is getting worse. The productive assets of syariah banks are measured by comparison between Non-Performing Financing with total financing provided (Muhammad, 2005: 265).

According to Dendawijaya (82: 2009) the impact of the existence of Non-Performing Financing (NPF) which is not fair one of them is the loss of opportunity to earn income from the credit given, thus reducing the profit gain and adversely affect profitability.

The calculation of Non-Performing Financing (NPF) is formulated as follows:

$$\text{NPF} = \frac{\text{Total Financing Problem}}{\text{Total Financing}} \times 100\%$$

2.6. Liquidity Risk

Financing to Deposit Ratio (FDR) is how much third party funds syariah bank is released for financing (Muhammad, 2005: 265). How much financing is provided to the public or the customer, the bank must be able to compensate by immediately meeting the need for a withdrawal of funds at any time by the depositor. FDR is defined as the ratio between the financing provided and the funds received by the bank. This FDR becomes one of the long-term liquidity ratios of banks.

Based on the provisions in *Surat Edaran Bank Indonesia No. 12/11/DPNP/2010*, the amount of Financing to Deposit Ratio (FDR) which reflects the liquidity of a healthy bank is between 85% - 110%. If the Financing to Deposit Ratio (FDR) of a bank is above or below 85% - 110%, then the bank in this case can be said does not perform its function as the intermediary (intermediary) well. based on *Surat Edaran Bank Indonesia No. 12/11/DPNP/2010*, *Financing to Deposit Ratio* (FDR) is a comparison between financing with the funds of ribs plus their own capital.

$$\frac{\text{Financing}}{\text{Total Third Party Funds + Own Capital}} \times 100\%$$

2.7. Good Corporate Governance

According IICG (2008), the concept of Corporate Governance can be defined as a series of mechanisms that direct and control an enterprise that runs its operations in accordance with the expectations of the stakeholders. Good Corporate Governance can be defined as the structure, system, and process used by internal and external parties related to the company as an effort to give the company added value continuously in the long term, while still paying attention to other stakeholder interest, based on regulation and prevailing norm. Good corporate governance is the level of achievement of a result of efforts that meet the requirements, indicate the company propriety and operational regularity in accordance with the concept of corporate governance.

Measurement of Good Corporate Governance on this study is using Self Assessment. The quality of Good Corporate Governance (GCG) implementation is the extent to which the Bank implements BI regulations and regulations on Good Corporate Governance. Measured by the composite value of the quality rating of Good Corporate Governance Bank implementations, that based on the suitability of Good Corporate Governance aspect implementation by the bank with assessment factors that have been determined by Bank Indonesia. In a *Surat Edaran BI No.12/13/Dpbs Year 2010* covering 70 indicators on 11 factors, as follows:

1. Implementation of duties and responsibilities of the Board of Commissioners
2. Implementation of duties and responsibilities of the Board of Directors
3. Completeness and execution of the Committee duties
4. Implementation of duties and responsibilities of the Syariah Supervisory Board
5. Implementation of Syariah principles in fund raising activities and channeling of funds and services
6. Handling of conflict of interest
7. Implementation of compliance functions
8. Implement internal audit function
9. Determination of external audit function
10. Maximum limit of fund disbursement
11. Transparency of financial and non-financial condition of Syariah Commercial Bank, Good Corporate Governance implementation report and internal reporting.

2.8. Hypothesis

2.8.1. Influence of Risk Profile to Financial Performance

For credit risk is measured by Non-Performing Financing (NPF) to reflect financing risk. The higher the ratio, indicating the worsening quality of syariah bank financing. The risk of financing received by the bank is one of the banks business risks, resulting from non-repayment of principal installment and profit sharing from the loan or investment being made by the bank (Muhammad, 2005: 358).

The existence of large problematic financing can result in loss of opportunity to earn income from financing given so as to affect earnings gain and adversely affect ROA. Thus the greater the NPF will result in decreased profitability (ROA). Vice versa, if NPF decreases, then Profitability (ROA) will increase.

For liquidity risk is measured by Financing to Deposit Ratio (FDR) that is how much third party funds syariah bank is released for financing (Muhammad, 2005: 265). The higher the FDR within certain limits, the higher the profit of the bank, assuming the bank is channeling the funds for effective financing. With increasing profits, Profitability (ROA) will also increase, because profit is a component that forms Profitability (ROA), and in Handayani et al. (2016) states that Risk Profile Positive Significant significant to Bank Profitability Based on these statements, it can be formulated hypothesis as follows:

H_1: There is Influence of *Risk Profile* to Financial Performance

2.8.2. Influence of Capital Adequacy Ratio (CAR) to Financial Performance

The ratio to measure the capital adequacy of syariah banks is by using the ratio of Capital Adequacy Ratio (CAR) (Muhammad, 2009). The high capital ratios can protect the depositor, and give the impact of increasing public trust to the bank, which in turn can increase profitability (ROA). The establishment and enhancement of the role of bank assets as a profit producer should consider the interests of third parties as a supplier of bank capital. Thus the bank must provide the minimum capital sufficient to guarantee the interests of third parties (Sinungan, 2000: 162). In study Dewi et al. (2016) states that Capital (CAR) positive effect on Return On Assets Profitability (ROA).

Based on the statement, it can be formulated hypothesis as follows:

H_2: There is Influence Capital Adequacy Ratio to Financial Performance

2.8.3. The Effect of Good Corporoaate Governance on Financial Performance

The greater the number of boards of directors, the management of resources at Syariah Commercial Bank will be better. Management of a good company will indirectly improve profitability. The elements of good corporate governance used in this study include Board of Directors, Board of Commissioners, and Syariah Supervisory Board. Suhita et al. (2016) with the results of his study says that GCG has a significant positive effect on ROA.

Based on the statement, it can be formulated hypothesis as follows:

H_3: There is Influence of Good Corporate Governance to Financial Performance

3. STUDY METHODS

3.1. Population and Sample

The population in this study is 9 Syariah Banks registered with the Financial Services Authority (OJK) of 2012-2015 period which presents the financial statements as of December 31 of 2012-2015. The samples were saturated sampling. Saturated sampling is a technique of determining the sample when a member of the pulp is used as a sample. Sugiyono (2011). The total samples in this study are 9 Syariah Banks that registered in the Financial Services Authority (OJK).

3.2. Analysis Method

The analytical method used is Multiple Regression Test. A multiple linear regression analysis is given by: $Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$

Where:

Y = Financial Performance
α = Constants
B = Regression Coefficient
X1 = Risk Profile
X2 = Capital
X3 = Good Corporate Governance
E = Error

4. RESULTS AND DISCUSSION

4.1. Classic Assumption Test Results

Table 4.1
Non-Parametric Statistics Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters [a, b]	Mean	0E-7
	Std. Deviation	. 70055928
Most Extreme Differences	Absolute	. 140
	Positive	. 140
	Negative	-. 061
Kolmogorov-Smirnov Z		. 839
Asymp. Sig. (2-tailed)		. 483

a. Test distribution is Normal.

The table above shows the value of Kolmogorov-Smimov 0.839 with a significance level of 0,483 well above 0.05 or 5%. This shows that the residual data is normally distributed.

4.2. Multicollonearity Test Results

Table 4.2
Test Multicolonierity
Coefficients [a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	NPF	.526	1.899
	FDR	.780	1.283
	CAR	.512	1.955
	GCG	.584	1.713

a. Dependent Variable: ROA

Based on the above table it can be concluded that the independent variables are free from the classical assumptions of multicoloniarity.

4.3. Heteroscedasticity Test Results

Table 4.3
Heteroscedasticity Test
(Test Glejser)
Coefficients [a]

Model		Standardized Coefficients	T	Sig.
		Beta		
1	(Constant)		-677	.504
	NPF	.166	.713	.481
	FDR	-.033	-.173	.864
	CAR	.396	1.679	.104
	GCG	.171	.774	.445

a. Dependent Variable: abs_ROA

By looking at the table above, it can be seen that the significance value of Non-Performing Financing variables (NPF), Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR) and Good Corporate Governance (GCG) is bigger than the 0.05 significance value. So that can be concluded that the data used free of heteroscedasticity problem.

4.4. Autocorrelation Test Results

Table 4.4
Autocorrelation Test
Model Summary [b]

Model	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.366	.75669	1.810

a. Predictors: (Const ant), NPF, FDR, GCG, CAR b. B. Dependent Variable: ROA

From the table above shows that the value dU <d <4-dU (1.799 <1.810 <2. 201), it can be concluded that there is no positive or negative autokolerasi.

4.5. Feasibility Test Result Mode l

Table 4.5.1
Determination Coefficient Test
Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676[a]	.457	.366	.75669

a. Predictors: (Constant), NPF, FDR, GCG, CAR

b. Dependent Variable: ROA

Based on the above table it can be seen that the value of Adjusted R-Square (R2) of the regression model formed in this study is 0.366 which indicates that the ability of independent variables Risk Profile (NPF and FDR), CAR, and Good Coroprate Governance (GCG) in explaining the dependent variable ROA is 36.6% and the remaining 63.4% is explained by other causes or variables outside the model e.g. mudharabah financing, musyarakah financing, profit sharing or others.

Table 4.5.2
Simultaneous Significance Test Test (Test F)
ANOVA [a]

Model		F	Sig.
1	Regression	5,042	.002 [b]
	Residual		
	Total		

a. Dependent Variable: ROA
b. Predictors: (Constant) NPF, FDR, GCG, CAR

Based on Table 4.5.2 above can be seen that simultaneously independent variables have a significant influence on independent variables. This can be seen with the amount of probability value 0.002 which means smaller than the level of significance used is 0.05 or 5%, it can be concluded that the regression model can be used to predict the value of financial performance (ROA).

4.6. Hypothesis Testing Results

Table 4.6
Individual Parametric Test
Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5674	4. 209		-1.348	.188
	NPF	-.058	.029	-.376	-2.029	.051
	FDR	-.017	.010	-.259	-1.696	.100
	CAR	.016	.028	.103	.550	.586
	GCG	-500	.331	-.266	-1.510	.141

a. Dependent Variable: ROA

By the data at beta value of *Unstandardized Coefficients* each independent variable is illustrated in the table above, it can be deduced that:

4.6.1. Non-Performing Financing (NPF) Against Financial Performance (ROA)

Based on Table 4.6 The value of variable regression coefficients Non-Performing Financing (NPF) of -0.058 and the probability of 0.051 is greater than the value of α = 0.05 that means Non-Performing Financing (NPF) has a negative and insignificant effect on financial performance (ROA). The implication is that Non-Performing Financing (NPF) is used to measure the level of financing problems faced by syariah banks. The higher this ratio, indicating the quality of syariah bank financing is getting worse. The productive assets of syariah banks are measured by comparison between non-performing financing with total financing provided (Muhammad, 2005: 265). The results of this study indicate that the increase in Non-Performing Financing (NPF) based on the sample studied shows the quality of financing part of bad Syariah banks. This means that NPF values in the bank sample is relatively low enabling bad credit numbers in some banks is also low so NPF decreases financial performance is not significant. It can be seen from the average non-performing problem financed by the bank is not too large, or in other words still well preserved, the level of problem financing Non-Performing Financing (NPF) on the financing portfolio data is maintained in a good position and this is the result of a tight financing distribution process refers to the principle of prudence.

4.6.2. Financing to Deposit Ratio (FDR) Against Financial Performance (ROA)

Based on the table 4.6 the coefficient of variable regression value Financing to Deposit Ratio (FDR) equal to -0.017 and probability 0.100 is greater than the value of α = 0.05 that means Financing to Deposit Ratio (FDR) has a negative and have insignificant effect on financial performance (ROA). This means there is one Syariah bank that has the ability to liquidity is not good, one of the syariah bank has not been able to refund to third parties. However, it can not be generalized as a whole to the syariah banks registered in OJK. Most Banks are able to recover third party funds by using financing as a source of liquidity. With so many bank funds will be re-channeled in the form of financing.

4.6.3. Capital Adequacy Ratio CAR against Financial Performance (ROA)

Based on Table 4.6 The value of regression coefficient variable Capital Adequacy Ratio (CAR) of 0.016 and probability 0.586 greater than the value of α = 0.05 that means Capital Adequacy Ratio (CAR) has a positive and have insignificant effect on financial performance (ROA). This means that there is an increase in Capital Adequacy Ratio some syariah banks. A high ratio of this capital can protect depositors, and provides the effects of increasing public confidence in the banks, which could ultimately enhancing financial performance, but this does not happen in all Syariah banks contained in the Financial Services Authorization. Most Syariah banks listed on the Authorization of Financial Services (FSA) is more cautious in allocating capital to the sectors assets productive that can be converted into a significant profit on the level of profitability of banks as mudharabah and loss, can also bank allocate existing capital to finance fixed assets as an expansionary step such as opening new branches that led to increased expenditures in the form of procurement of tangible assets.

4.6.4. Good Corporate Governance (GCG) to Financial Performance (ROA)

Based on Table 4.6 the value of regression coefficient variable Good Corporate Governance is about 0.141 -0. 500 and the probability is greater than the value of α = 0.05 that means Good Corporate Governance has a negative and insignificant effect on financial performance (ROA). The results of this study indicate that GCG during the study period does not significantly affect the increase significantly, which will ultimately affect the level of profitability because in this period of study, the regulation with Self Assessment is included in the evaluation or evaluation in order to be better applied. Given that untuk effective GCG implementation in Syariah banking institution, Bank Indonesia issued a new regulation, namely PBI No. 11/33 / PBI / 2009 dated December 7, 2009 on the Implementation of Good Corporate Governance for Commercial Syariah Banks and Syariah Business Units. This PBI began to be submitted as of 1 January 2010. So this study conclude that GCG has no effect on profitability, as it is possible GCG assessment is the result of the assessment of the bank unilaterally with self-assessment. This unilateral judgment makes the assessment less objective and subjective because it is done from the bank itself. The results of this study are supported by study by Dewi et al. (2016) said that Good Corporate Governance (GCG) is not significant to Return On Assets (ROA).

5. RECOMMENDATIONS AND SUGGESTIONS

From the conclusion above, the author's suggestion in this study are:

5.1. For Banking Management

Risk NPF and FDR was not significant to the financial performance (ROA) for the financing still stable or financing problems can still be resolved by the Bank or in other words, FDR still under 110% and NPF is not high. So for syariah banks to be effective, efficient and selective in channeling financing to customers, so as to maintain the stability of the bank, then the management of the Bank to always maintain GCG implementation properly and conduct Self Assessment Assessment objectively, in order to avoid mistakes and remain fulfill syariah compliance, because if an error will affect the performance of banking that will be affected on bank profitability. Likewise with the CAR is not significant to the financial performance of banks, therefore the bank should be able to use capital focused to get profit, in other words to operationalized capital that owned to multiply the financing in order to generate profits and improve bank profitability.

5.2. For Further Researchers

The low coefficient of determination in this study indicates that the variables studied in the study have not been able to predict the causes that affect the rise and fall of financial performance (ROA). Researchers are further advised to develop and add other independent variables that theoretically affect the ROA of syariah banks. For example mudharabah deposits, financing products in the syariah bank or profit sharing is an independent variable. Then increase the sample observation period so as not to generate biased results and preferably not only in syariah banks but all of syariah banks including syariah units in Indonesia as study samples. Considering that there are 8 factors for Risk Profile, further research is expected to investigate other things besides those conducted in this study, for example market risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk.

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