

Effect of Capital Adequacy, Liquidity to Shariah Financial Performance in Shariah Banking in 2011-2015

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Abstract

This study aims to examine the Effect of Capital Adequacy, Liquidity on Sharia Financial Performance in Islamic Banking in year of 2011-2015. This research is very useful for banking sector because it is expected to be able to assess the performance of Islamic Banking that has been less examined; because more research are focusing on non-Sharia or conventional banking. Capital adequacy is one of the variables that is used as a variable in measuring banking performance as reflected in the banking valuation component. Using Capital adequacy ratio (CAR) to measure capital ratios, means the amount of own capital needed to cover the risk of losses that may arise from asset investment risk. Liquidity is one of the tools used to assess the health of banks, in order to anticipate financial obligations that are soon due by granting loans to people in need. Data collection in this study was carried out using secondary data using financial report data and annual reports of Islamic banking companies from 2011-2015. Data is obtained on the official website of the Islamic banking company. Based on the statistical test results, the capital adequacy (CAR) have a significant negative effect on the financial performance of Islamic banking (ROA) because the regression transformation coefficient value is -2.508 and the value of Sig 0.04 < 0.05. The negative effect indicates that the higher the bank's capital, the lower the profit if the risk-weighted assets are also high. Likewise, the Liquidity (FDR) variable has no significant negative effect on the financial performance of Islamic banking (ROA) because the regression coefficient value is -1.766.

Keywords: performance, capital adequacy and liquidity

Introduction

Banking in Indonesia plays an important role in building the Indonesian economy, both conventional and sharia banks. The rapid development of banking create the competition between banks taper so that banks were expected to be able to carry out banking performance in accordance with the applicable provisions of Indonesian banks. It is caused by the role of vital banking requires banks to be able to improve performance, especially the financial performance of both conventional and Islamic banks.

Banking has the main function of collecting funds and then channeling to the community, this credit distribution has a major influence in banking. So banks must be able to improve financial performance to minimize Non-Performing Loans (NPLs). In practice there are fundamental differences between Islamic banking and conventional banks. Islamic banks adhere to the profit sharing system, while conventional banks are based on the determined or applicable interest rate.

In 2010 Islamic Banking showed a high growth with business volume of 43.99% compared to the previous period of 26.55%. On the other hand, Islamic banking statistics in 2014 showed that financial performance tends to decline from year to year. This decline in financial performance was demonstrated through several financial ratios, including the level of capital adequacy (CAR) which showed a sharp decline in the period of 2011 to 2014. This condition is found in several Islamic Banks, among others, BCA Syariah Bank, where CAR in 2011 from 45.19% to 31.5 in 2012 and it remain declined to 22.4% in 2013. Likewise for Bank BNI Syariah also showed a tendency for a decrease in the CAR value, for 2011 the CAR value was 20.75%, decreased to 16.54% in 2013. Financing deposits to ratio (FDR) also fluctuated from 78.8% in 2011 and 91.2% in 2014 at Bank BCA Syariah.

Director of Research on Development of OJK Islamic Banking Arrangement and Licensing Dhani Gunawan Idat, said that Islamic banking CAR was corrected due to current economic conditions. "CAR is very dependent on the problematic financing ratio because it erodes capital. There is no financing expansion, on the other hand customers must pay while income decreases, thus eroding capital (Islamic banks), ".

Banking performance must always be considered and reviewed periodically, so that banking conditions can describe the actual situation. Bank Indonesia as the highest banking authority is obliged to always foster banking so that the health of the bank and the performance of the bank are always well maintained. Through BI regulation No 9/1 / PB1 / 2007 concerning the soundness rating system for commercial banks based on sharia principles, it is stated that financial factors are one of the factors forming the soundness of a bank which consists of several factors including capital and liquidity.

Capital adequacy is one variable that can be used as a variable in reducing banking performance as reflected in the banking assessment component. Capital adequacy ratio (CAR) measures the capital ratio, which means the amount of own capital needed to cover the risk of losses that might arise from investing in risky assets. Those which have a good level of capital adequacy can be indicated as a healthy bank. This CAR is used by banks in the world to assess the level of banking performance so that this can be used as a competitiveness by each bank in assessing the soundness of the bank.

The level of liquidity is inversely proportional to the level of profitability, if the liquidity is high then the profitability is low and vice versa. The greater the bank's ability to channel financing, the greater the chance for banks to make profits but the expansion of financing can reduce the level of bank liquidity. This is what makes it difficult for bank management to manage liquidity and profitability which has always been a dilemma in the banking world.

According to Law No. 10 of 1998, the bank as a business entity which collects funds from the public in the form of savings and distributes it to the public, in the form of credit and or other forms in order to improve the standard of living of the people. Based on Article 5 of Law No.10 Year 1998, regarding Banking there are two types of banks, namely Commercial Banks and Rural Banks. The two types of banks in the course of their business activities are classified into two, namely conventional banks and banks with sharia principles.

According to Kasmir (2012), Islamic banks are based on Islamic concepts, namely cooperation in revenue sharing scheme, both profits and losses. The implementation of the legal basis of sharia banks is the Qur'an and the Sunnah of the Prophet. Bank syariah prohibits the use of product prices with certain interest because for Islamic sharia bank is usury. Sharia banks have several products offered, namely mudharabah, musyarakah, murabahah, salam, istishna ', ijarah, wadiah, qardh, and others.

According to Hidayat (2008), the current Islamic banking and financial system is created as a result of the ijtihad of scholars in order to align all aspects of the life of a Muslim with his religious teachings. This is because Islam is a comprehensive way of life that not only includes rituals, but also regulates things related to economics, politics, and other aspects of life.

According to Irham Fahmi (2012: 2) financial performance is an analysis carried out to see the extent to which a company has carried out using the rules of financial implementation properly and correctly. To decide on a business entity or company to have good quality, there are two judgments, namely seeing in terms of financial performance (financial performance) and non-financial performance (non financial performance). Financial performance looks at the financial statements of the company / business entity concerned and that is reflected in the information obtained in the balance sheet, income statement, and cash flow statements as well as other components that also supports the strengthening of the financial performance assessment.

According to Jumangan (2014: 239) the bank's financial performance is an illustration of the financial condition of a bank in a certain period, both concerning aspects of fund collectors and channeling of funds which is usually measured by indicators of capital adequacy, liquidity and bank profitability.

Performance is an important thing that must be achieved by each company where it is a reflection of the company's ability to manage and allocate its resources. Bank profitability is the ability of a bank to obtain profits expressed in percentages (Hasibuan, 2001). Bank profitability ratio analysis is a tool to analyze or measure the level of business efficiency and profitability achieved by the bank concerned. In addition, ratios in this category can also be used to measure the level of bank soundness (Dendawijaya, 2004: 119).

One ratio that is often used in measuring company performance is Return On Assets (ROA) which is usually referred to as Return On Investment (ROI) (Mawardi, 2005: 85). ROA is used to measure the ability of a bank's management to obtain profit (profit) as a whole. ROA focuses on the company's ability to obtain earnings in the company's operations (Mawardi, 2005: 85). The greater the ROA of a bank, the greater the level of profit achieved by the bank and the better the financial performance of the bank. According to Bank Indonesia Circular Letter No.13 / 24 / DPNP dated October 25, 2011,

Return on Assets (ROA) is measured by:

$$\text{ROA} = \frac{(\text{profit before tax}) \times 100\%}{(\text{total assets})}$$

Capital is one of the important factors in developing a business and accommodating the risk of loss. The capital of a bank will affect the ability or failure of a bank to efficiently carry out its activities, and can affect the level of public trust (especially for the borrowing community) on the bank's performance. The use of bank capital is also intended to fulfill all bank needs to support bank operations, and as a tool for business expansion. Public trust can be seen from the excesses of demand deposits, time deposits, and savings funds from the amount of capital deposits from its shareholders. This element of trust is an important problem as a factor in the success of bank management (Sinungan, 2000).

In utilizing funds for capital development activities (investments), banks have two possibilities; profit and loss. The existence of capital is very important for the development of investment. The more capital exist, the more investment results will be obtained. But on the other hand, the existence of capital (especially third-party bailout funds) is also very important to maintain the possibility of risk of losses on investments made by banks. This indicates that the capital management of Islamic banks is how to regulate capital in such a way that people want to provide funds to increase capital for a bank. This means that the higher the level of public trust, the greater the capital that banks can absorb. So that it can be said that the level of public trust greatly influences capital for a bank.

The ratio to measure the capital adequacy of Islamic banks is by using the Capital Adequacy Ratio (CAR) ratio. CAR is a ratio shows how far all bank assets that contain risks (financing, participation, securities, bills at other banks) are also financed from bank capital funds, in addition to obtaining funds from outside such as public funds, loans (debt), and others. The higher the CAR, the stronger the bank's ability to bear the risk. If the CAR value is high (in accordance with Bank Indonesia regulations of 8%) means that the bank is able to finance bank operations, and these favorable conditions can contribute significantly to the profitability of the bank (ROA) in question (Dendawijaya, 2003 in Diana Puspitasari, 2009).

The bank's minimum capital requirement is calculated based on Risk Weighted Assets (Risk Weighted Assets) which is the sum of balance sheet assets RWA and administrative assets RWA. Balance sheet asset RWA is obtained by multiplying the nominal value of the asset concerned with the risk weight of each asset. Administrative assets RWA is obtained by multiplying the administrative account nominal value concerned with the risk. According to Bank Indonesia Circular No. 13/24 / DPNP dated October 25, 2011, Capital Adequacy Ratio (CAR) is measured by:

$$\text{CAR} = (\text{bank capital}) / \text{ATMR} \times 10$$

Methods

The population in this study was Islamic banks registered at Bank Indonesia in 2011 to 2015. The population in this study was 11 Islamic banking companies. The sample selection method in this study was purposive sampling, with the aim of obtaining samples that were in accordance with the

research objectives. The research sample is Islamic banks with the criteria that is the bank that adheres to full sharia (Full Islamic Banking System), so that obtained 10 samples that match the criteria.

The details of the sharia banking companies sampled can be seen in the table below:

| Table 1 List of Islamic banking companies sampled | |
|---|-----------------------------------|
| No | List of Islamic banking companies |
| 1. | BCA Syariah |
| 2. | BNI Syariah |
| 3. | BRI Syariah |
| 4. | BukopinSyariah |
| 5. | Maybank Syariah |
| 6. | Mega Syariah |
| 7. | Muamalat |
| 8. | PaninSyariah |
| 9. | MandiriSyariah |
| 10. | Victoria Syariah |

sources : www.bi.go.id

B. Types of Data and Data Collection Methods

1. Data Type

The type of data used in this study is documentary data. Data is taken from financial reports and annual reports of Islamic banking listed on the IDX during 2011-2015.

2. Data Collection Method

Data collection techniques in this study were carried out using documentation techniques by look at the sample company's financial statements. With this technique, researchers collect data on financial reports and annual reports of Islamic banking companies from 2011-2015. Data obtained from the official website of Islamic banking companies.

Dependent Variable (Y)

The dependent variable is the variable that is explained or influenced by the independent variable. The dependent variable used in this study is the financial performance of Islamic banking measured using Return on Assets (ROA). According to BI Circular Letter No.13 / 24 / DPNP dated October 25, 2011, ROA is measured by the ratio between profit before tax to total assets (total assets). $ROA = (\text{profit before tax}) / (\text{total assets}) \times 100\%$

Independent Variable (X)

Independent variables are variables **that** affect other variables. The independent variables used in this study are:

Capital adequacy in this study was measured by the Capital Adequacy Ratio (CAR). According to Bank Indonesia Circular No. 13/24 /DPNP dated October 25, 2011, Capital Adequacy Ratio (CAR) is measured by the bank's capital to risk-weighted assets (RWA). $CAR = (\text{bank capital}) / \text{ATMR} \times 100\%$.

Liquidity in this study was measured by Financing to Deposit Ratio (FDR). Based on Bank Indonesia Circular No. 12/11 / DPNP / 2010, Financing to Deposit Ratio (FDR) is a comparison between financing and third party funds.

$$FDR = (\text{total financing}) / (\text{third party funds}) \times 100\%.$$

Research data analysis is part of the data testing process after the selection and collection of research data.

1. Descriptive Analysis. This analysis aims to describe what is found in the research results or data and provide information in accordance with those obtained in the field. Descriptive technique that is intended in this study is to interpret the average value, maximum value, and maximum value of each research variable.

2. Inductive Analysis

a. Multiple Regression Analysis

Multiple regression analysis is used to predict how the state (rise and fall) of the dependent variable, if two or more independent variables as an indicator. This analysis is used by involving the dependent variable (Y) and the independent variables (X1 and X2). The regression equation is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Y: Performance

X1: Capital adequacy

X2: Liquidity

$\beta_{1,2}$: Regression coefficient

a: Constants

e: Standard error

1) Normality Test

This test try to find out whether the distribution of data has followed or is approaching a normal distribution. A good regression model is normal or near normal data. This test can be seen using the Kolmogorov Smirnov test. According to Idris (2010: 72), the Kolmogorov-Sminorv test can be done by testing whether the residuals are normally distributed. If the significant value of the Kolmogorov-Sminorv test is > 0.05 , it means that the residual is declared to be normally distributed and vice versa.

2) Multicollinearity Test

Multicollinearity testing is intended to determine whether there is a high correlation between the independent variables in the model used. According to Idris (2010: 82), the assumption of multicollinearity states that the independent variable must be free from the symptoms of multicollinearity.

Symptoms of multicollinearity are symptoms of correlation between independent variables. The presence or absence of multicollinearity can be seen from the correlation coefficient between independent variables that is not exceeding 95%, the variance inflation factor (VIF) value is less than 10 ($VIF < 10$), and the tolerance value is greater than 0.10. If this is fulfilled it can be concluded that the model has no symptoms of multicollinearity and vice versa.

3) Heteroscedasticity Test

Heteroscedasticity test is a test that aims to test whether regression model have a residual variance inequality from an observation to another observation. According to Idris (2010: 87), the assumption of heteroscedasticity is an assumption of the residual variance is not the same for one observation to another. To detect the symptoms of heteroscedasticity can be done by the Spearman correlation method because the number of research samples is small ($n < 30$) which is 10 samples. Following is the basis for decision making on heteroscedasticity test:

If the sig value < 0.05 variant is heteroscedasticity.

If the sig value > 0.05 variant there is no heteroscedasticity.

4) Autocorrelation Test

According to Idris (2010: 86), the autocorrelation test is testing assumptions and regression where the dependent variable does not correlate with itself. To detect autocorrelation symptoms can be used Durbin-Watson (DW). The classification of DW values can be seen in:

1. A large D-W value or above 2 means there is no negative autocorrelation.
2. The D-W value between -2 to 2 means there is no autocorrelation or free autocorrelation.
3. A small D-W value or below -2 means there is a positive autocorrelation.

The F-statistical test basically shows whether all the independent variables included in the regression model have a joint effect on the dependent variable. After F the regression line is found the results, then it compared with Ftable. To determine the value of Ftable, the level of significance used is $\alpha = 5\%$ with degrees of freedom $df = (n-k)$ where n is the number of observations and k is the number of variables including intercept. If $F_{count} > F_{table}$, means that the independent variable is able to explain the dependent variable togetherly. Conversely, if $F_{count} < F_{table}$, this means that the independent variables are not able to explain the dependent variable togetherly.

The coefficient of determination (R²) essentially measures the level of accuracy or the suitability of multiple linear regression, namely the percentage of contribution of multiple linear regression, the percentage of contribution of all independent variables to the dependent variable. Adjusted R square was used in this study because it has more than one independent variable used in this study.

Results and Discussions

Financial performance is a description of the financial condition of a company for a certain period. Assessing financial performance using profitability as measured of Return on Assets (ROA). ROA is focused more on the company's ability for making a profit in the company's operations. The greater ROA illustrates the greater the level of profit achieved by the bank and the better the financial performance of the bank. According to Bank Indonesia Circular Letter No.13 / 24 / DPNP dated October 25, 2011, Return on Assets (ROA) is measured by:

$$\text{ROA} = (\text{profit before tax}) / (\text{total assets}) \times 100\%$$

Table 2 Data of Return on Assets (ROA) in Islamic Banking Companies From 2011 to 2015

| No | Bank Name | ROA | | | | |
|---------|------------------|--------------|--------------|--------------|---------------|----------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 |
| 1. | BCA Syariah | 0.735 | 0.684 | 0.821 | 0.584 | 0.733 |
| 2. | BNI Syariah | 1.054 | 1.294 | 1.221 | 1.129 | 1.337 |
| 3. | BRI Syariah | 0.149 | 0.980 | 1.057 | 0.076 | 0.698 |
| 4. | BukopinSyariah | 0.550 | 0.673 | 0.627 | 0.247 | 0.698 |
| 5. | Maybank Syariah | 3.210 | 2.724 | 2.573 | 3.128 | -22.447 |
| 6. | Mega Syariah | 1.295 | 3.022 | 2.190 | 0.331 | 0.301 |
| 7. | Muamalat | 1.144 | 1.163 | 1.195 | 0.159 | 0.190 |
| 8. | PaninSyariah | 1.220 | 2.193 | 0.720 | 1.542 | 1.056 |
| 9. | MandiriSyariah | 1.537 | 2.023 | 1.382 | 0.164 | 0.532 |
| 10. | Victoria Syariah | 4.182 | 1.106 | 0.372 | -1.738 | -2.319 |
| AVERAGE | | 1.508 | 1.586 | 1.216 | 0.562 | -1.922 |
| MAXIMUM | | 4.182 | 3.022 | 2.573 | 3.128 | 1.337 |
| MINIMUM | | 0.149 | 0.673 | 0.372 | -1.738 | -22.447 |

Based on table, the Return on Assets (ROA) of Islamic banking companies in 2011 to 2015 is still fluctuating. The increase and decrease can be seen from the average value of ROA. In 2011 to 2012, there was an increase from 1,508 to 1,586, but in 2012 to 2015 decreased respectively from 1,586 in 2012, 1,216 in 2013, 0,652 in 2014 and -1,922 in 2015.

The highest return on assets (ROA) of Islamic banking companies in 2011 to 2015 are found in several Islamic banking companies, namely in 2011 at Bank Victoria Syariah at 4,182%, in 2012 at 3,022% Mega Sharia Bank, 2013 and 2014 at Maybank Syariah Bank at 2,573% and 3,128% and in 2015 at Bank BNI Syariah amounted to 1,337%. The maximum ROA was in 2011 amounting to 4,182%, this shows that Bank Victoria Syariah in generating profits using the total assets is better than other Islamic banking companies so that it can be concluded that the financial performance of Bank Victoria Syariah is the best one.

The lowest Sharia banking company Return On Assets (ROA) in 2011 to 2015 were found in several Islamic banking companies, namely in 2011 at BRI Syariah Bank at 0.149%, in 2012 at Bank Bukopin Syariah at 0.673%, in 2013 and 2014 at Bank Victoria Syariah at 0.372% and -1.738% and in 2015 the Bank Maybank Syariah amounted to -22.447%. The minimum ROA was in 2015 of -22.447%, this shows that Bank Maybank Syariah in generating profits using its total assets is worse than other banking companies so that it can be concluded that the financial performance of Bank Maybank Syariah is the worst one.

Capital is the most important source in running the operations of a banking company. Capital can prevent losses and can be used as a basis for maintaining customer trust. Capital adequacy is measured by the Capital Adequacy Ratio (CAR). CAR describes the amount of owned capital that is needed to cover the risk of losses that might arise from the investment of risky assets. According to Bank Indonesia Circular No. 13/24 / DPNP dated October 25, 2011, Capital Adequacy Ratio (CAR) is measured by:

$$\text{CAR} = (\text{Bank Capital}) / \text{RWA} \times 100\%$$

The following is data from the Islamic banking company Capital Adequacy Ratio (CAR) in 2011 to 2015:

Table 3 Data of Capital Adequacy Ratio (CAR) in Islamic Banking Companies From 2011 to 2015

| No | Bank Name | CAR | | | | |
|----------------|------------------|---------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 |
| 1. | BCA Syariah | 46.375 | 31.039 | 21.815 | 29.023 | 33.759 |
| 2. | BNI Syariah | 20.283 | 18.893 | 15.506 | 17.928 | 15.218 |
| 3. | BRI Syariah | 13.792 | 10.900 | 13.941 | 12.456 | 13.915 |
| 4. | BukopinSyariah | 12.956 | 10.537 | 9.052 | 14.009 | 14.953 |
| 5. | Maybank Syariah | 74.794 | 64.505 | 57.473 | 52.951 | 54.966 |
| 6. | Mega Syariah | 11.869 | 14.479 | 13.394 | 18.622 | 24.841 |
| 7. | Muamalat | 10.281 | 7.822 | 12.469 | 9.504 | 9.415 |
| 8. | PaninSyariah | 61.940 | 32.487 | 20.392 | 25.576 | 19.934 |
| 9. | MandiriSyariah | 12.033 | 12.654 | 12.827 | 12.232 | 11.660 |
| 10. | Victoria Syariah | 47.392 | 27.768 | 17.562 | 20.549 | 17.886 |
| AVERAGE | | 31.172 | 23.109 | 19.443 | 21.289 | 21.655 |
| MAXIMUM | | 74.794 | 64.505 | 57.473 | 52.951 | 54.966 |
| MINIMUM | | 10.281 | 7.822 | 9.052 | 9.504 | 9.415 |

Based on Table above, the development of Islamic banking companies' Capital Adequacy Ratio (CAR) in 2011 to 2015 is still fluctuating. The increase and decrease can be seen from the average value of CAR. In 2011 to 2013 decreased in 2011 amounting to 31.172%, in 2012 amounted to 23.109% and in 2013 amounted to 19.444%. In the following year, there was an increase in 2014 amounting to 21.289% and in 2015 amounted to 21.655%.

The highest Islamic banking company Capital Adequacy Ratio (CAR) in 2011 to 2015 was Maybank Syariah which was 74.794% in 2011, 64.505% in 2012, 57.47% in 2013, 52.951% in 2014 and 54.966% in the year 2015. Maximum CAR was in 2011 of 74.7794%. This shows that Maybank Syariah can finance bank operations and can contribute greatly to the bank's financial performance.

The lowest Islamic banking company Capital Adequacy Ratio (CAR) in 2011 to 2015 was found in several sharia banking companies in 2011 and 2012 at Bank Muamalat amounting to 10.281% and 7.822%, in 2013 there were 9.052% in Bank BukopinSyariah, 2014 and 2015 was found at Bank Muamalat at 9.504% and 9.415%. Minimum CAR was in 2012 at 7.822%. This shows that Bank Muamalat cannot finance bank operations well and this value is below the criteria set by Bank Indonesia, which is 8%, which will have an impact on the decline of bank's financial performance.

Liquidity is a bank that has sufficient and available sources of funds to fulfill the obligations held by the bank. Liquidity is measured by Financing to Deposit Ratio. FDR illustrates the ability of banks to fulfill their obligations from financing requests using third party funds. Based on Bank Indonesia Circular No. 12/11 / DPNP / 2010, Financing to Deposit Ratio (FDR) can be measured by:

$$\text{FDR} = (\text{total financing}) / (\text{third party funds}) \times 100\%$$

Following are data from Islamic Banking companies Financing to Deposit Ratio (FDR) from 2011 to 2015:

Table 4 Data Financing to Deposit Ratio (FDR) of Islamic Banking Companies From 2011 to 2015

| No | Bank Name | FDR | | | | |
|----------------|------------------|---------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 |
| 1. | BCA Syariah | 79.022 | 79.725 | 81.594 | 91.186 | 91.412 |
| 2. | BNI Syariah | 79.570 | 84.988 | 97.859 | 138.49 | 94.132 |
| 3. | BRI Syariah | 100.21 | 117.42 | 102.70 | 92.589 | 82.789 |
| 4. | BukopinSyariah | 70.487 | 45.012 | 100.58 | 93.119 | 42.492 |
| 5. | Maybank Syariah | 289.20 | 197.70 | 152.87 | 157.77 | 110.54 |
| 6. | Mega Syariah | 88.963 | 94.927 | 101.31 | 99.114 | 98.490 |
| 7. | Muamalat | 77.427 | 83.827 | 101.07 | 84.401 | 89.798 |
| 8. | PaninSyariah | 71.151 | 60.940 | 87.935 | 100.65 | 96.352 |
| 9. | MandiriSyariah | 103.82 | 98.546 | 91.288 | 83.878 | 83.454 |
| 10. | Victoria Syariah | 46.080 | 73.770 | 84.650 | 95.910 | 95.290 |
| AVERAGE | | 100.653 | 93.686 | 100.185 | 103.706 | 88.520 |
| MAXIMUM | | 289.20 | 197.70 | 152.87 | 157.77 | 110.54 |
| MINIMUM | | 46.080 | 45.012 | 81.594 | 83.878 | 42.492 |

Based on Table above, the development of the Financing to Deposit Ratio (FDR) of Islamic banking companies in 2011 to 2015 is still fluctuating. The increase and decrease can be seen from the average value of FDR. In 2011 amounted to 100,653%, experienced a decrease in 2012 amounting to 93,686%, and experienced a rebound in 2013 and 2014 of 100,185% and 103,706%, experiencing a decline again in 2015 of 88,520%.

The highest Islamic banking companies' Financing to Deposit Ratio (FDR) in 2011 to 2015 were Maybank Syariah, which amounted to 289.20% in 2011, 197.70% in 2012, 152.87% in 2013, 157.77 % in 2014 and 110.54% in 2015. The maximum CAR was in 2011 of 289.20%. This shows that Maybank Syariah is increasingly unable to utilize existing funds, so that there are abundant funds so that the management of funds becomes inefficient. Based on the Bank Indonesia Regulation, the safe standard for FDR ranges from 78% -92%.

The lowest Islamic banking company Financing to Deposit Ratio (FDR) in 2011 to 2015 was found in a number of Islamic banking companies, namely in 2011 there were 46.080% in Bank Victoria Syariah in 2012 there were 45.012% in Bank BukopinSyariah, in 2013 BCA BCASyariah Bank amounting to 81.594%, in 2014 there were 83.878% in Bank MandiriSyariah and in 2015 there were 42.492% in BukopinSyariah Bank. The minimum FDR was found in 2015 of 42,492%. This shows that Bank Bukopin is unable to perform its functions properly, because the funds contained in the Bank are only a small amount, so it is likely that banks cannot fulfill their obligations which will lead to the bank's financial performance.

Conclusions

This study aims to examine the effect of capital adequacy and liquidity on the financial performance of Islamic banking in 2011-2015. Based on the results of the testing and discussion previously described, the following conclusions can be drawn:

1. Capital adequacy as measured by Capital Adequacy Ratio (CAR) has a significant negative effect on the financial performance of Islamic banking as measured by Return On Assets (ROA).
2. Liquidity as measured by Financing to Deposit Ratio (FDR) has a negative effect not significant on the financial performance of Islamic banking as measured by Return On Assets (ROA).

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