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Determinants of financial performance and stock value in sharia and conventional bank

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ABSTRACT

The COVID-19 pandemic has adversely affected the economy, leading to a decrease in the financial resources available to borrowers and the implementation of rules that restrict access to funding. The objective of this study is to analyze the factors that influence the financial performance and stock value of Sharia and conventional commercial banks that are publicly traded on the Indonesia Stock Exchange. The secondary data source consists of annual bank financial reports spanning the period from 2017 to 2021. The application of Multiple Linear Regression with SPSS and SEM is utilized in testing. The Mann Whitney Test was employed to conduct the difference test. This study discovered disparities in the factors that influence profitability and share value between Sharia and regular banks. The findings indicate that the factors CAR, FDR, BOPO, and NPL have a limited impact on the ROA of Islamic banks. Conventional banks demonstrate that the capital adequacy ratio (CAR) and the loan-to-deposit ratio (FDR) do not impact the return on assets (ROA). However, the operating expenses to operating income ratio (BOPO) and the non-performing loans ratio (NPL) have a detrimental influence on ROA. Additional research indicates that CAR has a favorable impact on the stock value of Islamic banks, but it does not have any influence on the stock value of conventional banks. Moreover, the ROA positively impacts the share value of conventional banks, while it does not have any influence on the share value of Islamic banks. In addition, the research findings indicate that the ROA does not serve as a mediator for the impact of CAR on the value of shares, regardless of whether it is in Islamic or conventional banks. Banking management must enhance control over BOPO and NPL while increasing CAR to boost profitability and share value.

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INTRODUCTION

The banking sector has made substantial advancements in parallel with advancements in industrial and commercial technology (Indonesia Financial Services Authority, 2017). The service facilities and supporting equipment for banking services are becoming more comprehensive and advanced. The banking sector in Indonesia comprises Central Banks,

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Commercial Banks, and Rural Banks (BPR) (President of Indonesia, 1992). The categories of commercial banks comprise of Conventional and Sharia Commercial Banks. Conventional banks encompass commercial banks and BPRs, whilst sharia banks encompass Sharia Commercial Banks and BPRS (President of Indonesia, 1998).

Sharia and conventional banks serve the same purpose of offering financial transaction services (Bank of Indonesia, 1992). The distinction lies in the fact that sharia banks include religious values and Islamic law into their philosophy and operating framework. The fundamental distinction lies in the fact that conventional banks employ an interest-based structure, whereas sharia banks adhere to a profit-sharing model. Amidst a wider conservative tendency, there has been a substantial increase in the number of sharia banks in Indonesia. Between the end of 2018 and March 2021, the amount of savings in Islamic banks witnessed a remarkable 80% surge, surpassing the 18% rise observed in conventional banks. Financing has a more rapid rate of expansion compared to the growth of conventional loans.

In a webinar, Indonesian Minister of Finance Sri Mulyani Indrawati stated that at the beginning of this year, there was a prevalent perception in sharia economics that bank loans were equivalent to usury. "Indeed, the Koran allows for borrowing, provided that it is conducted with caution and accurately documented." (Kurniawan, 2021). Due to the swift progress in technology, bank services are constantly evolving. These services encompass a wide range of functions, including currency exchange, fund transfers, collection of payments, clearing transactions, safekeeping of valuable assets like gold and vital papers, management of shares, tax payments, power payments, and various other banking services. Banks are continuously enhancing their services, which include the provision of plastic cards, ATMs, and facilitating both domestic and international payments for the general population. In addition to requesting improved facilities, they also insist on the allocation of expert resources to enhance the financial performance of the bank and foster public trust.

Despite a minor decline from 1.73 in 2019 to 1.35 in 2020, the sharia banking industry's performance is on the rise. The decrease in Return on Assets (ROA) was purportedly attributed to the influence of the COVID-19 epidemic, but, the Balance of Payments Operations (BOPO) ratio remains within the optimal range (Healthy). This performance indirectly demonstrates that banks have a role beyond merely offering financial services. They also make a significant contribution to the country's economy by generating more foreign exchange. The onset of the Corona Virus, capable of causing significant disruptions to human well-being, originated in Wuhan, China towards the conclusion of 2019, subsequently proliferating swiftly over the globe (COVID-19 pandemic).

According to the data from the COVID-19 Handling Task Force, Indonesia had a total of 24,544 active COVID-19 cases as of Sunday, October 30, 2022. Currently, the daily tally of COVID-19 cases has surged to 6.49 million. A cumulative of 158,600 individuals perished, whereas 6.31 million individuals were officially pronounced as having recovered. The Indonesian government is employing measures to uphold public health and curb the

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transmission of COVID-19, including the enforcement of limits on public activities such as social distancing and work from home (WFH) legislation (Darmawan, 2022). The COVID-19 epidemic caused a decline in various business sectors, including tourism, transportation, hotels, banking, and the capital market. The global economic growth rate had a significant and simultaneous decline, not just in Indonesia but also in all countries worldwide, eventually reaching negative values.

The economic downturn resulting from the COVID-19 pandemic has adversely affected the financial performance of enterprises operating in the manufacturing, trade, financial services, and banking sectors. This scenario led to a decline in bank productivity due to sluggish financial transaction volume. In addition, as part of the government's strategy to manage the COVID-19 pandemic, they have implemented measures to restrict credit and halt bank loans, resulting in a continuous decrease in financial circulation within the banking sector. Consequently, it is imperative for every organization to implement measures aimed at preserving liquidity and solvency in order to ensure their survival. Amidst the COVID-19 pandemic that began in late 2019, the stock price index experienced volatility with a general downward trend. Numerous shares witnessed a decline in value during this period, although certain issuers in the pharmaceutical/health sector, including sharia bank shares, saw a significant increase in their share prices.

The expansion of the Islamic capital market has exhibited significant acceleration in the past decade. The number of sharia-compliant shares experienced a 56.7 percent growth, rising from 314 shares in 2011 to 493 shares in September 2022. In Indonesia, there are now five stock indexes that adhere to sharia principles. These include the ISSI index (Indonesian Sharia Stock Index), JII (Jakarta Islamic Index), JII70 (Jakarta Islamic Index 70), IDX-MES BUMN Index 17, and IDX Sharia Growth Index. The activity of Sharia stock transactions has witnessed a notable increase, evident from the annual growth rate of 9.8 percent in the average daily transaction value. Specifically, it has risen from IDR 3.03 trillion per day in 2012 to IDR 7.74 trillion per day in September 2022 (Media Indopos, 2022).

BRIS's is one of the Sharia banks whose share price has experienced significant growth. On February 1, 2021, BNI Syariah, Bank Syariah Mandiri, and BRI Syariah combined to form a new entity known as Bank Syariah Indonesia (BSI). PT Bank Syariah Indonesia Tbk, the resulting bank, currently possesses total assets amounting to 240 trillion Rupiah. Sharia Bank is ranked as the seventh largest bank in Indonesia based on the value of its assets. The stock price on February 3, 2021, was listed on the stock exchange at IDR 2,750 per share, indicating a fivefold gain compared to the initial public offering (IPO).

According to the research conducted by Baber (2018), it was found that Islamic finance demonstrated resilience and consistency during the global financial crisis. However, the recent financial crisis has presented several theoretical and practical challenges that question the ability of Islamic finance to adapt and withstand such crises. economic downturn. The study conducted by Hawaldar *et al.* (2017) examines the financial performance of Islamic and conventional banks in Bahrain, specifically in terms of costs and

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income. The findings indicate that both types of banks demonstrate satisfactory performance in Bahrain.

In their study, Pepis and de Jong (2019) discovered that adhering to Sharia principles has a beneficial impact on long-term financial success, as demonstrated by an augmentation in the value of return on assets (ROA) and return on sales (ROS). Nevertheless, the application of Sharia-compliant investment strategies yields varied outcomes in terms of stock return performance (Karim et al., 2014). According to Sholihin *et al.* (2021), it was determined that Sharia Compliance alone is insufficient for assessing the effects of restructuring Islamic bank products and gauging customer psychology regarding compliance. To address this issue, it is necessary to shift the paradigm towards "preventing exploitation" by implementing a customer exploitation index.

Dwilita and Tambunan (2019) demonstrate that in the Indonesian capital market, Sharia Banks have a higher CAR value compared to Conventional Commercial Banks. The NPL of Conventional Commercial Banks is slightly better than that of Sharia Commercial Banks. The ROA of Conventional Commercial Banks is higher than that of Sharia Commercial Banks, although the difference is not significant. The BOPO value of Conventional Commercial Banks is better than that of Sharia Commercial Banks. Additionally, the FDR of Sharia Banks is higher than that of Conventional Commercial Banks, but the difference is insignificant. These findings are consistent with the research conducted by Setiawan (2017), which demonstrates that the conventional stock market yields higher returns than the sharia market across all observed time periods.

Empirical investigations and research competitions comparing the financial and capital market performance of Islamic and conventional banks have revealed disparities in their observations and outcomes. This study aims to examine the disparities in financial performance and share value between conventional commercial banks and Islamic banks amidst the COVID-19 pandemic. The variables examined consist of Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Operating Costs to Operating Income (BOPO), Not Performing Financing (NPF), Return on Assets (ROA), and share value. The aim of this research is to make a valuable contribution, particularly to stakeholders, in order to assist them in decision-making. This research specifically aimed to ascertain the relative impact of the factors that determine financial performance and share prices in Islamic banks and conventional banks.

METHODS

The study employed a quantitative approach to measure financial performance. Quantitative research refers to a research approach that follows the positivist ideology. It involves studying populations or samples, collecting data using research instruments, and analyzing the data using quantitative and statistical methods to test hypotheses (Sugiyono, 2019). This test utilizes quantitative data obtained from financial reports published on the official websites of both Sharia Commercial Banks and Conventional Banks. The secondary data sources consist of financial reports from both Sharia banks and conventional banks

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that are officially registered with the Financial Services Authority (OJK) for the period spanning from 2017 to 2021.

Population and Sample

This study utilized secondary data obtained from many sources such as books, periodicals, journals, newspapers, the internet, and other relevant resources. The necessary data comprises the Financial Balance Sheet, Profit and Loss Report, Productive Asset Quality Report, Calculation of Minimum Capital Requirements, and Financial Overview.

Variable Measurement

1. Capital ratio, using the CAR ratio (Capital Adequacy Ratio)
   CAR = Risk Weighted Assets (RWA) : Bank Capital
2. Productive asset quality ratio, using the NPL (Non Performing Loan) ratio.
   NPL = Total of All Loans : Total of Non-Performing Loans
3. Profitability Ratio, using ROA (Return on Assets) and ROE (Return on Equity)
   ROA = Net Profit : Total Assets
4. The bank's cost/efficiency ratio, which is represented by the BOPO ratio variable
   BOPO = Operational Income : Operational Costs
5. Liquidity Ratio, which is represented by the LDR (Loan to Deposit Ratio) ratio variable.
   LDR = Third Party Funds : Total Credit Provided

The financial report data for Sharia and Conventional banks is obtained from the websites www.ojk.go.id and www.idx.go.id. The procedure of analyzing research data involves utilizing SPSS multiple linear regression analysis to examine the impact of financial parameters on both profit growth and firm valuation. This study employs Structural Equation Modeling (SEM) to assess the association between variables that involve an intervening factor. Subsequently, the data feasibility test was conducted utilizing the Classical Assumption test. If the distribution is not normal, the Mann-Whitney test will be employed. Ghozali (2009) states that the traditional assumption test is conducted to assess the validity of study results. The classical assumption tests encompass assessments of normality, multicollinearity, heteroscedasticity, and autocorrelation.

Goodness of Fit Test

1. Hypothesis testing (T-test) is used to determine the effect of independent variables in the form of CAR, NPF, BOPO and FDR on the dependent variables ROA and Company Value.
2. F Statistical Test (F-test) to determine the influence of the overall independent variables CAR, BOPO, and FDR on the dependent variables ROA and Company Value.

RESULTS AND DISCUSSION

This study investigated the impact of the financial parameters CAR (Capital Adequacy Ratio), NPF (Non-Performing Financing), BOPO (Operating Expenses to Operating Income), and FDR (Funds to Deposits Ratio) on the financial performance (Return on Assets - ROA) of both sharia banking and conventional commercial banks throughout the period of 2017-2021.

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Interpretation of Multiple Linear Regression

The Table 1 presents statistics on the factors of Bank Syariah Indonesia's financial performance, which has been estimated.

Table 1. CAR, FDR, BOPO, ROA, and NPL Value Based on Group

Group		CAR	FDR	BOPO	ROA	NPL	Value
Sharia	N	20	20	20	20	20	15
	Minimum	11.51	.00	56.16	-10.77	.00	2.29
	Maximum	390.50	111.71	428.40	13.58	466.53	4250.00
	Std. Deviation	111.20305	30.95273	88.05084	6.80082	131.15058	1583.80900
	Mean	80.9995	76.2406	120.1685	3.4395	70.0210	934.0453
Conventional	N	20	20	20	20	20	20
	Minimum	16.80	79.70	66.48	.13	1.90	2.46
	Maximum	25.28	113.50	98.12	3.69	4.78	9900.00
	Std. Deviation	2.01746	8.51801	9.82247	1.08487	.81080	2920.97446
	Mean	20.1240	90.7920	77.5485	2.1570	3.0215	3573.0510
Total	N	40	40	40	40	40	35
	Minimum	11.51	.00	56.16	-10.77	.00	2.29
	Maximum	390.50	113.50	428.40	13.58	466.53	9900.00
	Std. Deviation	83.52672	23.58800	65.49689	4.85054	97.62708	2748.91687
	Mean	50.5617	83.5163	98.8585	2.7983	36.5213	2442.0486

Table 2. CAR, FDR, BOPO, ROA, and NPL Value Based on Year

Result of Normality Test

Prior to conducting a difference test, it is advisable to first assess the normality. The normality test yielded a significance level (sig) of 0.000 for the five variables, indicating that sig < 0.05. Therefore, based on this result, it can be concluded that the variables are not normally distributed. The normal distribution is only observed in the stock price variable (Table 3).

Result Npar Test

Table 3. Result of One-Sample Kolmogorov-Smirnov Test

		CAR	FDR	BOPO	ROA	NPL	Value
N		40	40	40	40	40	35
Normal Parameters[a,b]	Mean	50.5618	83.5163	98.8585	2.7983	36.5212	2442.0486
	Std. Deviation	83.52672	23.58800	65.49689	4.85054	97.62708	2748.91687
Most Extreme Differences	Absolute	.366	.234	.371	.211	.477	.262
	Positive	.366	.153	.371	.202	.477	.262
	Negative	-.320	-.234	-.257	-.211	-.354	-.187
Test Statistic		.366	.234	.371	.211	.477	.262
Asymp. Sig. (2-tailed)		.000[c]	.000[c]	.000[c]	.000[c]	.000[c]	.000[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The Mann Whitney test, a non-parametric test, was used to analyze the normality test results. Additionally, the findings of the Independent T Test are also shown in Table 4..

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Table 4. Result of T-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
CAR	Equal variances assumed	21.915	.000	2.448	38	.019	60.87550	24.86985	10.52912	111.22188
	Equal variances not assumed			2.448	19.013	.024	60.87550	24.86985	8.82463	112.92637
FDR	Equal variances assumed	9.337	.004	-2.027	38	.049	-14.55138	7.17854	-29.08357	-.01919
	Equal variances not assumed			-2.027	21.861	.055	-14.55138	7.17854	-29.44423	.34147
BOPO	Equal variances assumed	14.112	.001	2.151	38	.038	42.62000	19.81090	2.51494	82.72506
	Equal variances not assumed			2.151	19.473	.044	42.62000	19.81090	1.22336	84.01664
ROA	Equal variances assumed	31.204	.000	.833	38	.410	1.28250	1.53994	-1.83494	4.39994
	Equal variances not assumed			.833	19.966	.415	1.28250	1.53994	-1.93010	4.49510
NPL	Equal variances assumed	30.800	.000	2.285	38	.028	66.99950	29.32672	7.63066	126.36834
	Equal variances not assumed			2.285	19.001	.034	66.99950	29.32672	5.61828	128.38072
Nilai	Equal variances assumed	2.285	.140	-3.160	33	.003	-2639.00567	835.02749	-4337.88187	-940.12946
	Equal variances not assumed			-3.425	30.463	.002	-2639.00567	770.60668	-4211.79240	-1066.21893

Based on the estimation findings obtained from the data processing, it is evident that there is a significant disparity between Islamic and conventional banks when the significance value is less than 0.05. The aforementioned findings indicate that Islamic and conventional banks exhibit considerable disparities in CAR, FDR, BOPO, NPL, and Value. However, there is no significant distinction observed in the ROA variable between the two types of banks.

Result of Mann Whitney Test

Prior The Mann Whitney Test will demonstrate a significant difference between Islamic and conventional banks, with a significance value of less than 0.05 (Table 5). The test results indicate considerable disparities between Islamic and conventional banks in terms of CAR and Share Value. Nevertheless, the metrics FDR, BOPO, ROA, and NPL do not exhibit any substantial disparities between Islamic and conventional banks.

Table 5. Result of Mann Whitney Test

	CAR	FDR	BOPO	ROA	NPL	Value
Mann-Whitney U	117.000	151.000	135.000	195.000	162.000	76.000
Wilcoxon W	327.000	361.000	345.000	405.000	372.000	196.000
Z	-2.245	-1.325	-1.758	-.135	-1.029	-2.467
Asymp. Sig. (2-tailed)	.025	.185	.079	.892	.303	.014
Exact Sig. [2*(1-tailed Sig.)]	.024[b]	.192[b]	.081[b]	.904[b]	.314[b]	.013[b]
a. Grouping Variable: Kelompok						
b. Not corrected for ties.						

The subsequent findings are the outcomes of data processing integrated through the use of Structural Equation Modeling (SEM) (Figure 1).

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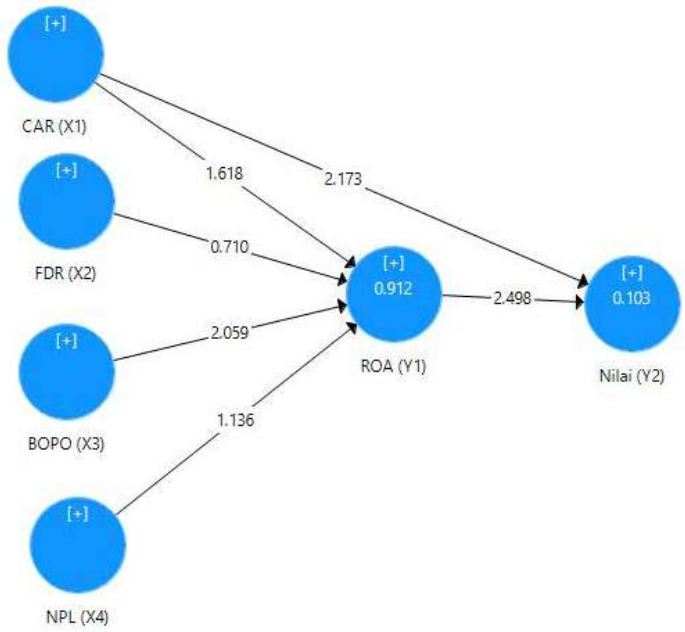

Figure 1. SEM Model

Result of Partial Test

According to the data processing findings provided, it is evident that the capital adequacy ratio (CAR) does not have a significant impact on the return on assets (ROA) (Sig 0.106 > 0.05). Similarly, the loan-to-deposit ratio (FDR) does not have a significant influence on ROA (Sig 0.478 > 0.05). The NPL variable does not have a significant impact on ROA, as indicated by the non-significant p-value of 0.478 (> 0.05). BOPO has a significant impact on ROA (p-value 0.040 < 0.05) with a coefficient of -1.355, indicating a negative influence. The relationship between BOPO and profitability (ROA) can be understood as follows: as the BOPO increases, the profitability decreases, and conversely, as the BOPO decreases, the profitability increases. Upon examining the factors that determine share value, the findings indicate that CAR significantly affects the value (Sig 0.03 < 0.05). The ROA variable significantly influences the value (Sig 0.013 < 0.05) with a coefficient value of 0.310, showing a positive influence. The relationship between the ROA value and the share value may be understood as follows: when the ROA value increases, the share value also increases, and conversely, when the ROA value decreases, the share value also decreases (Table 6).

The findings of this study exhibit notable parallels with the research conducted by Fajari and Sunarto (2017) prior to the pandemic. Their study demonstrated that the BOPO variable had a substantial adverse impact on ROA, whereas the NPL variable had a considerable favorable impact on ROA. However, both CAR and LDR do not impact ROA. This suggests that the performance of bank management has not effectively utilized the capital funds that are available in order to maximize profitability. The research conducted by Pinasti and Mustikawati (2018) reveals that the Capital Adequacy Ratio (CAR) has a negligible and adverse impact on profitability, whereas the Non-Performing Loans (NPL)

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have a negligible and favorable impact on profitability. Conversely, the BOPO variable exerts a detrimental and statistically significant impact on profitability.

Table 6. Result of Partial Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
BOPO (X3) -> ROA (Y1)	-1.355	-1.298	0.658	2.059	0.040
CAR (X1) -> Value (Y2)	-0.250	-0.279	0.115	2.173	0.030
CAR (X1) -> ROA (Y1)	1.515	1.353	0.936	1.618	0.106
FDR (X2) -> ROA (Y1)	0.055	0.028	0.077	0.710	0.478
NPL (X4) -> ROA (Y1)	0.248	0.224	0.218	1.136	0.257
ROA (Y1) -> Value (Y2)	0.310	0.373	0.124	2.498	0.013

The data indicate that there is no significant influence of CAR on Value through ROA (p-value 0.150 > 0.05). This finding is noteworthy as past examinations in this investigation indicated that CAR exerted a favorable impact on VALUE, and similarly, ROA likewise shown a good influence on Value. These findings indicate that both liquidity (CAR) and profitability (ROA) have an impact on the value of shares. However, it is important to note that profitability (ROA) does not act as a mediator between liquidity (CAR) and share value. These findings indicate that the two independent variables have a somewhat beneficial impact on share value, as demonstrated by the results of this study.

Coefficient of Determination (Sharia Bank)

Table 7. R Square (Mean, STDEV, T-Values, and P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Value (Y2)	0.103	0.127	0.054	1.893	0.059
ROA (Y1)	0.912	0.942	0.041	22.471	0.000

The data processing results indicate that CAR, FDR, BOPO, and NPL have a significant impact on ROA, accounting for 91.2% of its variation. Both CAR and ROA have the capacity to exert a 10.3% impact on value. The findings of this research indicate that there is a relationship between liquidity, profits, and share value. Specifically, increasing liquidity and profits can potentially lead to a rise in share value, and vice versa. However, it is important to note that the impact of these factors on share value is not statistically significant based on the results of this study. Upon analyzing the results, this study determined that the CAR and ROA variables have a partially favorable impact on Value. However, it was observed that ROA does not act as a mediator between CAR and Value.

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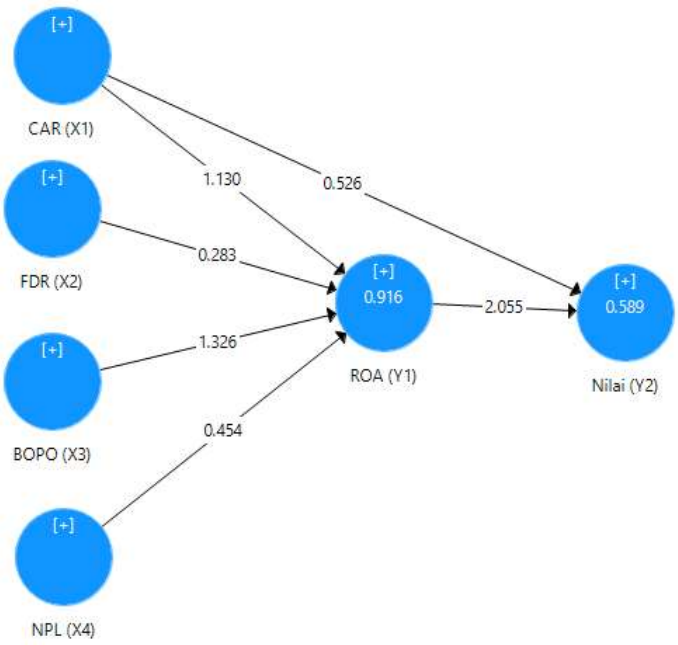

Figure 2. SEM Model of Sharia Bank

Table 8. Path Coefficients (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
BOPO (X3) -> ROA (Y1)	-1.375	-1.448	1.037	1.326	0.185
CAR (X1) -> Nilai (Y2)	-0.321	-0.032	0.611	0.526	0.599
CAR (X1) -> ROA (Y1)	1.595	1.575	1.412	1.130	0.259
FDR (X2) -> ROA (Y1)	0.110	0.121	0.389	0.283	0.778
NPL (X4) -> ROA (Y1)	0.166	0.122	0.365	0.454	0.650
ROA (Y1) -> Nilai (Y2)	0.821	0.608	0.399	2.055	0.040

The results indicate that CAR does not have a significant impact on ROA (p-value 0.259 > 0.05), and similarly, FDR does not have a significant impact on ROA (p-value 0.778 > 0.05). The test findings indicate that the BOPO variable does not significantly impact the ROA, as the p-value (0.185) is greater than the significance level of 0.05. Similarly, the NPL variable does not have a significant effect on the ROA, as the p-value (0.650) is also greater than 0.05. Upon examining the factors influencing share value, the findings indicate that CAR does not have a significant impact on value (p-value 0.599 > 0.05). Nevertheless, the return on assets (ROA) significantly affects the value (p-value 0.040 < 0.05) with a coefficient of 0.821, indicating a positive impact.

These data indicate that CAR, FDR, BOPO, and NPL have a limited impact on ROA. In addition, the CAR variable does not impact the value of Islamic banks, but the ROA variable has a favorable influence on value. The relationship between the ROA value and the share

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value is such that an increase in the former leads to an increase in the latter, and conversely. The findings of the structural equation modeling (SEM) test conducted on this sharia bank demonstrate a discrepancy compared to the results of the combined SEM test, which was performed in a separate analysis presented in table 9 using the Mann Whitney Test. The findings are consistent with the research conducted by Pratiwi and Diana (2021) for the period of 2015-2019, prior to the pandemic. Their study revealed that CAR did not have a significant impact on ROA, although NPF and BOPO had a partial influence on ROA.

Table 9. Specific Indirect Effects (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CAR (X1) -> ROA (Y1) -> Nilai (Y2)	1.309	1.270	1.402	0.934	0.351

These findings indicate that the CAR variable does not have a significant impact on the Value variable through the ROA variable (p-value 0.351 > 0.05). Therefore, it can be concluded that the return on assets (ROA) does not act as a mediator in the impact of the capital adequacy ratio (CAR) on the value of shares in Sharia Banking. Based on the financial report data, it is evident that Islamic banks have seen a faster rate of asset growth compared to conventional banks. Additionally, the share value of Islamic banks has outperformed that of conventional banks throughout the COVID-19 pandemic.

Coefficient of Determination (Conventional Bank)

The coefficient of determination (R2) quantifies the extent to which the model can account for the variability in the dependent variables. A high R2 value indicates that the independent factors account for a significant portion of the variability in the dependent variable, suggesting that they are highly informative for predicting its changes (Table 10).

Table 10. R Square (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Nilai (Y2)	0.589	0.704	0.166	3.554	0.000
ROA (Y1)	0.916	0.954	0.038	23.883	0.000

According to Table 10, CAR, FDR, BOPO, and NPL have a significant impact on ROA, accounting for 91.6% of its variation. Both CAR and ROA have a significant impact on value, accounting for 58.9% of its variation. Referring to the previous results, it is evident that only ROA has a significant impact on value, whereas CAR does not have any effect on value. Therefore, it can be inferred that ROA has a greater impact on the share value of Islamic banks in this scenario.

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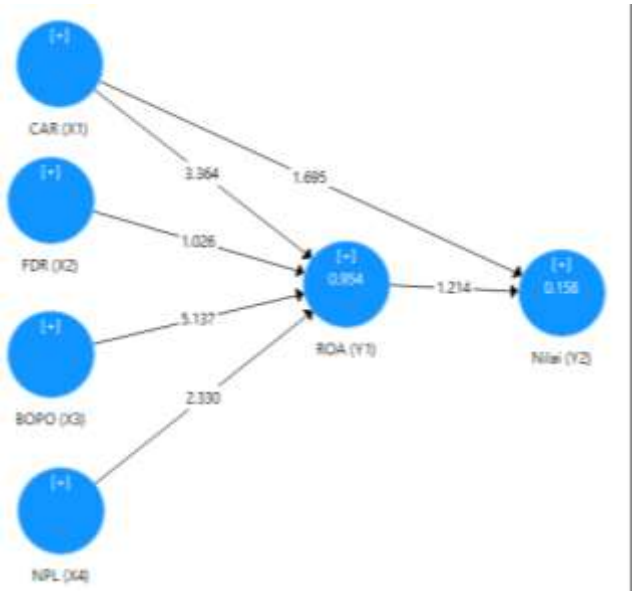

Figure 3. SEM Model of Conventional Bank

The data processing results indicate that CAR does not have a significant impact on ROA (p-value 0.091 > 0.05), and similarly, FDR does not have a significant impact on ROA (p-value 0.306 > 0.05). The BOPO variable significantly influences the ROA variable (Sig 0.000 < 0.05) with a coefficient value of -0.650, indicating a negative direction of influence. Consequently, an increase in the BOPO value will result in a drop in the ROA value, and conversely. The NPL variable significantly affects ROA (p-value 0.020 < 0.05) with a coefficient value of -0.219, indicating a negative influence. Consequently, if the NPL value increases, the ROA value will correspondingly fall, and conversely, as the NPL value decreases, the ROA value will increase. In addition, the examination of the factors influencing share value reveals that CAR has a significant impact on value (Sig 0.225 < 0.091), although ROA does not have a significant effect on value (Sig 0.225 > 0.05) (Table 11).

Table 11. Path Coefficients (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
BOPO (X3) -> ROA (Y1)	-0.650	-0.636	0.127	5.137	0.000
CAR (X1) -> Nilai (Y2)	-0.555	-0.510	0.328	1.695	0.091
CAR (X1) -> ROA (Y1)	0.251	0.270	0.075	3.364	0.001
FDR (X2) -> ROA (Y1)	0.071	0.071	0.069	1.026	0.306
NPL (X4) -> ROA (Y1)	-0.219	-0.231	0.094	2.330	0.020
ROA (Y1) -> Nilai (Y2)	0.378	0.346	0.311	1.214	0.225

Table 12 indicates that there is no significant impact of CAR on Value through ROA (with a significance level of 0.344, which is greater than the threshold of 0.05). These

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findings indicate that the return on assets (ROA) does not act as a mediator in the relationship between capital adequacy ratio (CAR) and share value. Therefore, fluctuations in Profitability (ROA) do not act as a mediator in the correlation between CAR and share value. This suggests that fluctuations in share value are not impacted by fluctuations in present assets, but rather by variations in profitability levels. The absence of ROA's impact on the valuation of conventional bank stocks aligns with the findings of Permana *et al.* (2022), which demonstrates that, prior to the pandemic, variables such as CAR, ROA, LDR, and NPL ratio exerted a substantial influence on the values of conventional banking shares. During the pandemic era, the variables that had a notable impact on banks share prices were Capital Adequacy Ratio (CAR), Net Interest Margin (NIM), Loan-to-Deposit Ratio (LDR), and Non-Performing Loan (NPL) ratio.

Table 12. Specific Indirect Effects (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CAR (X1) -> ROA (Y1) -> Nilai (Y2)	0.095	0.092	0.100	0.947	0.344

CAR, FDR, BOPO, and NPL have a significant impact on ROA, accounting for 95.3% of its variation. Both CAR and ROA have a significant impact on value, accounting for 15.8% of the variation (Table 13). Referring to the previous results, it is evident that only NPL has a significant impact on ROA, whereas BOPO has a detrimental influence on ROA. Only the CAR variable has a significant impact on the value of conventional bank shares, while ROA has little influence. In this scenario, it may be inferred that CAR has a greater impact on the value of conventional bank shares.

Table 13. R Square (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Nilai (Y2)	0.158	0.220	0.142	1.109	0.268
ROA (Y1)	0.954	0.963	0.013	70.745	0.000

CONCLUSION

Based on the results and discussion, we concluded that: The Mann Whitney Test revealed large disparities in CAR and share value between Islamic banks and mainstream banks. Nevertheless, Islamic and conventional banks do not exhibit any noteworthy disparities in terms of FDR, BOPO, ROA, and NPL. Based on SEM of sharia bank outcomes, the variables CAR, FDR, BOPO, and NPL do not impact profitability, specifically the return on assets (ROA). The ROA variable exerts a favorable impact on share value, but CAR does not have any affect on the share value of Islamic banks. Additional findings indicate that the ROA variable does not act as a mediator for the impact of CAR on the share value of Islamic banks. The Determination Coefficient, as determined using Structural Equation Modeling (SEM) analysis on conventional banks, reveals that the variables CAR, FDR, BOPO, and NPL collectively account for 91.6% of the influence on ROA. Additionally, CAR and ROA together account for 58.9% of the influence on the value of Islamic bank shares. Based of

SEM of conventional banks, the variables CAR and FDR do not exert any influence on the variable ROA. The factors of Bank-Owned Properties and Non-Performing Loans have a partially detrimental impact on Return on Assets. The CAR variable exerts an influence on share value, whereas ROA does not have any impact on share value. In addition, it should be noted that ROA does not play a role in mediating the impact of CAR on the value of conventional bank stocks. The coefficient of determination in the structural equation modeling (SEM) test results for conventional banks indicates that CAR (Capital Adequacy Ratio), FDR (Funding Dependency Ratio), BOPO (Operating Efficiency Ratio), and NPL (Non-Performing Loan Ratio) collectively have a 95.3% influence on ROA (Return on Assets). Additionally, CAR and ROA have a 15.8% influence on the value of conventional bank shares.

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