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THE EFFECT OF FDR, NPF, OEOI, AND SIZE TOWARD ROA
(Comparative Study on Indonesian Islamic Bank and Malaysian Islamic Bank Period 2010-2015)

Anafil Windriya, M. Chabachib, Irene Rini Demi Pangestuti
Master of Management, Economics and Business Faculty of Diponegoro University
Email : anafilwindriya@gmail.com

ABSTRACT

This research aims to analyze the influence of Financing to Deposit Ratio (FDR), Non Performing Financing (NPF), Operating Expenses to Operating Income (OEOI), Firm Size toward Return On Asset (ROA). The object of this research are Islamic Bank in Indonesia and Islamic Bank in Malaysia in 2010-2015. Another aim of this research is to determine whether there are differences in effects of FDR, NPF, OEOI and size toward ROA between Islamic Bank in Indonesia and Islamic Bank in Malaysia.

The results of this study concluded that FDR, NPF, OEOI and Size effect on ROA simultaneously, both at Indonesian Islamic Bank and Malaysian Islamic Bank. In Indonesian Islamic Bank, independent variables that influence toward ROA are FDR, OEOI and Size. In Malaysia Islamic Bank, only OEOA which affecting toward ROA. Based on the chow test, can be concluded that there is a significant difference between the Indonesian Islamic Bank and Malaysian Islamic Bank. Results of independent t test showed that the average variable that has a different effect between Bank Syariah Bank Syariah Indonesia and Malaysia is Size.

Keywords: Islamic Bank, ROA, Chow test.

JEL Classification: G.21, F.36.

1. INTRODUCTION

Islam sees that economic activity is part of muamalah, and muamalah are including part of the Shari'a. Islamic bank is a manifestation of muamalah in economy, both comprehensively and universally, so in Islamic banking embedded in it system of Islam teachings. The Islamic banking industry has a great opportunity as an economic power, because Islamic banks are able to survive amid the economic crisis (Azwar, 2015).

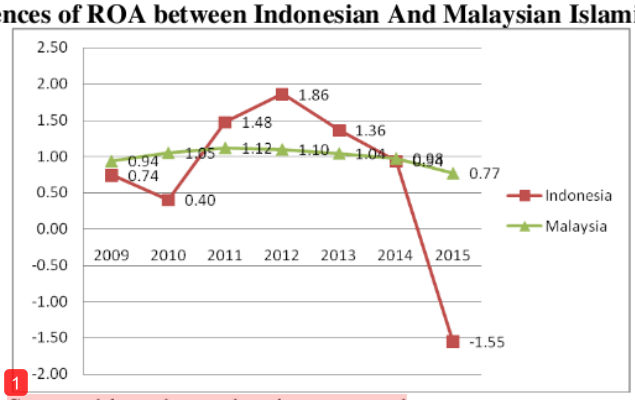
Blue print from the ASEAN Economic Community (AEC) on the banking industry, embodied in the ASEAN Banking Integration Framework (ABIF), will be implemented in 2020. In the ten ASEAN countries, there are six countries that have Islamic banks, namely Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Singapore, and Thailand. Indonesia and Malaysia are the countries with the largest number of Islamic Banks in ASEAN by 2016. The most prominent difference between the sharia banks of Indonesia and Malaysia is the basis of the country, where Malaysia is an Islamic State while Indonesia is a State with Pancasila ideology. Malaysia has different characteristics, such as the economic system adopted, the characteristics of the population, the role of the government, the position of the sharia bank in legislation, the *madzhab* adopted by the majority of its Muslim population, and the chosen development strategy (Ascarya, 2006). Indonesia's Islamic banking industry that has a focus on the real sector becomes an advantage for Indonesia.

The ability of Islamic banks to face the industry competition in the AEC becomes a concern. The most important issue is how about the performance and health of Islamic

banking in each country. Financial ratios can be compared between the financial ratios of a firm and other firms in same industry, to see if there are any deviations from the industry average or from the established standard (Van Horn, 2004).

The performance of banks that proxyed by ROA is influenced by various variables. This study using four variables as a variable that affecting ROA. The variable are liquidity (FDR), financing risk (NPF), efficiency (OEOI), and firm size (Size). Figure 1.1 shows the differences of ROA between Indonesian and Malaysian Islamic Bank.

Figure 1.1
Differences of ROA between Indonesian And Malaysian Islamic Bank



Source: bloomberg, data is processed

The movement of ROA in Malaysian Islamic banking in 2010 to 2015 is more stable than the Islamic bank in Indonesia. The direction of ROA in both countries are increased in 2011, then decreased in a row in 2012 until 2015.

The average ROA in Indonesian Islamic banking is always decreasing for 5 years from 2011-2015, even in 2015 experiencing negative value, and the average value of ROA in Malaysian Islamic banking which always decrease during 5 year from year 2011-2015. That problems become interesting problem to be investigated, whether it is due to liquidity, financing risk, efficiency or firm size. The competition between Indonesian and Malaysian Islamic banking in the Asean Economic Community 2020, and difference of ideology of each country are the reasons why this study compares the Islamic banking in Indonesia and Malaysia.

Bank intermediation can effectively if they distribute all sources of funds in the form of credit or financing after they calculated with required reserves and daily liquidity (Ascarya, 2010). The function of intermediation is measured by comparing the amount of credit or financing that given to the amount of third party funds that can be collected. Islamic bank financial intermediation is measured by Financing to Debt Ratio. Financing to deposit ratio that increases indicates the source of funds that owned by banks more productive and then the profit obtained by bank may increase.

Financial management gives the concept of trade off between profitability with liquidity (Van Horn, 2012). Companies that prioritize liquidity, tend to have idle funds, thereby reducing the chances of obtaining income from investment. For companies that prioritize profitability tend to avoid idle funds and then they maximize asset utilization in the form of investment. According to the theory of financial intermediation, the intermediate function illustrated by the high FDR that indicates the high level of financing so they could increase the return. That statement supported by the research of Almazari (2014), Muda, et al (2013), Mokni, R.B.S., and H. Rachdi (2014).

The financing risk is due to the default of debtor for some or whole of the financing provided. Financing risk is measured by non-performing financing ratio, which is the ratio of

total non-performing financing to total financing disbursed (Al Smadi and Ahmad, 2011). The larger ratio of non-performing financing will cause the bank in high credit risk condition. The high credit risk provides an opportunity for decrease of profit sharing from the financing that has been given by the bank. The Bank mitigates these risks by establishing a write-off accounts receivable. If the provisioning of earning assets increases, the expense borne by the bank increases, so there is a negative correlation between non-performing financing and the bank's profit. According to the credit risk management concept theory, it is mentioned that the high credit risk cause profit decreases. That statement supported by the research of Nicolae Petria, et al (2015), Putranto, et al (2014), Muhammad Bilal, et al (2013), Mawardi (2004), Tan Sau Eng (2013), Anggraeni and Suardika (2014), Akhtar, et al (2011), Mokni, R.B.S., and H. Rachdi (2014), Al-Jafari, M.K. and M. Alchami (2014).

Operating Expense to Operating Income (OEOI) is an indicator of efficiency level and bank competency to running the firm's operations (Dendawijaya, 2005). OEOI is the ratio between Operating Cost divided by Operating Income. If Operating Income is higher than operational cost, OEOI value will be lower. Low OEOI is a good bank mirror efficiency. According to the Theory of fundamental signals that the value of high efficiency of business is a good information or signal for the performance of the bank. Banks that operate efficiently bring benefits. If the bank is not able to control the operational costs, then the amount of expenses will increase and cause adverse impact on bank performance. The higher the cost of the bank, the more inefficient operation of operations makes the income is also getting smaller (Wibowo, 2013). That statement supported by the research of Nicolae Petria, et al (2015), Almazari (2014), Mawardi (2005), and Ben Khediri Karim, et al (2010).

The theory that explains size of the bank with the profitability states that the large bank receive more income than income outside interest income, like provision income, commission income, fees and administrative income, compared with smaller banks (Ross, 2010). Research about the relationship between the organizational structure and firm size has been done with the result that the greater the bank's assets, in placing its fund prefer on the securities, placements with other banks, and also can be placed in the central bank (Houston, et al 1997) this activity can reducing risks for banks when compared to lending activities. Large assets indicate that the company has a large portfolio in the number and variety of investment objects. The greater the amount of investment, the greater the opportunity to earn profits, and the more diverse types of investment objects the more diversified risks so that the possibility of losses can be reduced (Mawardi, 2014).

The Economies of scale theory refers to a situation where output growth is proportionately faster than input. Improved yield scale or decreased costs arise due to technological and financial reasons. For example the use of I-banking technology, ATMs, remittances, foreign exchange transactions can increase revenue. That statement supported by the research of Petria, et al (2015), Bilal, et al (2013), Kunt (1998), Karim, et al (2010), Muda, et al (2013), Al-Jafari and Alchami (2014), and Owoputi, et al (2014).

Financial ratios can be compared between the financial ratios of a firm and other firms in same industry, to see if there are any deviations from the industry average or from the established standard (Van Horn, 2004). Contingency theory was first proposed by Jay Galraith in 1973, who argued that: there is no one way to organize, any way of organizing is not equally effective. Based on the contingency theory, management control system is different in each organization according to organizational factors and situational factors. Comparing Islamic banking in different countries, needs to pay attention to the various characteristics of the country that affect its development. Indonesia and Malaysia are two countries that have different ideology, Malaysia embraces the Islamic State while Indonesia is based on Pancasila. Other differences between two countries are the economic system adopted, the characteristics of the population, the role of the government, the position of the

Islamic bank in the legislation, the *madzhab* adopted by the majority of its Muslim population, and the chosen development strategy (Ascarya, 2006).

Contingency theory gives a warning that manager can run the organization according to the will of each. If there are differences in FDR, NPF, OEOI, and Size values, it will affect the ROA differently, so it is worth testing whether there is any difference in the effect on the variable.

A few researchers focused on effect FDR, NPF, OEOI, and Size values, toward ROA. There have been limited studies concerned on how about the differentiation effect. Therefore, this research intends to the effect FDR, NPF, OEOI, and Size toward ROA, and also the differentiation effect between Indonesia and Malaysia Islamic banking.

2. RESEARCH METHODOLOGY

The population of this study are all Islamic banks in Indonesia and Malaysia in the period 2010-2015. The sample of this research is 4 syariah bank in Indonesia and 3 syariah bank in Malaysia. The sample shown in Table 1.

Table 1
Sample of Indonesian Islamic Banks and Malaysian Islamic Banks

Malaysian Islamic Banks	Indonesian Islamic Banks
Affin Islamic Bank Berhad	PT Bank Syariah Muamalat Indonesia
Alliance Islamic Bank Berhad	PT Bank Syariah Mandiri
AmIslamic Bank Berhad	PT Bank Syariah Mega Indonesia
	PT Bank Syariah BRI

Source: bi.go.id, bnm.go.my

Data are sourced from the quarterly financial report published by islamic bank and quarterly balance sheet which obtained from each bank official website and also from Bloomberg. Table 2 show the summary of operational definition all variable.

Table 2
Summary of Operational Definiton

VARIABLE	OPERATIONAL DEFINITION	MEASUREMENT	SCALE
ROA	The ratio between profit before tax toward the average of total asset.	(profit before tax / the average of total asset) X 100%	Ratio
FDR	The ratio between financing toward third party funds	(financing / third party funds) X 100%	Ratio
NPF	The ratio between non performing financing toward total financing	(non performing financing / total financing) X 100%	Ratio
OEOI	The ability of bank management in controlling operational expenses to operating income.	(Total operational expenses / total operating income) X 100%	Ratio
SIZE	Large scale of a company.	Ln Total asset	Ratio

Source : Muhammad (2005), Machfoedz (1994), and Circular Letter of Bank Indonesia Number 3/30 / DPNP

Analysis Method

This analysis is assisted by the Statistical Package for the Social Sciences 23 program or often referred as SPSS. Data in this research that examine by using normality test, classical assumption test, hypothesis test, chow test, and difference t-test. with model equation as follows:

Model 1 (Indonesian Islamic Bank):

$ROA = \alpha_0 + \beta_1 FDR + \beta_2 NPF + \beta_3 OEOI + \beta_4 Size + e$

Model 2 (Malaysian Islamic Bank):

$ROA = \alpha_1 + \beta_5 FDR + \beta_6 NPF + \beta_7 OEOI + \beta_8 Size + e$

Variables :

ROA: *Return on Asset*

FDR: *Financing to Debt Ratio*

NPF: *Non Performing Financing*

OEOI: *Operating Expenses to Operating Income*

3. RESULTS AND DISCUSSION

Coefficient Determination Test / R^2

The coefficient of determination or R^2 is the ability to predict the effect of the four independent variables (FDR, NPF, OEOI, and Size) toward the dependent variable (ROA).

Table 3
Coifficient Determination

Model	Adjusted R Square	Std Error of the Estimate
ROA (Indonesian Islamic Bank)	0,291	0,339
ROA (Malaysian Islamic Bank)	0,176	0,060

Source: secondary data that has been processed, 2017

Table 2 shows the coefficient determination for each equation. The value of determinant coefficient (adjusted R^2) in Indonesian Islamic Bank is 0,291, it means 29,1% of ROA variation can be explained by variation of four independent variable that is FDR, NPF, OEOI, and Size, and 70,1% explained by other reason beyond the model at Indonesian Islamic Bank. The value of determinant coefficient (adjusted R^2) in Malaysian Islamic Bank is 0,176, it means 17,6% of ROA variation can be explained by variation of four independent variable that is FDR, NPF, OEOI, and Size, and 82,4% explained by other reason beyond the model at Malaysian Islamic Bank.

F Statistic Test

The F test that contain the F value is used to see the significance influence of each independent variable on the dependent variable simultaneously.

Table 4
Results of F Statistical Test

Model	F	Sig.
ROA (Indonesian Islamic Bank)	10,011	0,000
ROA (Malaysian Islamic Bank)	4,625	0,002

Source: secondary data that has been processed, 2017

The results F statistic test of Indonesian Islamic Bank on table 3 shows the value of F 10,011 and at significance level 0,000, which this study uses a predetermined level of significance of 5% it can be concluded that the variables FDR, NPF, OEOI and Size simultaneosly affect to ROA. The F statistical test results for Malaysian Islamic Bank shows the F value is 4,625 and at the level of significance of 0,002, where this study uses a predetermined level of significance of 5% it can be concluded that the variables FDR, NPF, OEOI and Size simultaneosly affect to ROA.

T Statistic Test

T Statistical test is conducted to test whether there is influence of FDR, NPF, OEOI, and size toward ROA of Indonesian Islamic Bank and Malaysian Islamic Bank. Table 5 show the result of t statistic test.

Table 5
Results of t Statistics Test

Indonesian Islamic Bank	B	Beta	t	Sig
Constant	-0,117		-2,607	0,011
FDR	0,019	0,260	2,583	0,012
NPF	-0,009	-0,017	-0,156	0,876
OEOI	-0,027	-0,561	-5,318	0,000
Size	1,341	0,262	2,595	0,011
Malaysian Islamic Bank				
Constant	-0,002		-0,159	0,874
FDR	0,003	0,119	0,905	0,369
NPF	0,051	0,278	2,522	0,014
OEOI	-0,028	-0,345	-3,128	0,003
Size	-0,085	-0,037	-0,280	0,780

Source : secondary data processed, 2017

In Indonesian Islamic Bank, shows the coefficient value for the model of FDR is 0,019 and t 2,583 with the significance level of 0,012, that means the FDR variable affects toward ROA positive significantly. The value of NPF variable regression coefficient is -0,009 and t -0,156 with significance level 0,876 that mean NPF has negative influence and not significant to ROA. The value of coefficient for OEOI model shows -0,027 with the value of t -5,318 and the significance level 0,000 which means that the OEOI variables are negative and significant to the ROA variable, while for the coefficient Size variable 1,341 with the value of t 2,595 and the significance level 0,011 which means the variable Size has a positive and significant effect on ROA. Regression equations that can be compiled are as follows:

$$\Delta ROA = 0{,}260\ \Delta FDR - 0{,}017\ \Delta NPF - 0{,}561\ \Delta OEOI + 0{,}262\ \Delta Size + \varepsilon t$$

In Malaysia Islamic Bank, shows the coefficient value for the model of FDR is 0,003 and t 0,905 with the significance level of 0,874, that means the FDR variable affects toward ROA positive not significant. The value of NPF variable regression coefficient is 0,051 and t 2,522 with significance level 0,014 that mean NPF has positive and significant influence to ROA. The value of coefficient for OEOI model shows -0,028 with the value of t -3,128 and the significance level 0,003 which means that the OEOI variables are negative and significant to the ROA variable, while for the coefficient Size variable -0,085 with the value of t -0,280

and the significance level 0,780 which means the variable Size has a negative and not significant effect on ROA. Regression equations that can be compiled are as follows:

$$\Delta ROA = 0{,}119\ \Delta FDR + 0{,}278\ \Delta NPF - 0{,}345\ \Delta OEOI - 0{,}037\ \Delta Size + \varepsilon t$$

Chow Test

Differential influence test is done by comparing the sum of square residual values of the overall model with each model separately in Indonesian Islamic Bank and Malaysian Islamic Bank.

Table 6
Restricted Residual Sum of Square

Model	Restricted Residual Sum of Square (RSS)
Indonesian Islamic Bank	9,658
Malaysian Islamic Bank	0,228
Indonesian Islamic Bank and Malaysian Islamic Bank	13,680

Source : secondary data processed, 2017

From the RSS that has been described, it can be seen that:

RSS1 (RSS Indonesian Islamic Bank) = 9,658
RSS2 (RSS Malaysian Islamic Bank) = 0,228
RSSur = RSS1 + RSS2 = 9,886
RSSr (RSS overall model) = 13,680
k (Total number of parameters) = 4+4 = 8
n1 + n2 = 89+69 = 158

The chow test is obtained as follows:

$$F = \frac{(RSSr - RSSur)/k}{(RSSur)/(n1+n2-2k)}$$

$$F = \frac{(13{,}680 - 9{,}889)/4}{(9{,}889)/(158-8)}$$

$$F = 14{,}58$$

The result of chow test shows F value counted 14,58. The value of F table from df = 158 and k = 4 significance level of 0,05, obtained F table of 2,43. F value is higher than F table, it means that there is difference of influence of FDR, NPF, OEOI, Size toward ROA between Indonesian Islamic Bank and Malaysian Islamic Bank.

T test

The independent sample t-test is used to strengthen the Chow test results. The test results on each independent variable can be shown in Table 7.

Table 7
Test Results t-test Average Independent 2 Sample

	t-test for Equality of Means	
	T	Sig. (2-tailed)
ROA	-1.341	0.182
FDR	-.588	0.557
NPF	1.244	0.215
OEOI	-0.098	0.922
SIZE	2.978	0.003

Table 7 shows that only sizes that have a significance value of less than 0.05, it is concluded that the average Size differed significantly between Indonesian Islamic Bank and Malaysian Islamic Bank.

DISCUSSION

Table 8 summarizes the results of the research hypothesis test.

Tabel 8
Summarizes The Results Of The Research Hypothesis Test

No.	Hypothesis	Results	Decision
1a	Financing to Deposit Ratio (FDR) has a positive effect toward the profitability of Indonesian Islamic Bank.	Positive significant	accepted
1b	Financing to Deposit Ratio (FDR) has a positive effect toward the profitability of Malaysian Islamic Bank	Positive not significant	not accepted
2a	*Non Performing Financing* (NPF) has a negative effect toward the profitability of Indonesian Islamic Bank	Negative not significant	not accepted
2b	*Non Performing Financing* (NPF) has a negative effect toward the profitability of Malaysian Islamic Bank.	Positive significant	not accepted
3a	Operational Expense to Operating Income (OEOI) negatively affects the profitability of Indonesian Islamic Bank.	Negative significant	accepted
3b	Operational Expense to Operating Income (OEOI) negatively affects the profitability of Malaysian Islamic Bank.	Negative significant	accepted
4a	Firm size has a positive effect toward the profitability of Indonesian Islamic Bank	Positive significant	accepted
4b	Firm size has a positive effect toward the profitability of Malaysian Islamic Bank	Negative not significant	not accepted
5	There are simultaneous differences in influence of FDR, NPF, OEOI, and Size variables toward ROA between Indonesian Islamic Bank and Malaysian Islamic bank.	There is a Difference in Influence	accepted

Indonesian Islamic Bank

According to the theory of financial intermediation, the higher FDR of Islamic banks indicates the higher financing that distributed by banks. Large financing can increase the income by profit sharing that obtained by bank. Standard value of FDR in Indonesia is 78% to 92%. Average FDR of the samples bank in the Indonesian Islamic bank is 93.13%. The value is not too far above the standards set by Bank Indonesia, so can be concluded that Islamic bank which became the object of this study has performed the intermediation function well, because it can manage the financing effectively.

The non-significant effect of NPF toward ROA occurs because of the high FDR at some point can indicates an increase of income from financing. Average of FDR at Indonesian Islamic bank is 93,13%, this value is above the provisions of the central bank in Indonesia. The increased of financing causes the default loss can be covered by the increase in income from the financing. In addition, not significant relationship between NPF and ROA can also occur due to cost efficiency beyond the cost of financing (taxes, rental fees, administration, labor), and income increase by financing, so it can closing the revenue

decrease caused by NPF. Statistically the NPF value in 2010 to 2013 has too small variations of data, while the variation of data on ROA is very fluctuate, so it has insignificant effect between NPF toward ROA statistically.

The value of OEOI in the sample banks in this study has an average value of 87.48%. This study has results that indicate that larger OEOIs will lead to a decrease in bank profits. OEOI called efficiency ratio, is used as a measure of efficiency and competence of banks carry out its operational activities (Dendawijaya, 2005). The results of this study in accordance with the fundamental signal theory where the higher the efficiency, affect the higher the profit obtained. The low OEOI indicates the high efficiency of operational costs incurred by Islamic banks. Income bank is influenced by the bank's efficiency ability to carry out its operations. Low OEOI value signifies the bank's operational activities run efficiently, so the profit obtained by the bank can increase.

The results of this study are in line with the theory of economies of scale which states that the cost advantages obtained by firms due to size, output, or scale of operations, with the cost per unit of output generally decreases with increasing scale (Moore, 1959). Improved yield scale or decreased costs arise due to technological and financial reasons. In the banking only technological reasons that can affect revenue, because the banks do not get discounts on raw material supply. Technology can make work more efficient so as to reduce costs. In addition to the existence of technology, the positive effect between size and ROA is also due to banks that have a large total assets has a relatively large total financing, so, that income on interest on credit (profit sharing) is relatively large too.

Malaysian Islamic Bank

Financing Malaysian Islamic banking is dominated by portfolio Ba'i Bithaman Ajil (BBA) and Murabahah (Natural centainty contract). Cash flow it can be predicted relatively certain because it has been agreed by both parties who transact early in the contract. These contracts offer a fixed and definite return, so they are fixed and predetermined. This product has a very low risk when compared to mudharabah and musyaraka financing, because ba'i have a certainty income, while mudaraba and musyaraka have a risk of default (Natural uncertainty contract). This is the reason why Malaysian Sharia Bank still has a high profit even though the financing are not high.

Malaysian Islamic bank invests closely and focuses on bank resilience, so NPF does not have a negative effect on bank profit. Syariah Bank Malaysia has an average NPF of 2.33% and has a maximum value of 4.59%, it can be said that the value is still at a safe limit. The maximum value of NPF of Malaysian Islamic bank is still below the maximum reference value of NPF in Indonesia which is 5%. When the NPF is still below the tolerance level and can still be controlled, the distribution of financing will not be reduced. Financing of Malaysian Islamic banking is dominated by portfolio Ba'i Bithaman Ajil (BBA) and Murabahah (Natural centainty contract). This product has a low risk compared to products that are natural uncertainty contract. The low value of NPF Bank Syariah Malaysia makes NPF will not negatively affect profitability. In addition to that reason, Malaysian Islamic bank also puts its funds on derivative investments in the form of securities, so that its profits can cover losses due to default.

The results of this study in accordance with the fundamental signal theory where the higher the efficiency affect the higher the profit obtained. High efficiency is illustrated with low OEOI value. The lower OEOI indicates the high efficiency of operational costs incurred by sharia banks. Bank income is influenced by the bank's efficiency ability to carry out its

operations. Low OEOI value signifies the bank's operational activities run efficiently, so the profit obtained by the bank can increase.

Rajan and Zingales (2001) explained that according to the theory of critical resources, the larger the scale of the firm then profitability also increases too, but at a certain point, size will eventually lower the firm's profit. The theory of critical resources focuses on the control by the owner of the firm on the firm's resources. Factors that determine the size of the firm are total assets, technology, or intellectual property. Malaysian Islamic bank has a higher size compared to Indonesia, because Malaysia is supported by its government policy. The Malaysian government puts state-owned enterprises funds in Islamic Banks, and puts a Haj savings deposit into a Sharia Bank. It makes Malaysian Islamic bank assets increasing. Firm size at the bank will require a lot of cost to run its operations, this can reduce the firm's profit. It can conclude that firm size has no significant effect on ROA variable.

Comparison between Indonesian Islamic Bank and Malaysian Islamic Bank

The results of this study are in line with contingency theory which says that there is no one best way to explain the organization and each way to run the organization its effectiveness is not the same (Galraith, 1973). According to Schott (1981) the best way to run an organization depends on the characteristics of the environment in which it relates. The most prominent difference between the Indonesian Islamic bank and Malaysian Islamic bank is the basis of the country, where Malaysia is an Islamic State while Indonesia is a State with Pancasila ideology. Malaysia has different characteristics, such as the economic system adopted, the characteristics of the population, the role of the government, the position of the sharia bank in the legislation, the school adopted by the majority of its Muslim population, and the chosen development strategy, thus impacting on the different effects on financial ratios. These differences lead to different management controls, and and differences in affect of size toward ROA.

Firm Size is obtained from Ln total assets, total assets of Indonesian Islamic bank and Malaysian Islamic bank has a very significant difference. In the fourth quarter of 2015 total assets of 4 Indonesian Islamic bank which became the object of this study is Rp157.489.214.000.000. Total Assets of 3 Malaysian Islamic bank amounted to RM257.451.022.000, or Rp 792.972.763.107.695 in Rupiah, this value is almost five times greater than total assets of Indonesian Islamic banks. It is happens because of differences in government policies of each State. The Malaysian government is very supportive of the development of Islamic banks in the country by placing state-owned enterprises funds and the savings of Haj funds in Malaysian Islamic banks. Significant difference in total asset value and proven by t test, it can conclude that the size of Indonesian Islamic bank and Malaysian Islamic bank have different averages so have different effect on ROA.

CONCLUSIONS

Conclusion

The results of data analysis and discussion in the previous chapter concluded that:

1. The results of hypothesis testing 1a show that FDR have a significant positive effect on the ROA of Indonesian Islamic bank, so hypothesis 1a can be accepted.
2. The results of hypothesis testing 1b show that FDR has no significant effect on ROA of Malaysian Islamic bank, so hypothesis 1b is unacceptable.

3. The result of hypothesis testing 2a shows that NPF has no significant effect to ROA of Indonesian Islamic bank, so hypothesis 2a can not be accepted.
4. The result of hypothesis testing 2b shows that NPF has a significant positive effect on ROA of Malaysian Islamic bank, so hypothesis 2b is unacceptable.
5. The result of hypothesis testing 3a shows that OEOI has significant negative effect to ROA of Indonesian Islamic bank, so hypothesis 3a is accepted.
6. The result of hypothesis testing 3b shows that OEOI has significant negative effect to ROA of Malaysian Islamic bank, so hypothesis 3b is accepted.
7. The results of hypothesis testing 4a shows that the firm size has a significant positive effect on the ROA of Indonesian Islamic bank, so hypothesis 4a accepted.
8. The result of hypothesis 4b test shows that firm size variable has no significant effect on ROA of Malaysian Islamic bank, so hypothesis 4b can not be accepted.
9. The chow-test test results can be concluded that there are differences in the effect of FDR, NPF, OEOI, and Size variables on ROA in Indonesian Islamic banks and Malaysian Islamic banks, so hypothesis 5 is acceptable.

Suggestion

Suggestion for future research is:

1. Adding the object of research on Syariah Bank Malaysia is Bank Malaysia Malaysia, Bank Muamalat Malaysia, CIMB Islamic Bank Berhad, Hong Leong Islamic Bank Berhad, Maybank Islamic Berhad, Public Islamic Bank Berhad, RHB Islamic Bank Berhad, so the results obtained more general in Country of Malaysia.
2. Adding variables that affect the Sharia Bank ROA such as Capital Adequacy Ratio (CAR), Net Operating Margin (NOM), bank age, and bank ownership so that the adjusted R square becomes larger.

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