Good Corporate Governance, Risk Management and Financing to Deposit Ratio on the Financial Performance of Sharia Commercial Banks

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Abstract
The research aims to review the Financial Performance of Islamic Commercial Bank Entities with independent variables of good corporate governance through an analysis of the composition of the Independent Commissioner Structure and Institutional Ownership, risk management analysis and financing to deposit review. This research is a quantitative method so that it can analyze the causal relationship between the research variables following the hypotheses formulated. The hypothesis designed, namely regarding the effect of independent variable (GCG, NPF, FDR) on the ROA as dependent variable the results of the study concluding that the Structure of the Board of Commissioners as part of the implementation of GCG has a positive effect on the performance of the entity (ROA), while the performance of the Entity (ROA) is negatively influenced by Institutional Ownership as part of the implementation of GCG, as well as the Return on Asset is not significantly affected by non-profit Performing Financing (NPF), as well as ROA are positively affected by the Financing to Deposit Ratio. Based on the results of adjusted R Square analysis of 37.72%, so this is a limitation of this study, and it shows that other factors outside the research model of 62.28% are needed for further research with different variables and research periods, so that research on this study becomes more perfect.

Keywords: GCG, NPF, FDR, Profitability

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INTRODUCTION
The principles of transparency, accountability, accountability, independence, and fairness are worthy to be carried out in the application of Good Corporate Governance in the banking world including Islamic Banking and become a very important thing in relation to the function of banks so that in carrying out both financing and funding functions and in line with improving the economy of the people in Indonesia, also in accordance with the contents of the Indonesian Islamic Banking Law Number. 21/2008.

The good corporate governance principles are concerned with how banking businesses are generally managed with a relationships series between all stakeholders, all the management of banks including board of directors, also shareholders. The main point of implementing good corporate governance is to carry out the internal control function of the bank adequately by being realized to precede the implementation of the duties and responsibilities of the board of commissioners and directors, the completeness and implementation of the duties of the committee and also related units business.

Based on data of Authority the Financial Services in 2018, Islamic bank assets showed Rp 477.33 trillion, and at the end of October 2020 to Rp 571.18 trillion, this shows that Islamic banks continue to grow from year to year, within 2 years growing 19.67%. But as sharia banks grow, the greater the risks faced. Improving the quality of Islamic banking is done by applying the principles of good corporate governance so that Islamic banking can sustainably improve the quality of adequate services efficiently and effectively. Islamic banks that have good governance will survive in the current economic situation.

The research conducted a more in-depth analysis on the Financial Performance of Islamic banking that can be influenced by the implementation of Good Corporate Governance, while the parameters used from Profitabilities are Return On Assets (ROA), According to Muhammad Ali, R. and Roosaleh Laksono T.Y (2017), profitability indicators used to measure bank performance include Return On Assets (ROA).
The measure of financial performance of Return On Assets is a measure for all corporate entities, including Islamic banking in carrying out its operational activities by utilizing assets to the fullest so that the company has the company's ability to profit, so it can be stated that the profits obtained are due to the empowerment of all entity assets to the maximum. Meanwhile, according to Chairul Adhim (2019) the amount of net profit compared to the number of assets of corporate entities is a parameter of ROA value.

As for related to Corporate Governance (GCG) has been widely conducted research, led by research by Eksandy A, (2018), who conducted research on Financial Performance in Indonesian Islamic Banking which is influenced by Good Corporate Governance, with the results of the study found that financial performance is influenced by the board of directors, while financial performance is not influenced by independent commissioners, Sharia supervisory boards and audit committees. But simultaneously ROA is influenced by the board of directors, independent commissioners, sharia supervisory board and audit committee.

Research by Ardana Y (2019) stated that one of the key elements in improving economic efficiency includes Good Corporate Governance (GCG), so that all elements of the company, namely the board of commissioners, directors, and shareholders can help create conducive and accountable relationships, so that financial performance can be improved efficiently. This research aims to uncover in the measurement of financing risk whether the financial performance of Indonesia Islamic banks are influenced by Good Corporate Governance (GCG) with analysis of managerial ownership, institutional ownership, independent board of commissioners and Sharia supervisory board, with the results of research that the financial performance of Islamic banks is not significantly affected by Good Corporate Governance (GCG).

Generally the risk management operated by banks has been conducted research on Non Performed Financing / Loan and FDR and measured the level of fullness to financial performance, namely profitability in this case Return on Assets (ROA) with various research results, accompanied by Fanny, Wijaya W, Indahwati, Silcya M, Viindy Celine Wijaya V.C, Ginting WA. (2020), researching Conventional Government Banks listed on the IDX by analyzing Profitability (ROA) affected by NPL, NPM, LDR and CAR, with results ROA negatively and significantly affected by NPL, ROA affected significantly and positively by NIM, ROA affected significantly negatively by LDR, ROA affected significantly positively by CAR. NPL, when ROA is affected simultaneously by NIM, LDR, also CAR in bank of government and bank of conventional registered in the IDX for the period of 2014-2017.

Reni Indri and Minature (2019), examined the Profitability of Conventional Commercial Banks Going Public influenced by CAR, NPL, Audit Committee, and Institutional Ownership in the Period 2015-2017, with the results of the study showing that Return on Asset was positively affected significantly by the Capital Adequacy Ratio, subsequently Problematic Credit had no negatively significant effect on Return on Assets, Return on Asset was not affected by the Audit Committee and Institutional Ownership.

Based on the explanation about of the Sharia Commercial Bank that implements good corporate governance and conducts risk management that affects financial performance with all problems arising from the implementation of GCG that is not appropriate, then the existence of a diverse ownership and management structure that can affect operational management and In conducting the banking performance report itself, somewhat different research is carried out from previous research Including placing independent variables in the title is the implementation of Good Corporate Governance as measured by independent commissioners and the ownership structure of the institution. The research was also associated with conducting risk management analysis as measured by non-performance financing and financing to deposit ratio (FDR) levels, as well as the research period from 2016 to 2019, so conducted this study.

Literature Review and Hypotheses Development

Agency Theory

Financial performance in an entity including Islamic banking is a return obtained from the results of the operational activities of an entity. Nopi Puji Lestari, Agung Juliarto (2016), Company performance can be described by the ROA model and Tobin's Q model. Every company

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wants the company's performance to always improve from year to year. In the corporate governance system, corporate performance is related to the ownership structure.

Jensen and Meckling (1976), in Nopi Puji Lestari, Agung Juliarto (2016), explained that the separation between ownership and company controllers will cause conflict between the two. Managerial Ownership will create a general relationship between the Board of Directors and the Owner of the company so that agency conflicts can be reduced. Improvement of the financial performance is carried out and strived by the Manager so that the return obtained is higher. However, when managerial ownership has exceeded a certain limit, the manager will be more powerful.

The position of the agent as the key holder of the information and the owner as the receiver of information from the agent can trigger the emergence of a condition in which information obtained management as an information provider with the principal is generally unbalanced, a condition referred to as information asymmetry.

Mailani Hamdani (2017) stating that agency theory can motivate corporate governance and states that agency problems arise when there is a separation between the management of the company and its owner. The authority to take care of the running of the company and make decisions on behalf of its owner can be given to the Board of Commissioners and Board of Directors who act as agents for the company, but nevertheless the manager of the company with its authority the opportunity not to act in the interests of the owner due to conflicts of interest. Providing a new perspective on the governance of a company indicated as a working relationship between shareholders or company owners with agents or management is part of the basic idea of agency theory management. The need for a check and balance process can result in reduced likelihood of abuse of power by management and marginalizing the management of personal interests by implementing good corporate governance. Good corporate governance is a form of good corporate management is a mechanism that can be done to overcome problems that include the form of protection of interests between the owner of the company with external funders or creditors.

**Sharia Commercial Bank**

Banks that carry out their business activities based on Sharia Principles and based on their types consist of Sharia Commercial Banks, Sharia Business Units and Sharia People's Financing Banks are the definition of Islamic Banks according to Sharia Banking Law No. 21 of 2008.

Andri Soemitra (2015) in the book Bank and Financial Institution Of Islamic Bank defines that Islamic banks that in their activities provide payment traffic services are referred to as Sharia Commercial Banks, also the bank have tasks to serving all banking services and serving the entire community, both individual communities and other institutions. Commercial Banks are also known as commercial banks and also called foreign exchange commercial banks, this type of Islamic bank has products including being able to carry out services related to all foreign currencies or bank services such as transfers and charge abroad, issue The LC and the bank of guarantees, and then other services and status as a commercial bank because the bank serves as the creator of current money and quasi money, by bringing together savers and investors, and organizing efficient payment traffic.

Based on the Law No. 21/2008, about Islamic Banking, which has previously been regulated also in Law No. 7 of 1992 which has been amended by Law No. 10 of 1998, about commercial banks consist of conventional banks and Islamic banks. Based on Sharia Banking Law No. 21/ 2008, Article 4 states that the function of Islamic Banks collects and distributes public funds.

**Good Corporate Governance Implementation**

Banking institutions have a very important task function for the Indonesian economy so good corporate governance in the institution including Islamic banking needs to be implemented properly in accordance with the provisions of the relevant law. Banks are a financial source for the economy of the community, banking in the modern economy is needed by the community
because the bank is a service industry that supports almost all economic development programs that people need. Second, the bank as an agent of trust is an institution that maintains public trust through good service to the community. Third, the bank also serves to maintain smooth economic activity in the real sector (Astri, 2016). Susiltoywati, Fidinia (2017), Good Corporate Governance is a corporate management system designed to improve company performance, protect the interests of stakeholders and improve compliance with generally accepted laws and ethical values.

In the study of Yudistira Ardana (2019) that Good Corporate Governance Implementation in Islamic Banking which conducts research by conducting GCG proxies at Indonesian Sharia Commercial Banks, while the implementation of GCG is promoted through Independent Board of Commissioners, Institutional Ownership, Managerial Ownership, and Sharia Supervisory Board. This is in line with the Regulation of the Bank of Indonesia, No. 11/33/PBI/2009.

**Independent Board of Commissioners**

Independent Board of Commissioners is a member of the Board of Commissioners who comes from outside the company; they must be able to ensure that the supervision mechanism runs effectively and in accordance with the laws and regulations. Independent commissioners must have an accounting or financial background is an absolute must-meet by them (KNKG, 2006). In accordance with Article 24 paragraph 2 of OJK Regulation Number: 55/PJOK.03/2018 states that the Number of Independent Commissioners in Commercial Banks amounts to at least 50% (Fifty percent) of the number of Members of the Board of Commissioners.

**Ownership Structure**

Ownership structure can be used to reduce agency costs sourced from agency problems. While the ownership of shares by the manager will align the potential differences of interest between shareholders other than management, so that if there is a manager who also acts as an owner then the agency's problems are assumed to be lost. (Arifani, 2013).

Managerial ownership and institutional ownership are other dimensions of the ownership structure that influence a company's performance. If a portion of an entity's shares are owned by the company's management or executive director, it is part of managerial ownership. However, if managerial share ownership exceeds a certain limit, managers tend to prioritize vested interests over shareholders. One way to reduce agency costs by means of alignment of interests between parties to the conflict, Nopi Puji Lestari, Agung Juliarto (2017).

**NPF as Risk in Financing at Islamic Commercial Banks**

The financing risk posed by customers who are unable to return obligations in accordance with the financing cooperation agreement that has been approved at the beginning of the agreement is as Non Performing Financing (NPF). According to Andrianto dam M. Anang F (2019), Risks due to the failure of other parties in fulfilling obligations to banks are called Financing Risks, Financing Risk due to debtor failure, financing concentration risk, counterparty credit risk, and settlement risk are the sources of such risks. Almost all activities of banks whose performance depends on the performance of the opposing party, issuer or the performance of the borrower of the fund have financing risks. The provision of concentrated funds, among others, to debtors, geographical areas, products, certain types of financing or business fields is also a classified financing is not current, doubtful and stuck is part of financing risk management whether it is a problematic financing or does not have good performance.

According to Bank Indonesia circular Number: 9/24/DPbs/2007, about the bank's health assessment system based on Sharia principles, states that a financing is designated as guilty financing if it occurs when the debtor (mudharib) for various reasons cannot meet the obligation to return the grant. Based on The Financial Services Authority Regulation No. 15/PJOK.03/2017, on The Determination of Status and Follow-up supervision of Commercial Banks mentioned in article 3 paragraph 2 letter d mentioned that the ratio of non-profit credit is net more than 5% (five percent) of total credit or total financing, then the Bank is considered to have potential difficulties that endanger business continuity as referred to in paragraph (1) if it meets one or more criteria
delivered in the article above. In addition, OJK will establish the category as Special Supervision for a maximum period of 1 year if one of its provisions in NPL status is more than 5% and can be extended for another 1 year if the condition of one of the criteria is still in NPL condition of 5% of total financing in the next period.

**Ratio of Financing to Deposit in Islamic Commercial Banks**

A bank's ability to meet its obligations, especially short-term fund obligations, and this ratio is part of the bank's liquidity ratio, according to Andrianto and M.A. Firmansyah (2019), a bank's ability to meet its obligations, especially short-term fund obligations is referred to as liquidity. An ability to convert all assets into cash, while the notion of Liquidity from the point of view of Assets on the Balance Sheet, while a bank's ability to meet the needs of funds through increasing the portfolio of liabilities is the meaning of Liquidity from the point of view of Liabilities on the balance sheet.

One of the assessments of liquidity factors is done by assessing the ratio of financing to funds received by banks. As for what is meant by As for what is meant by financing according to the Sharua Banking Law No. 21 of 2008 article 25: Financing is the provision of funds or bills that are equated with it in the form of revenue sharing transactions in the form of mudharaba and musyaraka contract, rental transactions in the form of ijara contract and leases and leases or ijara muntahia bit tamlik contract, buying and selling transactions in the form of debt receivable Murabaha, Salam and Istisna contract, and with Qard agreements for loan transactions, and rental service transactions in the form of Ijara Contract. Funds received by banks are Bank Indonesia liquidity financing, Current Accounts, Deposits and Community Savings, loans that are longer than three months (excluding sub-ordination loans) not from banks, deposits and loans that are longer than three months from other banks, and securities issued by banks that are longer than three months.

**Sharia Commercial Banks Financial Performance**

Financial performance assessment is one of the usual measures and standards in determining the financial performance of a corporate entity, including sharia banks. Financial performance assessment activities are very important activities because the assessment can be used by each company entity can be used as one of the standard measures of success in a certain period of time, used as a guideline for improving and improving financial performance. So one of the tools to measure the health of a company is to maintain and improve the company's financial performance.

Nopi Puji Lestari, Agung Juliarto (2017). The result obtained from the company’s operating activities is the company’s financial performance. Through the ROA Model and Tobin’s Q model can describe the financial performance. Every company wants the company's performance to always increase from year to year. In the corporate governance system, corporate performance is related to the ownership structure. In Rini Indarti, Minanari (2019) quoted from Brigham and Houston (2014), Net results from a series of policies and decisions are the definition of profitability. And quoting from Kasmir (2017) the ratio to assess a company's ability to make a profit is the definition of profitability ratio. And quoting from Ansori & Safira (2018), the level of management effectiveness can use profitability ratios; this ratio is a measure of profit generated from sales and revenue levels compared to the level of profit.

Based on the opinion of Andrianto and M.A. Firmansyah (2019), the health level of a bank can take measurements by analyzing how the bank is able to profit from its operational activities. Please note that if the bank always suffers losses in its operational activities then of course over time the loss will take its capital. A bank that is in such condition, of course, cannot be said to be healthy. Valuation is based on the rentability or earnings of a bank that is looking at the ability of a bank in creating profits. One of the valuations in this element is the ROA ratio which is the Ratio of Profit to Total Assets.
Research Hypothesis

1. Influence of Good Corporate Governance – Independent Commissioner in the Board of Commissioners Structure on Financial Performance

Financial Service Authority Regulation Number: 55/PJOK.03/2016 Article 24 paragraph 2 regulates the provisions of the Number of Independent Commissioners in the structure of the Board of Commissioners at Commercial Banks. The provision states that the number of Independent Commissioners is required to be at least 50% (Fifty percent) of the number of Members of the Board of Commissioners.

The results of Yudistira Andara's research, (2019), stated that the Independent Board of Commissioners did not significantly affect the financial risk as measured by NPF, this is because the placement or addition of independent commissioners is done only to meet formal provisions, while controlling shareholders still play an important role so that the performance of the size of the independent board of commissioners does not increase. In connection with the existence of controlling shareholders who are still interested and play an important role in decision making, thus causing financial performance significantly not affected by the Independent Board of Commissioners, while the parameters of financial performance in the study are measured by ROA. This is because independent commissioners are placed only to meet the formal provisions of applicable law, while controlling shareholders still play an important role in controlling the company.

Measurement of the Structure of the Board of Commissioners in Sharia Commercial Bank in this study was analyzed for the research period from 2016 to 2019, so the hypothesis in this study is as follows:

H1: Company performance (ROA) is influenced by Good Corporate Governance of the Board of Commissioners

2. Financial Performance is influenced by Good Corporate Governance – Institutional Ownership

Institutional ownership has no significant influence on financial risk as measured by NPF. This can happen because if the proportion of institutional ownership is low, there will also be a low opportunity for shareholders to be able to monitor the company so that it has no effect on the level of credit risk (NPF), and Financial Performance (ROA) is not significantly affected by Institutional Ownership. This happens because if the proportion of institutional ownership is low, there will also be a low opportunity for shareholders to be able to monitor the company so that it has no effect on the profitability (ROA). In the research, an analysis was conducted to measure the Structure of Institutional Ownership in Islamic Commercial Banks in the research period from 2016 to 2019,

H2: Good Corporate Governance Institutional Ownership affects the performance of the company (ROA).

3. Influence of Non Performed Financing on Financial Performance

Financing risk due to debtor failure, Financing concentration risk, counterparty credit risk, and settlement risk, is financing risk caused by the failure of other parties in fulfilling obligations to the Bank, Andrianto and M.Anang F (2019).

Fanny, Wijaya W, Indahwati, Silcya M, Viendy Celine Wijaya V.C, Ginting WA. (2020), the results of his research showed that ROA was not negatively affected significantly by the Government Conventional Bank NPL on the Indonesia Stock Exchange in 2014-2017.

NPF is identical to NPL in conventional commercial banks in research conducted by Rini Indarti, Minanari (2019) stated in his research that a bank's credit risk is defined as a Non-Performing Loan, the smaller the credit risk borne by the bank, the smaller the Non Performing Loan. The worse the bank's credit quality, the higher this ratio, the greater the amount of problematic credit, so the more likely it is to be affected.
The object of this research is NPL or Identical to NPF in Sharia Commercial Bank in the research period from 2016 to 2019, it is formulated the following hypothesis:
H3: Non Performing Financing (NPF) is influential on Corporate Performance - Return on Assets (ROA).

4. Effect of Financing to Deposit Ratio on ROA

The study from Suryani (2012) obtained regression analysis results showing Return on Asset (ROA) was not significantly affected by Financing to Deposit Ratio (FDR)

The results of research Rika Lidya, Oki SR, Dwithia and Agustina, (2019), stated that profits were negatively and significantly affected by FDR, so the decrease in profit will be followed by an increase in FDR. The ability of banks to pay back withdrawals made by depositors by relying on credit provided as a source of liquidity is a process of the existence of FDR.

FDR at Sharia Commercial Banks in the research period from 2016 to 2019 became the object of this study, and the hypothesis formulated is:
H4: Return On Assets (ROA) is influenced by Financing to Deposit Ratio

Thoughts Framework

In order to find out more in depth and the significant amount of influence of GCG Implementation through an analysis of the composition of the structure of Independent Commissioners and Institutional Ownership, FDR risk management analysis and review of Financial Performance in this case Return On Asset (ROA) from Sharia Commercial Bank in the period 2016-2019.

The problem is whether the application of GCG, Financing Risk, Financing to Deposit Ratio affects Financial Performance in this case is Return on Assets as part of the Profitability ratio. Quantitative research methods used in this research design analyze causal relationships between research variables according to the hypothesis compiled. The draft hypothesis is tested on the effect of one independent variable (GCG, NPF, FDR) on dependent variables (ROA), Based on this, the frame of Thought is designed according to figure 1 below:

- CG – Structure of the Board of Commissioners
- GCG Institutional Ownership = X2
- Non Performed Financing (NPF) = X3
- Financing to Deposit Ratio (FDR) = X 4
- Return On Assets (ROA) = Y

Figure 1. Framework of Thought

RESEARCH METHODS

This study uses causal research methods. According to Sugiyono (2012: 59), causal relationships are causal relationships. So this study suggests the existence of independent variables (affect) and dependent variables (influenced). This type of research was selected to test hypotheses about the influence between independent variables on dependent variables.
The variables used to prove the existence of causal relationships are the Structure of the Independent Board of Commissioners, Institutional Ownership Structure as the implementation of Good Corporate Governance, Non Performing Financing (NPF), Financing to Deposit Ratio as Variable Independent to Return on Asset (ROA) as variable Dependent.

**Research Variables and Measurement Scale**

Measurements and Formulation of variables in this study are described in table 1 below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Definition</th>
<th>Measurement</th>
<th>Measuring Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ROA (Y)</td>
<td>Andrianto and M.A. Firmansyah (2019), One of the parameters for measuring the health level of a bank is the ability of banks to profit.</td>
<td>ROA = [rac{\text{Net Profit before tax}}{\text{Total Assets}}] x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>2</td>
<td>GCG-IC (X1)</td>
<td>The number of Independent Commissioners in Commercial Banks is required to amount to at least 50% of the number of Members of the Board of Commissioners, based on the research of Nopi Puji Lestari, Agung Juliarto (2017).</td>
<td>GCG-IC = [rac{\text{Independent Commissioner}}{\text{Board of Commissioners}}] x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>3</td>
<td>IO (X2)</td>
<td>Nopi Puji Lestari, Agung Juliarto (2017), Institutional Shares</td>
<td>IO/Ownership Institutional = [rac{\text{Outstanding Shares}}{\text{Outstanding Shares}}] x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>4</td>
<td>NPF (X3)</td>
<td>Risk concentration financing, counterparty credit risk, and settlement risk, Andrianto dan M.Anang F (2019)</td>
<td>NPF = [rac{\text{Bed Debt Financing}}{\text{Total Financing}}] x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>5</td>
<td>FDR (X4)</td>
<td>This ratio is part of the bank's liquidity ratio which means the bank's ability to meet its obligations, according to Andrianto and M.A. Firmansyah (2019).</td>
<td>FDR = [rac{\text{Total Financing}}{\text{Total Deposit}}] x 100%</td>
<td>Ratio</td>
</tr>
</tbody>
</table>

**RESULT AND DISCUSSION**

The object of the research used in this research is the application of Good Corporate Governance to the structure of Independent Commissioners and Institutional Ownership Structures, Non Performance Financing, Financing to Deposit Ratio as an Independent variable and Return on Asset as a Variable Dependent on Sharia Commercial Banks in Indonesia.

The research period was conducted from the period 2016 to 2019, data taken from the Annual Report of 14 Indonesia Sharia Commercial Banks and based on Financial Services Authority Statistics data on reporting the performance of all Sharia Commercial Banks during the research period. Based on the compilation of research data obtained until the beginning of the data analysis there are 56 samples of data studied. Based on OJK data up to October 2020 there are 14 Sharia Commercial Banks registered with the Financial Services Authority, consisting of:
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**Table 2. List of Sharia-SPS Commercial Banks October 2020**

<table>
<thead>
<tr>
<th>Sharia Commercial Bank</th>
<th>HO/BO</th>
<th>SBO</th>
<th>CO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 PT. Bank Aceh Syariah</td>
<td>26</td>
<td>88</td>
<td>28</td>
</tr>
<tr>
<td>2 PT BPD NTB Syariah</td>
<td>14</td>
<td>31</td>
<td>6</td>
</tr>
<tr>
<td>3 PT. Bank Muamalat Indonesia</td>
<td>82</td>
<td>149</td>
<td>55</td>
</tr>
<tr>
<td>4 PT. Bank Victoria Syariah</td>
<td>7</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>5 PT. Bank BRISyariah</td>
<td>67</td>
<td>236</td>
<td>12</td>
</tr>
<tr>
<td>6 PT. Bank Jabar Banten Syariah</td>
<td>9</td>
<td>54</td>
<td>2</td>
</tr>
<tr>
<td>7 PT. Bank BNI Syariah</td>
<td>68</td>
<td>227</td>
<td>15</td>
</tr>
<tr>
<td>8 PT. Mandiri Syariah Bank</td>
<td>127</td>
<td>428</td>
<td>50</td>
</tr>
<tr>
<td>9 PT. Bank Mega Syariah</td>
<td>27</td>
<td>34</td>
<td>5</td>
</tr>
<tr>
<td>10 PT. Panin Dubai Sharia Bank</td>
<td>11</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>11 PT. Bukopin Islamic Bank</td>
<td>12</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>12 PT. BCA Syariah</td>
<td>15</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>13 PT. BTPN Syariah</td>
<td>24</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>14 PT. Maybank Syariah Indonesia</td>
<td>1</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

| Sharia Commercial Bank | 490 | 1273 | 195 |

Based on table 2 above it is seen that overall Sharia Commercial Bank in Indonesia until October 2020 has a network of offices that include the Head Office and Branch Office there are 490 units, The Auxiliary Branch Office there are 1273 units and the Cash Office there are 195 units.

**Regression Test**

Linear regression models are used to determine if there is a significant influence of one bound variable (dependent) and more than one free variable (independent). The results of the regression test in this study are described in table 3 below

**Table 3. Regression Test Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-3.485872</td>
<td>0.699806</td>
<td>-4.981200</td>
<td>0.0000</td>
</tr>
<tr>
<td>X1</td>
<td>1.312503</td>
<td>0.320803</td>
<td>4.091310</td>
<td>0.0002</td>
</tr>
<tr>
<td>X2</td>
<td>-0.665602</td>
<td>0.325073</td>
<td>-2.047546</td>
<td>0.0459</td>
</tr>
<tr>
<td>X3</td>
<td>-0.039676</td>
<td>0.045741</td>
<td>-0.867388</td>
<td>0.3899</td>
</tr>
<tr>
<td>X4</td>
<td>0.047829</td>
<td>0.011779</td>
<td>4.060609</td>
<td>0.0002</td>
</tr>
</tbody>
</table>

R-squared: 0.423368
Adjusted R-squared: 0.377237
S.E. of regression: 0.988195
Akaikes info criterion: 48.82644
Schwarz criterion: -74.76744
Hannan-Quinn criter.: 9.177603
Durbin-Watson stat: 3.083119

Prob(F-statistic): 0.000012
The equations of Table 3 above are:
\[ Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \]
\[ Y = -3.485 + 1.312X_1 - 0.665X_2 - 0.039X_3 + 0.047X_4 + e \]

Information:
\[ Y = \text{Return on Asset (ROA)} \]
\[ \alpha = \text{Constant} \]
\[ X_1 = \text{GCG-Independent Commissioner} \]
\[ X_2 = \text{GCG-Institutional Ownership} \]
\[ X_3 = \text{Non Performance Financing (FDF)} \]
\[ X_4 = \text{Financing to Deposit Ratio (FDR)} \]
\[ e = \text{Error term} \]

The explanation of the regression equation is:
1. The constant value of -3.485 indicates that if the dependent variable ROA is zero then ROA is the constant of -3.485.
2. The value of the GCG-Independent Commissioner coefficient of 1.312 indicates that an increase in GCG-Independent Commissioner in one unit number will result in an increase in ROA of 1.312 units assuming other variables are constant.
3. The value of the GCG-Institutional Ownership coefficient of -0.665 then indicates that a decrease in GCG-Institutional Ownership in one unit number will result in a decrease in ROA of -0.665 units assuming other variables are constant.
4. The value of the Non Performance Financing coefficient (FDF) of -0.039 indicates that a decrease in Non-Performance Financing (FDF) in one unit of numbers will result in a decrease in ROA of -0.039 units assuming other variables are constant.
5. The value of the Financing to Deposit Ratio (FDR) coefficient of 0.047 indicates that an increase in Financing to Deposit Ratio (FDR) in one unit number will result in an increase in ROA of 0.047 units assuming other variables are constant.

**F Test**

The data processing results in table 6 above show a significant value at 0.0000 (sig 0.00000 < 0.05). This means showing that the regression equation obtained is reliable or the model used is fixed. This means that free variables are able to explain variables bound simultaneously.

**Hypothesis Testing Results with t Test**

Decision making rejection or acceptance of hypotheses with a total of 56 data and with a significance increase of 5%, then the value of t-table of 1.6725 is based on criteria based on the comparison of t-count values and the basic standards of decision making are:
1) Ha is rejected (no influence), If t-count <, then H0 is accepted,
2) Ha is accepted (there is influence), If t-count >, then H0 is rejected,

Then the result of the t-test from Table 6 as a stick:
1) There is a significant positive influence between variable X1 and Y, due to the t-calculate value of > t-table (4.0913 > 1.6725). Which means that there is a positive influence that occurs between the GCG-Independent Commissioner (X1) on Return on Asset (Y), or in other words H0 is rejected and Ha is accepted.
2) There is a significant negative influence between variable X2 and Y, due to the value of t-calculate > t-table (-2.0475 > 1.6725). This means that there is a negative influence that occurs between GCG-Institutional Ownership (X2) on Return on Asset (Y), or in other words H0 is rejected and Ha is accepted.
3) There is no significant effect between variable X3 and Y, due to the t-calculate value of the t-table < (-0.8673 < 1.6725). Which means that no influence occurs between Non Performance Financing (X3) on Return on Asset (Y), or in other words H0 is accepted and Ha is rejected.
4) There is a significant positive influence between variable X4 and Y, due to value t-count > t-table (4.0606 < 1.6725). Which means there is an influence that occurs between Financing to Deposit Ratio (X4) on Return on Asset (Y), or in other words H0 is rejected and Ha is accepted.
Hypothesis Results with Significance Test (Probability)

The results of the hypothesis based on the significance test of Table 3 above are:

1) There is a significant influence between variable X1 and Y, due to prob value of 0.002 < 0.05. Which means there is an influence that occurs between the GCG-Independent Commissioner (X1) on Return on Asset (Y), or in other words H0 is rejected and Ha is accepted?

2) There is a significant influence between variable X2 and Y, due to prob value of 0.0459 < 0.05. Which means that there is an influence that occurs between GCG-Institutional Ownership (X2) on Return on Asset (Y), or in other words H0 is rejected and Ha is accepted.

3) There is no significant effect between variable X3 and Y, due to Prob value of 0.3899 > 0.05. Which means that no influence occurs between Non Performance Financing (X3) on Return on Asset (Y), or in other words H0 is accepted and Ha is rejected.

4) There is a significant influence between variable X4 and Y, due to prob value of 0.0002 < 0.05. Which means there is an influence that occurs between financing to Deposit Ratio (X4) on Return on Asset (Y), or with the word H0 rejected and Ha accepted?

Coefficient of Determination (R2)

Data Processing Results of the Eviews output display in table 6 above the size of Adjusted R Square is 0.3772, it indicates that the contribution of variables X1, X2, X3 and X4 is 37.72%, while the remaining 62.28% (100-37.72) is determined by other factors outside the model not detected in the study.

Analysis of hypotheses between variables

Analysis of hypotheses between variables that refer to the t test and significance test can be described as follows:

I. Financial Performance is influenced by Good Corporate Governance – The Structure of the Board of Commissioners

Based on the t test and significance test concluded that Return On Asset was positively affected significantly by the independent GCG-Commissioner variable, due to the t-calculate value of > t-table and probe value of 0.002 < 0.05 this means that H0 is rejected and Ha accepted. The hypothesis on this variable is that the performance of the company (ROA) is influenced by the Good Corporate Governance Structure of the Board of Commissioners, thus the Board of Commissioners has a positive effect on the financial performance of Sharia Commercial Banks. Based on the results of the hypothesis shows that the existence of an Independent Commissioner in the structure of the Board of Commissioners at Sharia Commercial Bank has a significant positive effect on the financial performance of the bank, with these results, according to the results of this study the performance of the Independent Commissioner in the structure of the Board of Commissioners at Indonesia Sharia Commercial Bank has carried out functions and plays an active role in carrying out its main duties and authority as the Board of Commissioners.

In contrast to the results of research conducted by Yudistira Andara, (2019), found that the size of the Independent Board of Commissioners did not significantly affect financial risk as measured by NPF, and the Size of the Independent Board of Commissioners had no significant effect on financial performance as measured by ROA. This is because independent commissioners are placed only to meet the formal provisions of applicable laws, while controlling shareholders still play an important role so that the performance of the size of the independent board of commissioners does not increase, in addition to the results of previous research placement or addition of independent commissioners in the structure of the Board of Commissioners because it is done only to meet the requirements of the board of commissioners. Formal terms, while controlling shareholders still play an important role so that the performance of the size of the independent board of commissioners does not increase.
2. **Financial Performance is influenced by Good Corporate Governance – Institutional Ownership**

Based on the results of the hypothesis there is a significant negative influence between GCG- Institutional Ownership on Return On Asset, due to the value of t-calculated > t-table, and prob value of 0.0459 < 0.05. H0 was rejected and Ha was accepted. The hypothesis between variables is that Good Corporate Governance institutional ownership affects the performance of the company (ROA). Thus Institutional Ownership in the ownership structure of Islamic Commercial Bank has a significant negative influence on the financial performance or Return on Asset of the bank.

The results of the above analysis show that Institutional Ownership in the structure of Islamic Commercial Bank Ownership has a negatively significant effect on financial performance or Return on Asset, so the results of the analysis show institutional ownership which is generally the controlling shareholder of Indonesia Sharia Commercial has an active role in controlling Islamic banks with policies and regulations made so that Sharia Commercial Banks owned. By these institutions can conduct operations so that they can constrain Islamic banks can still perform performance. But in this study or in this research period there are results that institutional ownership has a significant negative influence, this shows a level of control that is less effective and efficient and full of pressure, so there is a negative influence on the financial performance of Indonesia Sharia Commercial Banks.

In a previous study conducted by Yudistira Andara, (2019), concluded that Institutional Ownership does not have a significant influence on financial risk as measured by NPF. This can happen because if the proportion of institutional ownership is low, there will also be a low opportunity for shareholders to be able to monitor the company so that it has no effect on the level of credit risk (NPF), and Institutional Ownership does not have a significant influence on financial performance as measured by ROA. This happens because if the proportion of institutional ownership is low, there will also be a low opportunity for shareholders to be able to monitor the company so that it has no effect on the level of profitability (ROA).

3. **Influence of Non Performed Financing on Financial Performance**

The results of the hypothesis analysis stated that there was no significant influence between the variable Non Performance Financing on Return On Asset due to the t-calculated value of the t-table < and the Prob value of 0.3899 > 0.05. H0 is accepted and Ha is rejected. The formulation of the hypothesis between these variables is Non Performing Financing (NPF) affecting the Company's Performance - Return on Assets (ROA). From the results of the analysis showed that the NPF level had no effect on the performance of Indonesia Sharia Commercial Bank, this shows that the risk of the emergence of funds through financing at Islamic Commercial Bank, because in general the bank runs operations in conjunction with sharia banking law number 21/year 2008, while the risk of NPF is managed based on OJK regulations and fatwa DSN-MUI so that the emergence of NPF is minimized and can be controlled properly. Therefore, it is generally not based on the financial performance of Islamic Commercial Bank as a whole.

In previous research such as those conducted by Fanny, Wijaya W, Indahwati, Silcya M, Viendy Celine Wijaya V.C, Ginting WA, (2020), the results of his research stated that NPL negatively and significantly affected ROA in Government Banks and Conventional Banks on the Indonesia Stock Exchange in 2014-2017, so from the results of this study showed NPL to be the thing that affects ROA.

Likewise, in research conducted by Rini Indarti, Minanari (2019) stated in his research that Non-Performing Loan reflects the credit risk of a bank, the smaller the Non Performing Loan, the smaller the credit risk borne by the bank. The higher this ratio, the worse the bank's credit quality which means the amount of problematic credit is greater, so the possibility of a bank in a problematic condition is greater, with the results of research showing that NPL has a significant negative effect on ROA. In the research, the object is the Conventional Commercial Bank so that the variable is a Non Performance Loan, and at the Islamic Bank NPL it is identified with Non Performance Financing.
Based on the previous two studies there are different results with the research conducted at the time or it can also be said that NPF in Sharia commercial banks has no effect on ROA, but on conventional banks it can be said that NPL has a negative effect on ROA. However, more research needs to be done in the following periods.

4. Effect of Financing to Deposit Ratio on ROA

The results of the hypothesis analysis in this study stated that there was a significant positive influence between Financing to Deposit Ratio on Return On Asset due to the t-calculated value of > t-table and prob value of 0.0002 < 0.05, so H0 was rejected and Ha accepted. The formulation of the hypothesis between variables in this hypothesis is financing to deposit ratio affects return on assets (ROA).

Based on the results of the analysis of the data, it can be stated that the Financing to Deposit Ratio has a positive effect on the Return on Assets (ROA) or Financial Performance of Islamic Commercial Banks, it is a result achieved from the operations of Islamic commercial banks. The operation of Sharia Commercial Bank is sourced in the funding system through the collection of funds from the community through deposit products, savings and current account deposits, from this system Islamic commercial banks must provide a return in the form of revenue sharing to the depositors of these funds, so that the bank must finance through financing products by the first method by means of revenue-sharing cooperation with mudharaba and musyarakah accounts. From this agreement Islamic banks get a return in the form of profit sharing, the second method by way of buying and selling with murabaha, greeting agreement and istishna account, then from this sharia bank's buying and selling agreement get margin or profit, then the third method through the lease agreement with Ijara and Ijara Muntahia Bit tamlik, from this agreement Islamic banks get rental income. Of the three methods, banks can provide return for revenue and bonuses for third-party funders, and of course the revenue share for Islamic commercial banks has a positive influence on financial performance directly because if the income of Islamic banks increases it will certainly affect the increase in Return on Assets, and in the research period significantly affects positively. Likewise, if the opposite happens, for example, there is a decrease in income, it will affect the decline in Return on Assets, and so it will cause negative influence.

In a previous study conducted by Suryani (2012) obtained that Regression analysis results show Return on Asset (ROA) is not significantly affected by financing to deposit ratio (FDR). And the results of the study Rika Lidya, et al (2019), stated that FDR has a negative and significant effect on profits, FDR is the ability of banks in paying back withdrawals made by depositors by relying on credit provided as a source of liquidity.

Based on the two previous studies showed results that are different from the research that has been done, it happened in connection with the difference in the performance of Islamic commercial banks in different research periods between each of these studies, which in the current period of research the performance of Islamic commercial banks showed better than previous periods, but nevertheless there needed to be further research in the following period.

CONCLUSION

Based on the results of the data analysis that has been done, then from this study can be concluded that:

1. The company's performance in this case Return on Asset (ROA), is significantly affected by the Good Corporate Governance Structure of the Board of Commissioners, so it can be interpreted that independent commissioners in the Structure of the Board of Commissioners have a significant role in providing decisions in conducting supervision and control, thus greatly affected the policies of management in general in Sharia Commercial Banks.

2. Company performance (ROA). Negatively affected by Good Corporate Governance of Institutional Ownership. On this basis, the researchers argue that the role of controlling shareholders has a negative influence on the decisions and management policies of Sharia Commercial Bank in general.
3. There is no significant influence between Non Performance Financing on Return On Asset, thus the decision of sharia commercial bank management in general in taking a policy to finance the community based on the results of risk analysis with consideration of the onset of NPF that may occur during the financing period, so that NPF can be controlled in accordance with the provisions and regulations of Islamic banking and the NPF does not affect the performance of Islamic Commercial Banks.

4. Financing to Deposit Ratio has a significant positive effect on Return On Assets (ROA), this shows that the funding and financing process at Sharia Commercial Bank runs in accordance with applicable regulations and regulations, and the amount of third-party deposits through the funding process is channeled by Sharia Commercial Bank so that the Sharia Bank can get its main income from financing so as to increase profits for Sharia Commercial Banks and third party fund savers. Through the process of sharing results with the mudharaba contract.

5. The Coefficient of Determination indicates that the contribution of the Variable Good Corporate Governance Structure of the Board of Commissioners, Good Corporate Governance of Institutional Ownership, Non Performing Financing (NPF) and Financing to Deposit Ratio of 37.72%, while the remaining 62.28% (100-37.72) is determined by other factors outside the model that were not detected in this study, so this is part of the limitations of the research that has been done.

REFERENCE


Bank Indonesia Regulation Number: 11/33/PBI/2009, on the Implementation of *Good Corporate Governance* for Sharia Commercial Banks and Sharia Business Units

OJK Regulation Number: 55/PJOK.03/2016, on the implementation of governance for Commercial Banks.


