

THE IMPACT THE INFLUENCE OF ISLAMIC BANKING HEALTH LEVEL TO THE LEVEL OF PUBLIC CONFIDENCE WITH THE PERFORMANCE BANKING AS AN INTERVENING VARIABLE: CASE STUDY ON ISLAMIC COMMERCIAL BANKS Period 2017-2021

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ABSTRACT

This research aims to determine the effect of 1) Risk profile on public trust, 2) Good Corporate Governance on public trust, 3) Earnings on public trust, 4) Capital on public trust and 5) Islamic banking performance on public trust. This research was conducted using a descriptive quantitative method supported by SPSS. For this reason, some important information is generated, namely 1) Risk profile has a negative but significant influence on public trust; 2) positive GCG has a good effect on public trust; 3) Earnings owned by Islamic banks have no influence on public trust; 4) Capital owned by Islamic banks has a connection or influence with public trust; 5) Between the performance of Islamic banking and trust, there is no influence between the two.

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1. INTRODUCTION

Islamic Bank is a bank whose banking system adheres to the principles of Sharia in accordance with the teachings of Islam. Islamic banks are banks whose activities are regulated by Sharia law by not charging interest to customers in their activities. The profit received by the bank and the customer depends on the mutual agreement. The development of Sharia banks in Indonesia is supported by 3 institutions, namely BI, National Sharia Council-Indonesian Ulema Council (DSN-MUI) and Sharia Accounting Committee-Indonesian Institute of accountants (KAS-IAI) (Harmain et al., 2019).

The development of Islamic banks in Indonesia showed very good results. Even now there is a parent who monitors the development of Islamic banks in Indonesia, namely BSI (Bank Syariah Indonesia). This good development is due to the many people who believe in the services and products of Islamic banks (Sesanti, 2017). When many people believe then the various services will be easily known by everyone. The most common system known by the public for Islamic banks is profit sharing so as not to aggravate customers in financing transactions later. Therefore, in order to be able to continue to survive well, good performance from Islamic banks is needed. In accordance with the research, the performance of Islamic banks has been good for a long time, namely from 1997 when there was an economic crisis through a system different from conventional (Haryanto et al., 2020).

This positive performance makes people believe that Islamic banks are able to manage the economy and run a better economy in the future. But it turns out that in the future there will be challenges associated with them. The challenge is in the form of partner trust related to Sharia and conventional banking

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competition (Tazkiyyaturrohmah, 2018). Kompetisi in the future will experience various problems even now there is digitization that they must understand as the progress of banking in Indonesia. Through digitization they are increasingly competitive in business activities. For that they must maximize their Islamic banking performance so that in the future they can succeed well. This was conveyed in a study stating that good performance was able to increase public confidence in Islamic banks (Kasmir, 2016). In order for them to be able to achieve good performance and higher trust from the community, the main step can be achieved by ensuring that Islamic banks are healthy or their health is well monitored.

The maximum health of the bank was able to increase the profits of Islamic banks and provide evidence that the performance is good. The level of Health is able to provide a positive image for Islamic banks and will be trusted by all parties (Susanto & Kholis, 2016). Therefore, this research will be conducted by taking into account the health of Islamic banks in Indonesia. To measure the health of the bank can be done with the RGEN method with several factors that become the main concern is the Risk profile, Good Cooperate Governance, Earning, and Capital (sum).

These four things can be a good basis for measuring the health of Islamic banks. This is in accordance with several previous studies that convey that the RGEN method is able to measure the health of bank syariah better than other methods because it includes various things or values. For it is able to assess more detail and specific (Ristiani & Santoso, 2018).

In accordance with that, this study will discuss the " influence of the level of banking health on the level of public confidence with the performance of Islamic banking as an Intervening variable: A Case Study on Islamic commercial banks for the period 2017-2021".

2. METHOD

2.1 Types of research

This research includes descriptive quantitative analysis research so that the results will be described or described properly to clarify or answer the phenomena that occur (Arikunto, 2019). All data collected will be statistical analysis to answer the influence of both variables of the study. For this reason, all data obtained will be arranged in accordance with the needs of the study which is then tested statistically F, and T test followed by path analysis test to determine the intervening variables. to take the results and conclusions of the study.

2.2 Location and Time of Research

A study of course requires a target in the form of research objects to collect data and clarify the research conducted. The object of research is needed because when there is no clear target object, the research will be difficult and there are obstacles (Sugiyono, 2019). That's because without good clarity they have an impact on the analysis they do. For this reason, the study is known as the population and sample. The research conducted will lead to several general sharia banks in Indonesia in the period 2017-2021. The determination is based on purposive sampling techniques with certain criteria such as being included in the category of Islamic banks, being included in the Financial Services Authority, having financial reports that have ratios. For that in accordance with the provisions that can be a sample of 10 Islamic bank companies. In accordance with the selected bank, the data will be tested to answer the formulation of the problem that has been submitted previously. The Data of the company's financial statements will be the basis of the analysis carried out to answer the problems presented.

2.3 Types of Research Data

The type of data used in this study is secondary data. Secondary Data is data obtained in ready-to-use form or can be used directly through publications and information published by various organizations or companies including issues of special journals and magazines used in Capital Markets, Banking and finance (Ruslan, 2010). For that in order to conduct research can be done well needed data sources and techniques in obtaining data or information. This study took data in the form of annual reports and their GCG reports in the period 2017-2021. The financial statements will be identified in accordance with the needs of research data. To make it easier to get it, what is done is by means of documentation so that

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through an effort to explore the source then download it and save the document to be used as much as possible for the research process carried out (Sugiyono, 2019).

3. RESULT AND DISCUSSION

This research was conducted at the Faculty of Economics and Business, University of HKBP Nommensen Medan with a total of 200 student respondents using SEM and the SmartPLS analysis method. Based on the results of data analysis and proof of the seven hypotheses proposed in the study entitled "The Impact of Shopping Attributes*Online* and Shopping Experience*Online* Against Customer Loyalty With Satisfaction As Mediation In*Ecommerce* Shopees". So this study concluded that the seven hypotheses proposed in this study are as follows: Shopping Attributes*Online* (X1) and Shopping Experience*Online* (X2) has a positive and significant effect on customer loyalty (Y) with satisfaction as a mediating variable (M). In accordance with the results of input data and information obtained from official sources OJK and summary of research results can be submitted to answer and clarify the results of this analysis and research. The results of the study will be presented later in the form of f Test, T test, coefficient of determination test and Path analysis. Everything will be conveyed clearly in accordance with the acquisition of SPSS analysis that has been done well. The first result is done to see how much this independent variable is able to explain each dependent variable tested with 5% significance. The results are presented in Table 1.

Table 1. T-test acquisition

Model	t	Sig.
Constant	1.96	0.05
NPF	0.12	0.89
GCG	-0.11	0.91
EARNINGS	1.08	0.28
CAPITAL	-2.42	0.02

Source: Pengolahan SPSS, 2023

In accordance with Table 1 states that the results that show a value of <0.05 can be stated to affect while the above is stated not to affect it. For this reason, the capital section has an influence on public trust, and others such as earning, GCG and risk profile have no effect on public trust.

Table 2. F Test Results

Model	F	Sig.
Regression	5,72	0.001
residual		
Total		

Source: Pengolahan SPSS, 2023

In accordance with the explanation presented Table 2 states that the value of the GIS can be evidence that this has an effect. It was submitted that the value <0.05. For this reason, in general conclusion, risk profile, GCG, Earning and capital have a good influence individually on public trust.

Table 3. Obtaining The Coefficient Of Its Determinant

Model	R	R Square
1	0.619	0.383

Source: Pengolahan SPSS, 2023

In accordance with the explanation presented Table 3 states that the value of R or coefficient of determination provides important information that there is a strong relationship or influence between banking health variables with public confidence it is because the results of R showed almost close to 1. While the results of the determination show that the health of banking has an influence on public trust only by 38.3% while the remaining 62.7% is caused by other factors outside the variables studied.

Table 4. Acquisition Path Analysis

Model	Unstd. coefficient		std. Coeffi	t	Sig.
	B	Std Error	Betas		
Constant	-2642,494	2018,744		-1.309	0.197
NPF	16099,661	26196,124	0.095	0.615	0.542
GCG	235,260	872,446	0.037	0.270	0.789
EARNINGS	1307,160	10763,140	0.017	0.121	0.904
CAPITAL	14216,528	3109,272	0.014	4,572	0.000

Source: Pengolahan SPSS, 2023

In accordance with Table 4 states the results that the constants of the calculation results with all independent variables of this study showed the same results. This means that when there is 1 development, the value of public trust will also increase by a number of these values. The results further stated that the risk profile is not able to increase public confidence because NPF has no effect on public confidence. Because GCG has no effect on banking performance, if there is an increase of 1 GCG value, it will not affect the results, in earnings, it is also unable to improve banking performance. And capital has an influence on the performance of Islamic banks.

5. CONCLUSION

In accordance with the results of research and calculations that have been carried out in accordance with existing research samples through the collection, processing and analysis of data on the influence of the health level of Islamic banking (RGEC) on public trust (DPK) with the performance of Islamic banking (PSR) as an intervening variable, the appropriate conclusions in this study are 1) Risk profile has; 3) Income owned by Islamic banks has no influence on public trust; 4) Capital owned by Islamic banks has a link or influence on public trust; 5) between the performance of Islamic banking and trust has no influence between the two. The results provide evidence that Islamic banks must meet the criteria of sound and maintain public trust by realizing good performance.

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