

FINANCIAL PERFORMANCE COMPARISON (EMPIRIC STUDY ON CONVENTIONAL COMMERCIAL BANKS AND SHARIA COMMERCIAL BANKS 2012-2018)

Akhmadi*

Ernis Chaerunisa

Shinta Zahra Chaerunisa

University of Sultan Ageng Tirtayasa, Serang, Indonesia

Financial
Performance
Comparison
(Empiric Study on
Conventional
Commercial Banks
and Sharia
Commercial Banks
2012-2018)

Abstract

This study aims to examine more the comparison of financial performance between Islamic Commercial Banks and Conventional Commercial Banks. The population in this study includes conventional banking companies and Islamic banking which are listed on the Indonesia Stock Exchange and supervised by the Financial Services Authority (OJK) for the period 2012-2018 as many as 114 companies. The observational data used were 56 data from 14 general and Islamic banks which were sampled in this study. The method of analysis used the normality test, the independent sample t-test, and the Mann-Whitney test. The results showed that there is no significant difference in the Capital Adequacy Ratio between Conventional Commercial Banks and Islamic Commercial Banks, There is a significant difference in non-performing loans / financing (NPL / NPF) between Conventional Commercial Banks and Islamic Commercial Banks, there is a significant difference in return on assets (ROA) between Commercial Banks Conventional with Islamic Commercial Banks, there is a significant difference in operating expenses to operating revenue (BOPO) between Conventional Commercial Banks and Islamic Commercial Banks, there is a significant difference in loan / financing to deposit ratio between Conventional Commercial Banks and Shari'ah Commercial Banks.

Keywords: CAR, NPL / NPF, ROA, BOPO, LDR / FDR

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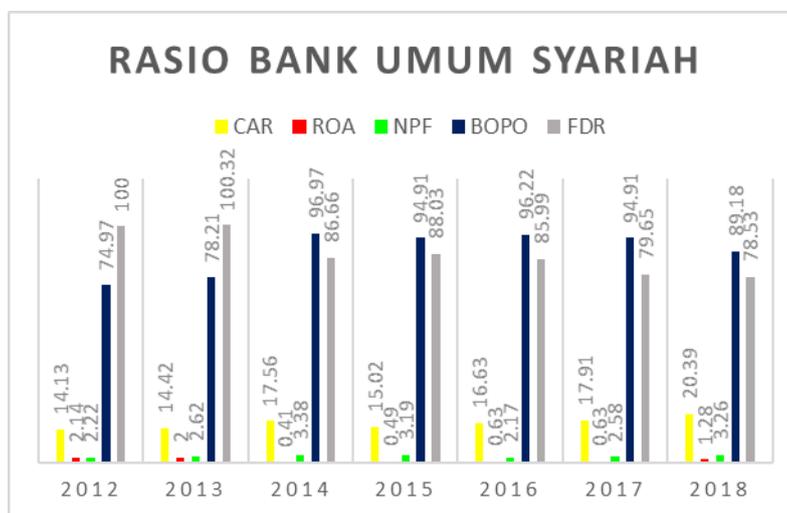
*Corresponding author. *Email address:* akhmadi@untirta.ac.id

Every society is inseparable from economic activities and these activities certainly require transactions. Transactions are often carried out through a face-to-face process or transfer of funds through banks. The world of banking has currently implemented Law No. 10 of 1998, namely the dual banking system, which means that conventional banks in Indonesia are encouraged to open sharia business units or even fully convert them into sharia banks. The existence of two different banking systems in Indonesia triggers competition, this is because each bank must be more trustworthy and have its own advantages to gain loyalty from both customers and investors.

For investors who rely on fundamental information, the source of information used as the basis for decision making is financial reports, in addition to other non-fundamental information. Financial reports issued by companies are a form of communication from management to investors. From these financial reports, investors can assess the performance of management.

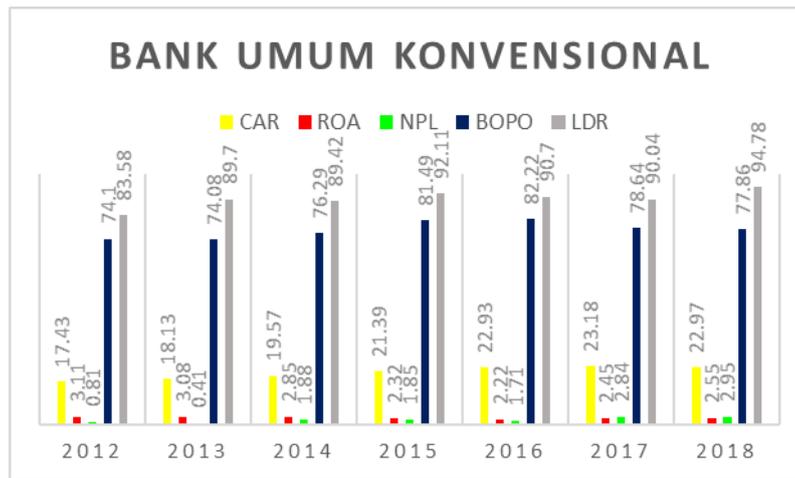
The difference in the financial performance conditions of Islamic Commercial Banks and Conventional Commercial Banks can be explained in the banking financial ratios in accordance with provisions No. 6/10 / PBI / 2004 dated 12 April 2004 which was later refined through regulation no 13/24 / DPNP dated 25 October 2011. The researcher presents financial performance ratios in the form of Capital Adequency Ratio (CAR), Non Performing Loan / Financing (NPL / NPF), Return Asset Ratio (ROA), Operating Expenses, Operating Income (BOPO), and Loan / Financing Depositor Ratio (LDR / FDR) in Islamic Commercial Banks and Conventional Commercial Banks based on National Banking Statistics published by the Financial Services Authority (OJK), as presented on the following chart:

Graph 1.



Graph 1.
Islamic
Commercial
Bank Ratio

The performance of Syari'ah Commercial Banks during the 2012-2018 period was marked by a sharp decline in return on assets (ROA), from 2.14% in 2012 to only 0.41 in 2014 indicating a decrease in the optimization of company assets in generating profits. Even though in 2018 the ratio increased back to 1.28%, but it was still below the 2012 ratio. BOPO also tended to increase from 74.97% in 2012 to 89.18% in 2018, indicating a growth in operating costs that exceeded operating income. CAR tends to increase sharply from 14.13% in 2012 to 20.39 indicating strengthening company capital. The NPF also tended to increase from 2.22% to 3.26%, indicating a decline in the quality of credit to borrowers. The tendency of FDR to decline quite significantly from 100% in 2012 to 78.53% indicates that it is less than optimal in channeling third party funds to debtors. In addition, the BOPO ratio from 2014 to 2018 was generally relatively stable at 74.97% - 88.03%, indicating that the company is able to control operating costs over its operating income. Based on the Bank Indonesia Regulation, BOPO is said to be quite healthy at a ratio of 85% -87%. There is a downward trend in FDR from 100% in 2012 to 78.53% in 2018. Based on the Bank Indonesia Regulation, BOPO is said to be quite healthy at a ratio of 85% -87%. There is a downward trend in FDR from 100% in 2012 to 78.53% in 2018.



Graph 2. Conventional Commercial Bank

The performance of Syari'ah Commercial Banks is marked by an increasing trend in CAR from 17.43% in 2012 to 22.97% in 2018. ROA has experienced a downward trend from 3.11% in 2012 to 2.55% in 2018. NPLs fluctuated briefly from 0.81% in 2012 to 1.88% in 2014, but after that the trend increased significantly so that it became 2.95 in 2018. BOPO was relatively stable at a ratio of 74.10% - 82.22%. The LDR trend showed an increase from 83.58% in 2012 to 94.78%. It is clear that the CAR and ROA of Conventional Commercial Banks are higher than Syari'ah Commercial Banks, indicating that Conventional Commercial Banks have better capital adequacy ratios and operational efficiency. The NPL of Syari'ah Commercial Banks is higher than the NPL of Conventional Commercial Banks, indicating that the quality of financing for Syari'ah Commercial Banks is worse. The FDR of Syari'ah Commercial Banks is higher than the LDR Conventional Commercial Bank, indicating channeling credit / financing Shari'ah Commercial Banks are more aggressive. Meanwhile, there is no significant difference for BOPO.

Differences in performance are also described in previous studies. Research Thayib et.al (2017) who prove that the CAR ratio in Conventional Commercial Banks is higher than the CAR for Islamic Commercial Banks. It's different Toin (2014) provides proves empirically that the CAR of Conventional Commercial Banks and Islamic Commercial Banks is not a significant difference. Research Setyaningsih and Utami (2013) prove that the NPL / NPF of Islamic Commercial Banks better than Conventional Commercial Banks. In contrast to Toin (2014) which proves that there is none the difference in NPL / NPF between Islamic Commercial Banks and Conventional Commercial Banks. Arinta's research (2016) proves that the ROA of Conventional Commercial Banks is superior to Islamic Commercial Banks. Different from Solikah et.al (2017) which proves that there is no significant difference between ROA of Conventional Commercial Banks and Islamic Commercial Banks. Suyono's research (2017) proves that there is no significant difference between the BOPO of Islamic Commercial Banks and the BOPO of Conventional Commercial Banks. Different from Wijayanti et.al (2017) which proves that BOPO of Conventional Commercial Banks is better than Islamic Commercial Banks. Rosiana and Triaryati's (2016) research proves that The LDR / FDR of Islamic Commercial Banks is higher than Conventional Commercial Banks. In contrast to Fahmi, et.al (2018) which proved that there was no significant difference in LDR / FDR between Islamic Commercial Banks and Conventional Commercial Banks.

Based on the business phenomenon and the inconsistency of the results of previous research, the researchers reviewed the financial performance of Islamic Commercial Banks with Conventional Commercial Banks. Although similar studies have been conducted, they are still in limited numbers. Disamping that previous studies still present mixed results or are still ambiguous, thus indicating that the results are not yet well established. Based on these reasons, the researcher intends to examine more deeply the research with this topic. It is hoped that a clear comparison of financial performance can be obtained between Islamic Commercial Banks and Conventional Commercial Banks.

HYPOTHESIS DEVELOPMENT

Comparison of Capital Adequacy Ratio between Conventional Commercial Banks and Islamic Commercial Banks

Agency theory is closely related to the performance of conventional commercial banks and Islamic commercial banks. Shareholders as principals must control to determine the bank's financial performance during a certain period. The information submitted by the company will be considered by customers and investors (Budiartini, et.al, 2017). The results of the research are in accordance with the explanation presented by Sapariyah et.al (2017), Rahayu et.al (2017), Thayib et.al (2017), Samad and Anan (2017), and Tabash et.al (2017), that there is a difference in CAR between Conventional Commercial Banks and Banks Sharia General.

HI: There are significant differences in CARs in Conventional Commercial Banks and Sharia Commercial Banks..

Comparison of Non Performing Loans / Financing between Conventional Commercial Banks and Islamic Commercial Banks

Agency theory is closely related to the performance of conventional commercial banks and Islamic commercial banks. Shareholders as Principals must know the bank's financial performance in the company in terms of agents. This is because the information submitted by the company will be considered by customers and investors (Budiartini, et.al, 2017). Research results that are in accordance with the researcher's hypothesis include research by Wijayanti et.al (2017), Samad and Anan (2017), Setyabudi et.al (2017), Fahmi et.al (2018), Ramlan et.al (2018), that there is a difference in NPL / NPF between Conventional Commercial Banks and Sharia Commercial Bank.

H2: There is a significant difference in NPL / NPF in Conventional Commercial Banks and Sharia Commercial Banks

Comparison of Return On Asset Ratio between Conventional Commercial Banks and Islamic Commercial Banks

Agency theory is closely related to the performance of conventional commercial banks and Islamic commercial banks. Shareholders as Principals must know the bank's financial performance in the company in terms of agents. This is because the information submitted by the company will be considered by customers and investors (Budiartini, et.al, 2017). Research results that are in accordance with the researcher's hypothesis include research by Ibrahim (2016), Samad and Anan (2017), Wijayanti (2017), Sapariyah et.al (2017) and Khan (2018), that there is a difference in ROA between Conventional Commercial Banks and Islamic Commercial Banks.

H3: There is a significant difference in ROA in Conventional Commercial Banks and Islamic Commercial Banks.

Comparison of Operating Expenses to Operating Avauue between Conventional Commercial Banks and Islamic Commercial Banks

Agency theory is closely related to the performance of conventional commercial banks and Islamic commercial banks. Shareholders as Principals must know the bank's financial performance in the company in terms of agents. This is because the information submitted by the company will be considered by customers and investors (Budiartini, et.al, 2017). Research results that are in accordance with the researcher's hypothesis include research by Solikah et.al (2016), Wijayanti (2017), Wahyuni and Efriza (2017), Tabash (2017) and Khan (2017), that there is a difference in BOPO between Conventional Commercial Banks and Islamic Commercial Banks.

H4: There is a significant difference between BOPO in Conventional Commercial Banks and Islamic Commercial Banks.

Comparison of Loan / Financing to Deposit Ratio between Conventional Commercial Banks and Islamic Commercial Banks

Agency theory is closely related to the performance of conventional commercial banks and Islamic commercial banks. Shareholders as Principals must know the bank's financial performance in the company in terms of agents. This is because the information submitted by the company will be considered by customers and investors (Budiartini, et.al, 2017). The results of the research are in accordance with the researcher's hypothesis among other research by Thayib et.al (2017), Sapariyah et.al (2017), Hardianti and Saifi (2018), Khan (2018) and Dodoev (2018), that there is a difference in LDR / FDR between Conventional Commercial Banks and Islamic Commercial Banks.

H5: There is a significant difference in LDR / FDR in Conventional Commercial Banks and Islamic Commercial Banks

METHODOLOGY

Types of research

This research is a comparative study (Comparative Study), in this study it is used to compare financial performance between conventional banks and Islamic banks.

Population and Sample.

The population in this study includes conventional banking companies and Islamic banking which are listed on the Indonesia Stock Exchange and supervised by the Financial Services Authority (OJK) for the period 2012-2018 as many as 114 companies. While the sample was determined as many as 14 companies that were determined by purposive sampling technique with criteria; Consiten listing on the Indonesia Stock Exchange during the period 2012-2018, and witnessing complete financial data in accordance with the variables observed in the study. The observation data used were 56 data, derived from 14 samples of conventional commercial banks and Islamic commercial banks, multiplied by 4 quarters in a year, then clicked by 7 years of the observation period. Observation data is intended to be collected from the Indonesian Directory Exchange (IDX) of the Indonesia Stock Exchange.

Operational Definition of Variables

The variable examined in this research is CAR, which is proxied by the comparison of Core Capital and Supplementary Capital with Risk Weighted Assets. NPL / NPF is proxied by the ratio of Total Non Performing Loans to Total Loans. ROA is proxied by the ratio of Net Profit Before Tax to Total Assets. BOPO is proxied by a comparison of Operating Costs and Operating Income. LDR / FDR is proxied by the ratio of Third Party Funds to Total Loans, (Rivai, et.al 2013).

Statistical Data Analysis

Descriptive statistics

In order to know the distribution of data, descriptive statistics are used using descriptive parameters to describe the data related to the minimum value, maximum value, average value and standard deviation value. Meanwhile, to test the difference in performance used inferential statistics with different test parameters using the independent sample t-test to test the mean difference between the two independent groups on the interval / ratio scale. Mann-Whitney test, to determine the difference between 2 independent groups on a ratio scale, (Wijayanti et.al 2017).

Inferential Statistics

Normality test

Using the Kolmogrov-Smirnov (KS) test parameters. The distributed data is said to be normal if the significance value is ≥ 0.05 then Ho is accepted and the data is said to be abnormal if it has a significant value ≤ 0.05 then Ho is rejected,(Ghozali, 2016).

Hypothesis Test:

Test Independent Sample T-Test

To find out whether there is a difference in the mean between the two independent groups on the interval / ratio scale, it is used independent sample t-test. If the significance value or Sig. (2-tailed) < 0.05 , t count $>$ t table then Ho is rejected and Ha is accepted. Meanwhile, if the significance value or Sig. (2-tailed) > 0.05 , t count $<$ t table then H0 is accepted and Ha is rejected (Wijayanti et al., 2017). In this regard, the test was carried out to determine the difference in performance between conventional commercial banks and syari'ah public banks.

Mann-Whitney test

The Mann Whitney test is a non-parametric test that is used to determine the difference between the 2 independent groups on the ratio scale. This test is used to test the financial performance of conventional banks and Islamic banks if the data is not normally distributed.If the value of significance or Asymp. Sig. (2-tailed) < 0.05 , then Ho is rejected. Meanwhile, if the significance value or Asymp. Sig. (2-tailed) > 0.05 , then Ho is accepted (Wijayanti et al, 2017).

RESULTS

Descriptive Statistics

commercial banks		N	Minimum	Maximum	Mean	Std. Deviation	Std. Mean Error
Capital Adequency ratio	Conventional	196	10.52	26.21	18.0833	3,03720	, 21694
	Sharia	196	10.74	44.50	19,1380	6.77265	, 48376

Source: SPSS 20 output (processed data)

Table 1
Descriptive
Statistics Capital
Adequency Ratio
(CAR)
Conventional
Commercial Banks
and Islamic
Commercial Banks
2012-2018

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The higher the CAR value, the better the Bank's management of capital, especially in facing possible risk of loss. Based on these conditions, Islamic Commercial Banks are proven to be superior to Conventional Commercial Banks, namely 19.138% > 18.083%. This means that Islamic Commercial Banks have better capital quality compared to Conventional Commercial Banks.

Table 2

Non-Performing Loan / Financing (NPL / NPF) Descriptive Statistics Conventional Commercial Banks and Islamic Commercial Banks 2012-2018

commercial banks		N	Minimum	Maximum	Mean	Std. Deviation	Std. Mean Error
Non Performing Loan / Financing	Conventional	196	0.00	6.37	1,2924	1.10656	,07904
	Sharia	196	-0.04	6.44	2,2628	1,50088	,10721

Source: SPSS 20 output (processed data)

The smaller the NPL / NPF value indicates the better the Bank is in asset management, especially in analyzing the level of non-performing loans. Judging from the magnitude of the ratio calculation, Islamic Commercial Banks are superior to Conventional Commercial Banks, namely 1.2924% < 2.2628%. This means that Islamic Commercial Banks have better credit management quality compared to Conventional Commercial Banks.

Table 3

Descriptive Statistics Return on Assets (ROA) Conventional Commercial Banks and Islamic Commercial Banks 2012-2018

commercial banks		N	Minimum	Maximum	Mean	Std. Deviation	Std. Mean Error
Non Performing Loan / Financing	Conventional	196	0.09	5.15	2.6245	1,18760	,08483
	Sharia	196	-8.18	4.86	1,0948	1,54856	,11061

Source: SPSS 20 output (processed data)

The greater the ROA value indicates that the Bank is better at managing assets in increasing revenue. Judging from the calculation of the ROA ratio, Conventional Commercial Banks are superior to Islamic Commercial Banks, namely 2.2645% > 1.0948%. This means that Conventional Commercial Banks are better at managing overall profits.

Table 4

Descriptive Statistics Operating Expenses To Operating Avane (BOPO) Conventional Commercial Banks and Islamic Commercial Banks 2012-2018

commercial banks		N	Minimum	Maximum	Mean	Std. Deviation	Std. Mean Error
Operating Expenses to Operating Avane	Conventional	196	58.24	100.24	75,607	10,5817	,77513
	Sharia	196	60.91	177.90	92,357	12,3283	,88060

Source: SPSS 20 output (processed data)

The smaller the BOPO value indicates the better the Bank is in managing its operations in increasing revenue. Judging from the magnitude of the calculation of the BOPO ratio, Conventional Commercial Banks are superior to Islamic Commercial Banks, namely 75.607% < 92.357%. This means that Conventional Commercial Banks are better at taking advantage of their operational management.

commercial banks		N	Minimum	Maximum	Mean	Std. Deviation	Std. Mean Error
Loan / Financing Deposit Ratio	Conventional	196	52.39	96.74	78,807	10,0322	, 71659
	Sharia	196	46.08	110.13	92,357	8,57782	, 61270

Source: SPSS 20 output (processed data)

The smaller the LDR value indicates the Bank is getting better at managing its operations in increasing revenue, but at a certain point it should not be smaller than the specified ratio. Judging from the magnitude of the calculation of the LDR ratio, Conventional Commercial Banks are superior to Islamic Commercial Banks, namely 75.607% < 92.357%. The meaning Conventional Commercial Banks have a better level of liquidation, so that Conventional Commercial Banks have a better ability to meet credit requests submitted by customers.

Inferential Statistics

Normality test

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	df	Sig.
Capital Adequency ratio	Conventional	, 077	196	, 007	, 980	196	, 006
	Sharia	, 160	196	, 000	, 861	196	, 000

a. Lilliefors Significance Correction

Source: SPSS 20 output (processed data)

The Kolmogrov-Smirnov test shows asymp. The Sig of Conventional Commercial Banks has a value of 0.007 < 0.05, and Islamic Commercial Banks have a value of 0.000 < 0.05, this indicates that the data is not normally distributed. Solutions to make data normally distributed include transforming it into Ln form, removing data that deviates / outliers and leaving it alone and then using other alternative tests, one of which is testing data with Mann Whitney (Suliyanto, 2011: 78:79). The transformation of the observational data has been attempted to use natural logs (Ln), and discarding some of the outlier data, the normality test results still produce a sig value of Kolmogrov Smirnov < 0.05. These results indicate that the data *Capital Adequency Ratio* (CAR) not normally distributed.

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	Df	Sig.	Statistics	Df	Sig.
Non Performing Loan / Financing	Conventional	, 147	196	, 000	, 860	196	, 000
	Sharia	, 090	196	, 001	, 951	196	, 000

a. Lilliefors Significance Correction

Source: SPSS 20 output (processed data)

Kolmogrov-Smirnov test looks asymp. The Sig of Conventional Commercial Banks has a value of 0.000 < 0.05, and Islamic Commercial Banks have a value of 0.001 < 0.05, this indicates that the data is abnormally distributed. There is a solution to making data normally distributed, among others, by transforming it into an Ln form, issuing data that is not normally distributed. deviating / Outlier and being left alone then using other test alternatives, one of which is testing the data with Mann Whitney (Suliyanto, 2011: 78:79). The observation data has been transformed into a natural log (Ln) form, and discarding some of the outlier data, the normality test results still produce the sig value of Kolmogrov Smirnov < 0.05. These results indicate that the data *Non Performing Loan / Financing* (NPF / NPL) not normally distributed.

Table 5

Loan / Financing Deposit Ratio (LDR / FDR) Descriptive Statistics Conventional Commercial Banks and Islamic Commercial Banks 2012-2018

Table 6

Kolmogorov-Smirnov Normality Test Capital Adequency Ratio (CAR)

Table 7

Kolmogorov-Smirnov Normality Test for Non Performing Loan / Financing (NPF / NPL)

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	Df	Sig.	Statistics	df	Sig.
Return On Assets	Conventional	,099	196	,000	,974	196	,001
	Sharia	,183	196	,000	,802	196	,000

Table 8

Kolmogorov-Smirnov Normality Test Return on Asset (ROA)

a. Lilliefors Significance Correction

Source: SPSS 20 output (processed data)

Kolmogorov-Smirnov test looks asymp. The Sig of Conventional Commercial Banks has a value of 0.000 <0.05, and Islamic Commercial Banks have a value of 0.000 <0.05, this indicates that the data is abnormally distributed. There is a solution to making data normally distributed, among others, by transforming it into an LN form, issuing data that is not normally distributed. deviating / Outlier and being left alone then using other test alternatives, one of which is testing the data with Mann Whitney (Suliyanto, 2011: 78:79). The observation data has been transformed into a natural log (Ln) form, and discarding some of the outlier data, the normality test results still produce the sig value of Kolmogrov Smirnov <0.05. These results indicate that the data *Return on Asset (ROA)* not normally distributed.

Table 9

Kolmogorov-Smirnov Normality Test

Operating Expenses To Operating Avane (BOPO)

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	df	Sig.
Operating Expenses to Operating Avane	Conventional	,126	196	,000	,945	196	,000
	Sharia	,213	196	,000	,701	196	,000

a. Lilliefors Significance Correction

Source: SPSS 20 output (processed data)

Kolmogorov-Smirnov test looks asymp. The Sig of Conventional Commercial Banks has a value of 0.000 <0.05, and Islamic Commercial Banks have a value of 0.000 <0.05, this indicates that the data is not normally distributed. Solutions to make data normally distributed include transforming it into an LN form, removing distorted data / outliers and leaving it alone then using other testing alternatives, one of which is data testing with Mann Whitney (Suliyanto, 2011: 78:79). The observation data has been transformed into a natural log (Ln) form, still resulting in the sig value of Kolmogrov Smirnov <0.05. However, after removing some of the outlier data, the normality test results still produced the sig value of Kolmogrov Smirnov = 0.359 > 0.05. These results indicate that the data *Operating Expenses to Operating Revenue (BOPO)* normally distributed.

Table 10

Kolmogorov-Smirnov Normality Test for Outlier Data *Operating Expenses to Operating Avane (BOPO)*

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	df	Sig.
Operating Expenses to Operating Avane	Conventional	,126	196	,000	,945	196	,000
	Sharia	,046	174	,200 *	,991	174	,359

a. Lilliefors Significance Correction

Source: SPSS 20 output (processed data)

Table 11

Kolmogorov-Smirnov Normality Test *Loan / Financing Deposit Ratio (LDR / FDR)*

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	df	Sig.
Loan / Financing Deposit Ratio	Conventional	,078	196	,005	,962	196	,000
	Sharia	,059	196	,094	,968	196	,000

a. Lilliefors Significance Correction

Source: SPSS 20 output (processed data)

Kolmogrov-Smirnov test looks asymp. Sig Conventional Commercial Banks have a value of 0.005 <0.05, and Islamic Commercial Banks have a value of 0.094 > 0.05. Even though Islamic Commercial Banks are normally distributed, Conventional Commercial Banks are not normally distributed. So the solution to making data is normally distributed, among others, is transformed into an Ln form, removing deviating data / outliers and leaving it alone then using other testing alternatives, one of which is testing the data with Mann Whitney (Suliyanto, 2011: 78:79). The observation data has been transformed into a natural log (Ln) form, still resulting in the sig value of Kolmogrov Smirnov <0.05. However, after removing some of the outlier data, the normality test results still produce the sig value of Kolmogrov Smirnov = 0.361 > 0, *Loan / Financing Deposit Ratio (LDR / FDR)* normally distributed.

	commercial banks	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	Df	Sig.
Loan / Financing Deposit Ratio	Conventional	,078	196	,005	,962	196	,000
	Sharia	,056	195	,200 *	,992	195	,361

a. Lilliefors Significance Correction
Source: SPSS 20 output (processed data)

Table 12
Kolmogorov-Smirnov Normality Test for Outlier Data *Loan / Financing Deposit Ratio (LDR / FDR)*

Mann-Whitney Difference Test

The difference test in this study uses the Mann-Whitney Difference Test, because most of the observation data are not normally distributed, (Wijayanti et.al, 2017). Following are the test results for each variable.

Statistics Test a

	Capital Adequency ratio
Mann-Whitney U	17813,500
Wilcoxon W.	37119,500
Z	-1,243
Asymp. Sig. (2-tailed)	,214

a. Grouping Variable: Commercial Banks
Source: SPSS Output (Processed data)

Table 13
The Mann-Whitney Capital Adequency Difference Test *Ratio (CAR)*

The results of the asymp sig value of the Capital Adequency Ratio based on the Mann-Whitney test were 0.214 > 0.05 with a Z value of -1.243 and the Mann-Whitney U of 17813.5. The difference is significant if Asymp. The Mann-Whitney Sig (2-tailed) shows a number <0.05. Whereas there is no significant difference if the Mann-Whitney Asymp.Sig (2-tailed) shows a number > 0.05 (Wiayanti et.al, 2017). Based on these results, there is no significant difference in the Capital Adequency Ratio between Conventional Commercial Banks and Islamic Commercial Banks. In conclusion H01 Accepted.

	Non Performing Loan / Financing
Mann-Whitney U	12078,500
Wilcoxon W.	31384,500
Z	-6,356
Asymp. Sig. (2-tailed)	,000

a. Grouping Variable: Commercial Banks

Table 14
Mann-Whitney Normality Test *Non Performing Loan / Financing (NPL / NPF)*

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The result of the asymp sig value of Non Performing Loan / Financing based on the Mann-Whitney test is 0.000 <0.05 with a Z value of -6.356 and a Mann-Whitney U of 12078.5. Based on these results, there is a significant difference in Non Performing Loans / Financing between Conventional Commercial Banks and Islamic Commercial Banks. In accordance with (Wiayanti et.al, 2017), that the difference is significant if Asymp. The Mann-Whitney Sig (2-tailed) shows a number <0.05. Whereas there is no significant difference if the Mann-Whitney Asymp.Sig (2-tailed) shows a number > 0.05. In conclusion H02 Rejected.

Table 15
Mann-Whitney
Normality Test
Return On Asset
Ratio (ROA)

	Return On Asset Ratio
Mann-Whitney U	7471,500
Wilcoxon W.	26777,500
Z	-10,464
Asymp. Sig. (2-tailed)	, 000

a. Grouping Variable: Commercial Banks

The result of the asymp sig value of Return On Asset Ratio based on the Mann-Whitney test is 0.000 <0.05 with a Z value of -10.464 and a Mann-Whitney U of 7471.5. Based on these results, there is a significant difference in the Return On Asset Ratio between Conventional Commercial Banks and Islamic Commercial Banks. In accordance (Wiayanti et.al, 2017), that the difference is significant if Asymp. The Mann-Whitney Sig (2-tailed) shows a number <0.05. Whereas there is no significant difference if the Mann-Whitney Asymp.Sig (2-tailed) shows a number > 0.05. Based on these results, the conclusion is H03 Rejected.

Table 16
Mann-Whitney
Normality Test
*Operating Expenses
To Operating
Avannue (BOPO)*

	Operating Expenses to Operating Avannue
Mann-Whitney U	5133,000
Wilcoxon W.	24439,000
Z	-12,548
Asymp. Sig. (2-tailed)	, 000

a. Grouping Variable: Commercial Banks

Source: SPSS Output (Processed data)

The results of the asymp sig value of Operating Expenses to Operating Avannue based on the Mann-Whitney test are 0.000 <0.05 with a Z value of -12.548 and a Mann-Whitney U of 5133.5. Referring to (Wiayanti et.al, 2017), that the difference is significant if Asymp. The Mann-Whitney Sig (2-tailed) shows a number <0.05. Meanwhile, there is no significant difference if the Mann-Whitney Asymp.Sig (2-tailed) shows a number > 0.05. Based on these results, there is a significant difference in Operating Expenses to Operating Avannue between Conventional Commercial Banks and Islamic Commercial Banks. In conclusion H04 Rejected.

Table 17
Mann-Whitney
Normality Test
*Loan / Financing to
Deposit Ratio (LDR
/ FDR)*

	Loan / Financing Deposit Ratio
Mann-Whitney U	8063,000
Wilcoxon W.	27369,000
Z	-9,936
Asymp. Sig. (2-tailed)	, 000

a. Grouping Variable: Commercial Banks

Source: SPSS Output (Processed data)

The result of the asymp sig value of the Loan / Financing to Deposit Ratio based on the Mann-Whitney test is $0.000 < 0.05$ with a Z value of -12.548 and a Mann-Whitney U of 5133.5. Referring to (Wiayanti et.al, 2017), that the difference is significant if Asymp. The Mann-Whitney Sig (2-tailed) shows a number < 0.05 . Whereas there is no significant difference if the Mann-Whitney Asymp.Sig (2-tailed) shows a number > 0.05 . Based on these results, there is a significant difference in the Loan / Financing to Deposit Ratio between Conventional Commercial Banks and Islamic Commercial Banks. In conclusion H_0 Rejected.

DISCUSSION

Comparison of Capital Adequacy Ratio between Conventional Commercial Banks and Islamic Commercial Banks

The test results which show that there is no significant difference in the Capital Adequacy Ratio between Conventional Commercial Banks and Islamic Commercial Banks, are not in accordance with the expectations of the researcher. The results are also irrelevant Sapariyah et.al (2017), Rahayu et.al (2017), Thayib et.al (2017), Samad and Anan (2017) which prove that there are significant differences. However, the results are in accordance with Arinta (2016), Fahmi et.al (2018), and Hardianti and Saifi (2018) which prove that there is no significant difference between the capital adequacy ratio of Islamic Commercial Banks and Conventional Commercial Banks.

The implication of the research results is that there is a tendency for Bank Indonesia (BI) policy regarding the capital adequacy ratio (CAR) in national banking, empirically presenting a ratio that does not differ significantly between conventional commercial banks and syari'ah commercial banks. Although these two types of banking have different characteristics. Shari'ah banking does not impose a fixed interest charge on customer funds deposited in the bank, because it is replaced by a profit-sharing concept compared to conventional banking, which apparently does not cause a significant difference in CAR with conventional banking. This is quite reasonable because BI uses the same standards that must be adhered to by the two types of banking, namely a minimum CAR of 8% so that each must refer to the CAR provisions set by the OJK.

Comparison of Non Performing Loans / Financing between Conventional Commercial Banks and Islamic Commercial Banks

The test results show that there are significant differences in non-performing loans / financing (NPL / NPF) between Conventional Commercial Banks and Islamic Commercial Banks, according to the researchers' expectations. The results are also consistent with the research Sapariyah et.al (2017), Wijayanti et.al (2017), Samad and Anan (2017), Setyabudi et.al (2017), Fahmi et.al (2018) which prove that there are significant differences in non-performing loans / financing between Conventional Commercial Banks with Islamic Commercial Banks.

Implications of The results of the study show that there is a level of management differences in the management of non-performing loans in banks, so that it greatly determines the quality of credit / financing that is distributed. Bank Indonesia regulations stipulate that the NPL / NPF is below 5%. Sharia Commercial Banks have better credit management quality than Conventional Commercial Banks because of this many Islamic banks do not yet have a corporate segment so that the NPF risk is smaller. In addition, many Islamic banking financing has entered the non-productive or consumer sector, which has a lower risk character.

Comparison of Return On Asset Ratio between Conventional Commercial Banks and Islamic Commercial Banks

The test results show that there is a significant difference in return on assets (ROA) between Conventional Commercial Banks and Islamic Commercial Banks, according to the researchers' expectations. The results correspond to Ibrahim (2016), Samad and Anan (2017), Wijayanti (2017), Sapariyah et.al (2017), Hardianti and Saifi (2018) which prove that there is a significant difference in return on assets between Conventional Commercial Banks and Islamic Commercial Banks.

The results imply that there is a tendency for return on assets (ROA) of Islamic general banks to be worse than return on assets of syari'ah commercial banks. Why is that?, because Islamic banks are more focused on the function as an ordinary commercial bank, while the function as an investment bank is not maximized. This is understandable because there is indeed an inadequate competency side when engaged in investment financing. Meanwhile, conventional commercial banks, which are more likely to carry out their functions as investment banks, generate very high potential for profitability so that they greatly support their profitability performance.

The results showed that there were significant differences in operating expenses to operating revenue (BOPO) between Conventional Commercial Banks and Islamic Commercial Banks, according to the researchers' expectations. The results are also in accordance with Solikah et.al (2016), Wijayanti (2017), Wahyuni and Efriza (2017), Tabash (2017), Khan (2017) which proves that there is a significant difference between Operating Expenses to Operating Revenue for Conventional Commercial Banks and Islamic Commercial Banks. This difference shows that Conventional Commercial Banks are more optimal in managing operations in increasing revenue compared to Islamic Commercial Banks.

The results imply that there is a tendency that conventional commercial banks are better at maximizing their use of funds so that there is no idle and are better able to maintain credit quality so that the burden of CKPN for credit can be more controlled, compared to syari'ah commercial banks. In addition, conventional banks are also better able to reduce interest expenses by encouraging cheap savings funds, as well as making operational costs efficiency.

Comparison of Loan / Financing Deposit Ratio between Conventional Commercial Banks and Islamic Commercial Banks

The results showed that there was a significant difference in loan / financing to deposit ratio between Conventional Commercial Banks and Islamic Commercial Banks according to the expectations of the researchers. Result in accordance with the Saputra (2016), Solikah (2017), Thayib et.al (2017), Sapariyah et.al (2017), Hardianti and Saifi (2018) who prove that there are significant differences in loan / financing deposit ratio conventional commercial banks and Islamic commercial banks. . This difference shows that Conventional Commercial Banks have a better level of liquidation.

These results imply that there is a tendency that conventional commercial banks, in the midst of a fairly rapid growth of third party funds (DPK), are more capable of channeling credit, especially for mortgage and commercial (construction) loans than syari'ah commercial banks. So even though there is a growing trend of new funds, but able to be balanced with lending has moved positively.

CONCLUSION

There is no significant difference in the Capital Adequacy Ratio between Conventional Commercial Banks and Islamic Commercial Banks, indicating that the main difference between Islamic banking is apply a fixed interest charge on customer funds, as applied to conventional banking does not cause a significant difference in CAR. There is a significant difference in non-performing loan / financing (NPL / NPF) between Conventional Commercial Banks and Islamic Commercial Banks, indicating that Islamic Commercial Banks are better than conventional commercial banks in managing NPL / NPF, because they do not have or are still very limited in the general corporate segment. has a high level of risk.

The significant difference in return on assets (ROA) between Conventional Commercial Banks and Islamic Commercial Banks, indicates that conventional commercial banks are better at their profitability performance, because they tend to carry out more functions as investment banks that have the potential to generate very high profitability. Meanwhile, Shari'ah Commercial Banks are more focuses on functioning as an ordinary commercial bank. The significant difference between operating expenses to operating revenue (BOPO) between Conventional Commercial Banks and Islamic Commercial Banks indicates that conventional commercial banks are better at utilizing funds maximally so that they are better able to maintain credit quality, compared to Syari'ah Commercial Banks. The significant difference between the loan / financing to deposit ratio between conventional commercial banks and syari'ah commercial banks indicates that conventional commercial banks are more capable of extending credit, especially for mortgage and commercial (construction) loans compared to syari'ah commercial banks.

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