



ANALYSIS OF THE PERFORMANCE OF RURAL SHARIA BANKS IN INDONESIA DURING THE COVID-19 PANDEMIC

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Abstract: Covid-19 has a significant impact on the economy, including the Islamic financial industry in Indonesia. So, research on the performance of Islamic banks, including the performance of Islamic banks in Indonesia is very interesting to study. This study aims to determine the level of performance of BPRS in Indonesia during the Covid-19 pandemic in 2019-2021, based on OJK Circular Letter; SEOJK number 28/SEOJK.03/2019. This study uses qualitative descriptive methodology. The results of the study show that the average CAR ratio of BPRS in 2019-2021 is 23.46 percent, which indicates that BPRS is very healthy. The average NPF ratio of BPRS in 2019-2021 is 7.08 percent, which indicates that BPRS is healthy. And the average ROA ratio of BPRS in 2019-2021 is 2.11 percent, which indicates that BPRS is very healthy. Based on the above research results, the performance of BPRS in Indonesia during the Covid-19 pandemic was exceptional. This means that BPRS in Indonesia can continue to operate intact even under sluggish economic conditions. This shows that the performance of BPRS in Indonesia during the Covid-19 pandemic is in the healthy and stable category. This emphasizes that Islamic banks are resilient in the face of an economic crisis. Therefore, it is expected that bank management should always improve the performance of BPRS by paying attention to the capital aspect, asset quality aspect, income aspect, and liquidity aspect.

Keywords: *covid-19 pandemic, performance, Sharia Rural Bank.*

Abstrak: Covid-19 berdampak signifikan terhadap perekonomian, termasuk industri keuangan syariah di Indonesia. Sehingga penelitian tentang kinerja bank syariah termasuk kinerja bank syariah di Indonesia sangat menarik untuk diteliti. Penelitian ini bertujuan untuk mengetahui tingkat kinerja BPRS di Indonesia pada masa pandemi Covid-19 tahun 2019-2021 berdasarkan Surat Edaran OJK; SEOJK nomor 28/SEOJK.03/2019. Penelitian ini menggunakan metodologi deskriptif kualitatif. Hasil kajian tersebut menunjukkan bahwa rata-rata rasio CAR BPRS tahun 2019-2021 sebesar 23,46 persen, yang menunjukkan bahwa BPRS dalam Sangat sehat. Rasio NPF rata-rata BPRS tahun 2019-2021 adalah sebesar 7,08 persen yang menunjukkan BPRS dalam keadaan sehat. Dan rata-rata rasio ROA BPRS tahun 2019-2021 adalah sebesar 2,11 persen yang menunjukkan bahwa BPRS dalam kondisi sangat sehat. Berdasarkan temuan penelitian di atas, kinerja BPRS di Indonesia pada masa pandemi Covid-19 sangat luar biasa. Artinya, BPRS di Indonesia dapat tetap beroperasi secara utuh, meskipun dalam kondisi ekonomi yang lesu. Hal ini menunjukkan bahwa kinerja BPRS di Indonesia pada masa pandemi Covid-19 masuk dalam kategori sehat dan stabil. Hal ini mempertegas bahwa bank syariah memiliki ketahanan dalam menghadapi krisis ekonomi. Maka dari itu diharapkan kepada pihak manajemen bank untuk selalu meningkatkan kinerja BPRS dengan memperhatikan Aspek Permodalan, Aspek Kualitas Aset, Aspek Pendapatan, dan Aspek Likuiditas.

Kata kunci: *covid-19 pandemic, kinerja, Sharia Rural Bank.*

INTRODUCTION

The financial sector has been negatively affected by the Covid-19 pandemic. Covid-19 has pressured global financial markets and the banking industry.¹ 3.5 million Indonesians lost their jobs due to the Covid-19 pandemic, and the national economy was also affected. The lockdown or social distancing policy to prevent the spread of Covid-19 can save lives, but it will exacerbate the recession due to the massive wave of layoffs that will follow. This policy negatively impacts production, international trade, the creative economy, tourism, and other economic activities.² This will result in a decline in Aggregate Demand (AD), leading to a decline in production and, ultimately, in people's purchasing power.³

During the Covid-19 pandemic, the purchasing power of the population decreased. This disrupts the economic cycle between sellers and buyers.⁴ Covid-19 is a challenge for the banking industry, including Islamic banking.⁵ The pandemic has impacted various economic sectors, including the real sector, Indonesia's leading segment of Islamic banking financing.⁶ This demonstrates that the operational activities of Islamic banks are inextricably linked to economic shocks. Therefore, Islamic banks must be able to anticipate these conditions to maintain a healthy level of performance. The soundness level of a bank shows the level of banking performance as an economic driver and will eventually become an indicator of national economic growth.

Indonesia's banking system is dual, with Islamic and conventional banks operating alongside one another.⁷ Banks act as financial intermediaries between parties with excess funds and those who need funds. Islamic Banks are financial institutions that carry out their operations based on sharia principles and, according to their type, consist of Islamic Commercial Banks (BUS) and Sharia Rural Bank (BPRS).⁸ Sharia Rural Bank was established to serve micro and small businesses based on Islamic principles. Islamic

¹ Sri Diana et al., "Analisis Kinerja Keuangan Perbankan Syariah Indonesia Pada Masa Pandemi Covid-19," *Jurnal Riset Akuntansi Dan Bisnis Indonesia* 1, no. 1 (2021).

² Nanang Suparman, "Dampak Pandemi Covid-19 Terhadap Pengelolaan Keuangan Negara," *Indonesian Treasury Review: Jurnal Perbendaharaan, Keuangan Negara Dan Kebijakan Publik* 6, no. 1 (2021).

³ Peter Garlans Sina, "Ekonomi Rumah Tangga Di Era Pandemi Covid-19," *Journal of Management- Small and Medium Enterprises* 12, no. 2 (2020).

⁴ Dwi Aditya Putra, "Dampak Covid-19, Daya Beli Masyarakat Hilang Hingga Rp362 Triliun" (Merdeka.com, 2020).

⁵ Hani Tahliani, "Tantangan Perbankan Syariah Dalam Menghadapi Pandemi Covid-19," *Madani Syari'ah: Jurnal Pemikiran Perbankan Syariah* 3, no. 2 (2020).

⁶ Hafiz Maulana Muttaqin, Ahmad Mulyadi Kosim, and Abrista Devi, "Peranan Perbankan Syariah Dalam Mendorong Usaha Mikro Kecil Dan Menengah Dimasa Pandemi Covid-19," *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam* 2, no. 1 (2021).

⁷ Muhammad Syafi'i Antonio., *Bank Syariah: Dari Teori Ke Praktik* (Jakarta: Gema Insani Press, 2001).

⁸ UU RI, "Undang-Undang Republik Indonesia No. 21 Tahun 2008 Tentang Perbankan Syariah" (2008).

banking in Indonesia is experiencing significant growth; as of December 2021, there are 12 Islamic Commercial Banks, 21 Islamic Business Units, and 164 Sharia Rural banks.⁹

As financial sector mediation institutions, banks are essential to the economy.¹⁰ Banking is essential in maintaining economic stability and efficiency in the financial sector; a stable economy positively affects economic growth. Thus, the greater the level of bank mediation in the collection and distribution of funds, the quicker a nation's economy will develop.¹¹ This demonstrates that banking substantially impacts the economy.¹² Good banking performance can increase investment, boosting the nation's economy.¹³

According to the Financial Services Authority/ Otoritas Jasa Keuangan (OJK), the assets of the Islamic banking industry in Indonesia in 2021 will increase by 13.94 percent. Data shows that in 2021, Islamic financial industry assets have reached IDR 2,050.44 trillion or grew 13.82 percent yearly (yoy), with Islamic Banking Industry assets growing 13.94 percent (yoy).¹⁴ OJK noted that the share of the Sharia banking market in Indonesia as of August 2022 reached 7.03 percent. This market share was recorded with an industry composition consisting of 13 BUS with a market share of 66.14 percent, 20 UUS with a market share of 31.39 percent, and 166 BPRS with a market share of 2.47 percent.¹⁵ Then from data from the Financial Services Authority (OJK) as of December 2022, Indonesia's total Islamic financial assets (excluding Islamic stocks) reached IDR 2,375 trillion with a market share of 10.69 percent. In detail, the market share of Islamic banking assets is 7.09 percent, the Islamic non-bank financial industry (IKNB) is 4.73 percent, and the capital market is 18.27 percent.¹⁶ This accomplishment must be continually enhanced because it is still far from the intended standard. Therefore, the health of Islamic banking must be improved to achieve the 20 percent market share target for the Islamic financial industry

⁹ Statistik Perbankan Syariah, "Statistik Perbankan Syariah Desember 2019-2021" (Jakarta: OJK, 2021).

¹⁰ Fitra Rizal and Muchtim Humaidi, "Dampak Makroekonomi Terhadap Profitabilitas Perbankan Syariah Di Indonesia," *El-Barka: Journal of Islamic Economics and Business* 2, no. 2 (2019): 300-328, <https://doi.org/10.21154/elbarka.v2i2.1800>.

¹¹ Ross Levine, "Financial Development and Economic Growth: Views and Agenda," *Journal of Economic Literature* 35, no. 2 (1997): 688-726.

¹² Laurensius Marshall Sautlan Sitanggang, "Peran Perbankan Penting Bagi Pertumbuhan Ekonomi" (keuangan.kontan.co.id, 2020).

¹³ Abdul Rashid and Sana Jabeen, "Analyzing Performance Determinants: Conventional versus Islamic Banks in Pakistan," *Borsa Istanbul Review* 16, no. 2 (2016): 92-107.

¹⁴ Ali Akhmad Noor Hidayat, "OJK Catat Aset Industri Perbankan Syariah 2021 Naik 13,94 Persen" (Tempo.co, 2022).

¹⁵ Agatha Olivia Victoria, "OJK Catat Pangsa Pasar Perbankan Syariah Capai 7,03 Persen per Agustus" (antaranews.com, 2022).

¹⁶ Herman, "Pangsa Pasar Keuangan Syariah Indonesia Capai 10,69 Persen" (beritasatu.com, 2023).

in 2023.¹⁷ This phenomenon suggests that the performance and health of Islamic banking in Indonesia are worthy of study.

Maintaining the health and performance of the banking industry is for the benefit of all parties (stakeholders), including bank owners, bank management, the general public as users of bank services, and the government as regulators.¹⁸ A healthy bank is a bank that has good performance, such as being able to carry out its functions adequately, maintaining public trust, acting as an intermediary in the financial sector, facilitating payment traffic, and implementing monetary policy. Reports from Islamic banking statistics explain the actual condition of the Bank, including the performance and stability of the BPRS within a certain period. The following are the financial reports of BPRS in Indonesia for the 2019-2021 period.

Table 1. Financial Ratios of Sharia Rural Bank 2019 -2021

| NO | YEAR | CAR % | NPF % | ROA % |
|----|------|-------|-------|-------|
| 1 | 2019 | 17,99 | 7,05 | 2,61 |
| 2 | 2020 | 28,60 | 7,24 | 2,01 |
| 3 | 2021 | 23,79 | 6,95 | 1,73 |

Source: Statistik Perbankan Syariah 2019-2021

The approach used in measuring the performance and soundness of BPRS is based on the Financial Services Authority Circular Letter (SEOJK) Number 30/SEOJK.03/2019 (financial ratio analysis approach). Four aspects are used to measure the soundness of a BPRS, including 1) Capital Aspect, 2) Asset Quality Aspect, 3) Earnings Aspect, and 4) Liquidity Aspect. BPRS soundness level assessment can be used in two ways, namely qualitative and quantitative, where the assessment results can be seen in the level of BPRS health, namely very healthy, healthy, moderately healthy, less healthy, and unhealthy.¹⁹

In this study, the indicators used to assess the health of the BPRS are 1) Capital Aspects are assessed by Capital Adequacy Ratio (CAR), 2) Asset Quality Aspects are assessed by Non-Performing Financing (NPF), 3) Rentability Aspects are assessed by Return on Assets (ROA). This is based on SEOJK Number 30/SEOJK.03/2019 and previous research by Kristiana and Prasetyo, Hasan, Rizal, Sari, and Canggih.²⁰ This

¹⁷ Rehia Sebayang, "2023, BI Targetkan Industri Syariah Capai Market Share 20%," *CNBC Indonesia*, 2018; Angrum Pratiwi, Fitra Rizal, and Dedy Mainata, "Spin-Off Sharia Banking in Indonesia: Calculation Projection and Critical Study Regulation," *Kodifikasia: Jurnal Penelitian Islam* 15, no. 2 (2021).

¹⁸ Kasmir, *Manajemen Perbankan* (Jakarta: Rajawali Pers, 2012).

¹⁹ Otoritas Jasa Keuangan, "SEOJK Nomor 30/SEOJK.03/2019 Tentang Sistem Penilaian Tingkat Kesehatan Bank Pembiayaan Rakyat Syariah" (Jakarta: OJK, 2019).

²⁰ OJK, "Surat Edaran Otoritas Jasa Keuangan (SEOJK) Nomor 30/SEOJK.03/2019 Tentang Sistem Penilaian Tingkat Kesehatan Bank Pembiayaan Rakyat Syariah," 2019; Liris Kristina and Irwan Prasetyo, "Tingkat Kesehatan

research is different from previous research because this research focuses on assessing the performance of BPRS during the Covid 19 period with a population of 164 Sharia Rural banks from 2019 to 2021 in Indonesia. The approach used in measuring the performance and soundness of BPRS is based on the Financial Services Authority Circular Letter (SEOJK) Number 30/SEOJK.03/2019 (financial ratio analysis approach). It is crucial to evaluate the performance and health of Islamic banks because bank performance is highly correlated with national economic recovery efforts.²¹

This study employs a qualitative descriptive methodology. Descriptive research is a method that aims to describe a company's situation in a systematic, actual, and accurate manner by collecting data based on data that appears in the company or organization, where these facts are collected, processed, and analyzed so that further conclusions. And provide suggestions regarding the banking companies analyzed.²² This research uses secondary data or data that does not come directly from the source but rather from intermediaries.²³ Secondary data can be obtained by reading, analyzing, and comprehending other media sources, such as literature and library books, or data from companies whose problems have been studied.²⁴ The data used is from Islamic Banking Statistics (Statistik Perbankan Syariah) for 2019-2021, published through the official website <http://www.ojk.go.id>.

This study's data collection technique utilized secondary data collected in two ways: (1) Documents; Data collection by noting data pertinent to the problem under study from documents about Islamic banks. The data in this study pertained to the subject of the investigation and were obtained from the official OJK website. (2) Library Research (Library Research); This research is conducted through literature study or literature study by studying, researching, reviewing, and reviewing literature in the form of books (textbooks), laws and regulations, magazines, newspapers, articles, websites, and previous studies that relate to the problem being investigated.

BPRS Di Jawa Tengah Selama COVID-19," *Monex-Journal of Accounting Research* 5321, no. 02 (2022); Nurul Fatma Hasan, "Performance of Indonesian Sharia Rural Bank During Covid-19 Pandemic: A Descriptive Analysis," *Velocity: Journal of Sharia Finance and Banking* 2, no. 1 (2022): 25-33, <https://doi.org/10.28918/velocity.v2i1.5192>; Fitra Rizal, "Analysis of the Robustness of Islamic Commercial Banks in Indonesia during the Covid-19 Pandemic," *Journal of Islamic Economics and Finance Studies* 3, no. 1 (2022): 12-23; Henny Rahma Sari and Clarashinta Canggih, "Perbandingan Tingkat Kesehatan Bank Pembiayaan Rakyat Syariah Di Pulau Jawa Pada Sebelum Dan Saat Masa Pandemi," *MALIA: Journal of Islamic Banking and Finance* 5, no. 2 (2021): 133, <https://doi.org/10.21043/malia.v5i2.12351>.

²¹ Badan Kebijakan Fiskal, "Keuangan Syariah Sangat Berperan Dalam Pemulihan Ekonomi Nasional" (Kementerian Keuangan Republik Indonesia, 2021).

²² Deni Darmawan, *Metode Penelitian Kuantitatif* (Bandung: Remaja Rosdakarya, 2013).

²³ Nanang Martono, *Metode Penelitian Kuantitatif* (Jakarta: Rajawali Pers, 2011).

²⁴ Sugiyono, *Metode Penelitian Kuantitatif Kualitatif Dan R & B* (Bandung: Alfabeta, 2014).

This study's data analysis stages were: (1) Collecting company financial report data related to the research variables. (2) Analyze the soundness of the BPRS based on a Circular Letter; SEOJK number 28/SEOJK.03/2019. (3) Ranking of each CAR, NPF, and ROA analysis. (4) Establish a composite rating to evaluate the soundness of BPRSs between 2019 and 2021. (5) Summarize the soundness level of a BPRS with a predetermined standard for calculating a bank's soundness level.

This study aims to analyze the performance of Islamic people's financing banks in Indonesia during the Covid-19 pandemic based on the preceding explanation. From the research results, it is hoped that it will contribute to the authorities and bank management in formulating a strategy for developing BPRS in Indonesia so that the performance and health of BPRS in Indonesia will always increase.

DISCUSSION

Through a comprehensive assessment, this study attempts to evaluate the performance level of rural Shariah banks (BPRS) in Indonesia during the impact years of the Covid-19 pandemic from 2019 to 2021. The assessment parameters are based on the criteria outlined in the Financial Services Authority (OJK) circular letter SEOJK number 28/SEOJK.03/2019. The research delves deep into the financial health of Islamic People's Financing Banks (BPRS), using three key financial barometers: Capital Adequacy Ratio (CAR), Non-Performing Financing (NPF) and Return on Assets (ROA). The study's time frame encapsulates the unprecedented pandemic era, spanning from 2019 to 2021. Through the skillful application of financial ratios and comparative analysis of annual performance, the researchers provide an incisive understanding of the bank's financial health, operational efficiency, and compliance with banking regulations.

1.1 The Performance of Sharia Rural Bank

The company's financial performance can measure company performance because the better the company's financial performance, the better the company, and vice versa where the company's financial performance is terrible, the company is declared unhealthy, the point of bankruptcy or liquidation occurs if there is no good handling of companies that have financial performance terrible.²⁵ Financial performance is the company's financial condition in a certain period, both in raising funds and channeling funds, which are generally measured using financial ratio indicators.²⁶

²⁵ Shella Ekawati Ludijanto, Siti Ragil Handayani, and Raden Rustam Hidayat, "Pengaruh Analisis Leverage Terhadap Kinerja Keuangan Perusahaan," *Jurnal Administrasi Bisnis (JAB)* 8, no. 1 (2014).

²⁶ Agus Sartono, *Manajemen Keuangan: Teori Dan Aplikasi* (Yogyakarta: BPF, 2012).

Financial performance can be assessed by comparing the year's financial ratios with previous years'. Indicators of Bank Health are seen from the Bank's ability to carry out activities actively and fulfill obligations properly according to applicable banking regulations. They are used to determine future business strategies, while Bank Indonesia's banking health assessment is used to determine and implement the Bank's supervision strategy.²⁷

The BPRS soundness level rating system is based on SEOJK number 28/SEOJK.03/2019 and Bank Indonesia directors' decision letter number 30/12/KEP/DIR concerning procedures for evaluating the soundness level of a BPRS.²⁸ This assessment will provide an overview of the condition of the BPRS, whether the BPRS is healthy, moderately healthy, less healthy, or unhealthy. Assessment of the level of soundness according to SEOJK number 28/SEOJK.03/2019 is carried out by the financial services authority (OJK) where the OJK will use the results of the assessment to implement a strategy for fostering and developing BPRS and can be used by BPRS as a means of managing aspects of management and determining BPRS policies for future.

1.2 The Performance of Sharia Rural Bank Seen from the Capital (Capital Adequacy Ratio)

Capital Adequacy Ratio (CAR) is a ratio that shows a bank's ability to provide funds for business development purposes and protect the risk of loss caused by operational activities. The higher the CAR, the better the condition of the Bank.²⁹ So CAR is used to anticipate if the Bank suffers a loss. The amount of capital a bank owns will affect public confidence in bank performance.³⁰ Generally, CAR is the ratio of capital adequacy used to finance banking operations to gain profits and as a protector in the event of losses and shocks from banking operations. The minimum capital adequacy standard for a BPRS is 12 percent (SEOJK Number 30/SEOJK.03/2019). CAR is measured from the ratio of bank capital and RWA. The following is the formula for calculating CAR:

$$\text{CAR} = \frac{\text{Modal}}{\text{ATMR}} \times 100\%$$

²⁷ Slamet Munawir, *Analisa Laporan Keuangan* (Yogyakarta: Liberty Yogyakarta, 2010).

²⁸ Direksi Bank Indonesia, "Surat Keputusan Direksi Bank Indonesia Nomor 30/12/KEP/DIR Tentang Tatacara Penilaian Tingkat Kesehatan Bank Perkreditan Rakyat," 1997; Otoritas Jasa Keuangan, "SEOJK Nomor 30/SEOJK.03/2019 Tentang Sistem Penilaian Tingkat Kesehatan Bank Pembiayaan Rakyat Syariah."

²⁹ Hennie Van Greuning and Zamir Iqbal, *Risk Analysis for Islamic Bank* (Washington, DC: The International Bank for Reconstruction and Development/The World Bank, 2008).

³⁰ Muchdarsyah Sinungan, *Manajemen Dana Bank* (Jakarta: PT Bumi Aksara, 2000).

Table 2. Matrix of CAR Rating Criteria

| Rating | Description | Criteria |
|--------|---------------|--------------------------|
| 1 | Very Healthy | $CAR \geq 15\%$ |
| 2 | Healthy | $13,5\% \leq CAR < 15\%$ |
| 3 | Quite Healthy | $12\% \leq CAR < 13,5\%$ |
| 4 | Unwell | $8\% \leq CAR < 12\%$ |
| 5 | Not Healthy | $CAR < 8\%$ |

Source: SEOJK No. 28/SEOJK.03 /2019

CAR is a capital adequacy ratio and functions to anticipate banking operational risks. CAR is a factor in assessing bank performance.³¹ Following are the results of CAR Data Analysis for Sharia Rural Bank 2019-2021:

Table 3. CAR Data for Sharia Rural Bank 2019-2021

| No | Year | CAR % | Rating | Description |
|---------|------|-------|--------|--------------|
| 1 | 2019 | 17.99 | 1 | Very Healthy |
| 2 | 2020 | 28.60 | 1 | Very Healthy |
| 3 | 2021 | 23.79 | 1 | Very Healthy |
| Average | | 23,46 | 1 | Very Healthy |

Source: Sharia Banking Statistics 2019-2021

From the table above, it can be explained that the Sharia Rural Bank's Capital Adequacy Ratio (CAR) for the 2019-2021 period of three years is in a very healthy condition, meaning that the BPRS can provide sufficient funds for bank operations. Sufficient funds can be used to cover possible risks of loss encountered during this period. The average CAR ratio from 2019 to 2021 is 23.46% which shows that the BPRS is very healthy. The better the CAR, the healthier the Bank. This shows that the performance of BPRS during the Covid 19 pandemic was very healthy. This shows that the performance of Sharia Rural Bank during the Covid-19 pandemic was very healthy. The results of this study are supported by previous research conducted by Kristiana, Prasetyo, and Hasan, which showed that CAR Sharia Rural Bank, during the pandemic, was in very healthy condition.³²

³¹ Fitra Rizal, "Faktor Penentu Profitabilitas Bank Umum Syariah Di Indonesia (Pasca Peralihan Tugas Pengawasan Perbankan Dari BI Ke OJK)," *El Barka: Journal of Islamic Economic and Business* 1, no. 1 (2018): 53-78, <https://doi.org/10.21154/elbarka.v1i1.1441>.

³² Kristina and Prasetyo, "Tingkat Kesehatan BPRS Di Jawa Tengah Selama COVID-19"; Hasan, "Performance of Indonesian Sharia Rural Bank During Covid-19 Pandemic: A Descriptive Analysis."

1.3 The Performance of Sharia Rural Bank Seen from the Quality of Assets (Non-Performing Financing)

Non-Performing Finance (NPF) is a ratio that calculates the percentage of problem financing a bank faces. NPF is financing that experiences obstacles in returning due to intentional or unintentional factors. NPF is one of the biggest problems for banks because NPF is the leading cause of bank failure.³³ Financing risk can increase if the Bank lends funds to the wrong customers. A high NPF will reduce bank performance and operations.³⁴ So the smaller the NPF of the Bank, the healthier it is. A comparison between non-performing loans to total loans measures NPF. Here is the formula for calculating NPF:

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

Table 4. Matrix of NPF Rating Criteria

| Rating | Description | Criteria |
|--------|---------------|-------------------|
| 1 | Very Healthy | NPF ≤ 7 % |
| 2 | Healthy | 7 % < NPF ≤ 10 % |
| 3 | Quite Healthy | 10 % < NPF ≤ 13 % |
| 4 | Unwell | 13% < NPF ≤ 16 % |
| 5 | Not Healthy | NPF > 16 % |

Source: SEOJK No. 28/SEOJK.03 /2019

NPF is problematic financing because it experiences congestion in its returns. NPF is one of the biggest problems for banks because NPF is the leading cause of bank failure.³⁵ Following are the results of NPF Data Analysis for Sharia Rural Bank 2019-2021:

Table 5. NPF Data for Sharia Rural Bank 2019-2021

| No | Year | NPF % | Rating | Description |
|---------|------|-------|--------|--------------|
| 1 | 2019 | 7.05 | 2 | Healthy |
| 2 | 2020 | 7.24 | 2 | Healthy |
| 3 | 2021 | 6.95 | 1 | Very Healthy |
| Average | | 7.08 | 2 | Healthy |

Source: Sharia Banking Statistics 2019-2021

³³ Greuning and Iqbal, *Risk Analysis for Islamic Bank*.

³⁴ M. Kabir Hasan and Abdel Hameed M. Bashir, *Determinants of Islamic Banking Profitability* (London: Edinburgh University Press, 2005).

³⁵ Fitra Rizal and Azidni Rofiqo, "Determinants of Sharia Banking Profitability: Empirical Studies in Indonesia 2011-2020," *El Barka: Journal of Islamic Economic and Business* 3, no. 1 (2020): 137-61, <https://doi.org/10.21154/elbarka.v3i1.2051>; Greuning and Iqbal, *Risk Analysis for Islamic Bank*.

From the table above, it can be explained that the Non-Performing Financing (NPF) of Sharia Rural Banks for the 2019-2021 period for three years is in a healthy and very healthy condition, meaning that the BPRS can properly control problem financing. The average NPF ratio from 2019 to 2021 is 7.08%, indicating that the BPRS is in good health. The smaller the NPF, the healthier the Bank. This shows that the performance of the Sharia Rural Bank during the Covid-19 pandemic was in healthy condition. The results of this study are supported by previous research conducted by Kristiana, Prasetyo, and Hasan, which showed that the NPF Sharia Rural Bank during the pandemic was in good health.³⁶

1.4 The Performance of Sharia Rural Bank Seen from the Profitability (Return on Assets)

Return on Assets (ROA) is a ratio measuring a bank's ability to generate a profit using its assets. ROA shows the Bank's ability to generate profits from asset management. ROA measures a bank's profitability with assets whose funds come primarily from public deposits. The greater the ROA of a bank, the greater the level of profit that will be achieved.³⁷ It is understood that the greater the ROA of a Sharia Rural Bank, the greater the level of profit achieved and the better the Bank's position in asset management. Vice versa, if the ROA gets smaller, it decreases profit because the Bank cannot manage assets properly.³⁸ ROA is calculated based on a comparison of profit before tax and total assets with the following formula:

$$ROA = \frac{\text{Profit before tax}}{\text{Total Assets}} \times 100\%$$

Table 6. Matrix of ROA Rating Criteria

| Rating | Description | Criteria |
|--------|---------------|-----------------------|
| 1 | Very Healthy | ROA > 1.450% |
| 2 | Healthy | 1.215% < ROA ≤ 1.450% |
| 3 | Quite Healthy | 0.999% < ROA ≤ 1.215% |
| 4 | Unwell | 0.765% < ROA ≤ 0.999% |
| 5 | Not Healthy | ROA ≤ 0.765% |

Source: SEOJK No. 28/SEOJK.03 /2019

³⁶ Kristina and Prasetyo, "Tingkat Kesehatan BPRS Di Jawa Tengah Selama COVID-19"; Hasan, "Performance of Indonesian Sharia Rural Bank During Covid-19 Pandemic: A Descriptive Analysis."

³⁷ Fitra Rizal and Muchtim Humaidi, "Analisis Tingkat Kesehatan Bank Syariah Di Indonesia 2015-2020," *Etihad: Journal of Islamic Banking and Finance* 1, no. 1 (2021).

³⁸ POJK No. 8/POJK.03/2014, "Tentang Penilaian Tingkat Kesehatan Bank Umum Syariah Dan Unit Usaha Syariah," 2014.

ROA measures a bank's ability to generate profits in the past and project future profits. ROA is used to assess the performance of Islamic banks in generating profits based on assets originating from public savings funds.³⁹ Following are the results of ROA Data Analysis for Sharia Rural Banks 2019-2021:

Table 7. ROA Data for Sharia Rural Bank 2019-2021

| No | Year | ROA % | Rating | Description |
|---------|------|-------|--------|--------------|
| 1 | 2019 | 2.61 | 1 | Very Healthy |
| 2 | 2020 | 2.01 | 1 | Very Healthy |
| 3 | 2021 | 1.73 | 1 | Very Healthy |
| Average | | 2.11 | 1 | Very Healthy |

Source: Sharia Banking Statistics 2019-2021

From the table above, it can be explained that the Sharia Rural Bank's Return on Assets (ROA) Ratio for the 2019-2021 period of three years was in a very healthy condition, meaning that the Bank could maximize its profits. The average ROA of Sharia Rural Bank from 2019 to 2021 is 2.11%; this shows that the BPRS is very healthy. The greater the ROA, the healthier the Bank's performance. This shows that the performance of the Sharia Rural Bank during the Covid-19 pandemic was very healthy. The greater the ROA, the healthier the Bank. The results of this study are supported by previous research conducted by Kristiana, Prasetyo, and Hasan, which showed that Sharia Rural Bank ROA during the pandemic was in good health.⁴⁰

CONCLUSION

The study results show that the average CAR ratio for Sharia Rural Banks for the 2019-2021 period is 23.46%, which indicates that the BPRS is in a very healthy condition. The greater the CAR, the better the performance of the Bank. This shows that the performance of BPRS during the Covid 19 pandemic was very healthy. The average Sharia Rural Bank ROA ratio for 2019-2021 is 2.11% which shows that the BPRS is in very healthy condition. The greater the ROA, the healthier the Bank's performance. This shows that the performance of the Sharia Rural Bank during the Covid-19 pandemic was very healthy. And the average Sharia Rural Bank NPF Ratio for the 2019-2021 period is 7.08% which shows that the BPRS is in good health. The smaller the NPF, the healthier the Bank. This shows that the performance of the Sharia Rural Bank during the Covid-19 pandemic was

³⁹ Fitra Rizal, "Pengaruh Capital Adequacy Ratio, Non Performing Finance Dan Operational Efficiency Ratio Terhadap Profitabilitas Bank Pembiayaan Rakyat Syariah," *Muslim Heritage* 1, no. 1 (2016): 179-96, <https://doi.org/10.21154/muslimheritage.v1i1.501>.

⁴⁰ Kristina and Prasetyo, "Tingkat Kesehatan BPRS Di Jawa Tengah Selama COVID-19"; Hasan, "Performance of Indonesian Sharia Rural Bank During Covid-19 Pandemic: A Descriptive Analysis."

healthy. From the research results above, it can be concluded that the performance of Sharia Rural Banks in Indonesia during the Covid-19 pandemic was excellent. This indicates that the Sharia Rural Bank in Indonesia can maintain entire operations even during a severe economic downturn. These facts demonstrate that the performance of Sharia Rural Banks in Indonesia was healthy and stable during the Covid-19 pandemic. This reinforces the resilience of Islamic banks in the face of economic crises. Future researchers are expected to expand the study of the performance of Islamic banks in Islamic commercial banks and business units.

DISCLOSURE

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this paper.

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