

THE EFFECTS OF BANK SOUNDNESS WITH THE RBBR APPROACH (RISK BASE BANK RATING) OF COST EFFICIENCY AND ITS IMPLICATIONS ON SHARIA BANK PERFORMANCE IN INDONESIA FOR THE PERIOD OF 2012 - 2016

Nardi Sunardi¹, Erika Augusta², Abdul Kadim³, Muliahadi Tumanggor⁴ and Bulan Oktrima⁵

^{1,4,5} Lecturer of Universitas Pamulang, Indonesia

² Curtin University, Perth, Australia

³ Lecturer of Universitas Persada Indonesia Y.A.I Jakarta, Indonesia

Correspondent Author: e.augusta26@gmail.com

Abstract: Bank soundness will provide great benefits for banks to get the trust of customers in the bank institution. This study aims to determine the partial and simultaneous effects between Risk Profile (FDR), Good Corporate Governance (GCG), Earnings (NIM), and Capital (CAR) simultaneously have a significant effect on Cost Efficiency Implication of Sharia Bank Performance. The population in this study is all Sharia Bank in Indonesia on periode 2012 until 2016. The samples in this study are 11 banks in accordance with established criteria. Regression analysis was performed based on data panel analysis result. This research concludes some of the following: (1) Variable Risk Profile (FDR) has negative and significant effect to Cost Efficiency, (2) Good Corporate Governance (GCG) has negative and insignificant effect to Cost Efficiency, (3) Earnings (NIM) negatively and significantly affects cost efficiency (4) Capital (CAR) has negative and significant effect to Cost Efficiency, (5) Risk Profile, GCG, Earnings, and Capital simultaneously has positive and significant effect to Cost Efficiency supported by the variable of cost efficiency, equal to 0.939640, or 93.96 percent. (6) Risk Profile negatively and insignificantly affect Bank Performance (7) Good Corporate Governance (GCG) positively and significantly affect Bank Performance (8) Earnings (NIM) has negative and significant effect to Bank Performance (9) Capital (CAR) positively dan insignificantly affect Bank Performance (10) Cost Efficiency (BOPO) negatively and significantly affect Bank Performance, (11) Risk Profile, GCG, Earning, Capital (RBBR) and Cost Efficiency simultaneously and positively affect the performance of Indonesia Public Sharia Bank period 2012-2016, and supported by the variables of 0.952372 or 95.23 percent.

Keywords: Bank Soundness Rates, RBBR, BOPO, ROA.

A. INTRODUCTION

Bank is a financial institution that has important role in running economic activities of a country whose development is increasingly complex. In general, banks in Indonesia consist of conventional banks and sharia banks. Nowadays, many conventional banks have converted to sharia banks to attract customers as much as possible. Some of the reasons why conventional banks glance and even alter to establish sharia banks are because

the majority of the populations in Indonesia are Moslem in which they have been aware of the hazard on the interest of conventional banks which MUI have issued fatwa upon it. Sharia banks adopt a profit-sharing system that is believed to be more profitable than interest of conventional banks.

The BOPO variable is a ratio that reflects the level of bank efficiency. Efficiency becomes the key word in today's business competition. Efficiency is an important

indicator in measuring the overall performance of a company's activities. Efficiency for a bank is an important aspect to be considered in the effort to realize the financial performance of a healthy and sustainable bank. Measurement of bank efficiency can be used by comparing Operational Cost and Operating Income (BOPO). This performance is a measure of efficiency commonly used to assess the efficiency of banking performance (Wijayanto, Andi and Sutarno, 2010). The greater the BOPO of a bank shows the greater the amount of operating costs, so it tends to lower the profitability of the bank and vice versa. The smaller BOPO of a bank shows the more efficient, so that profitability will be higher. High efficiency banks show that banks are more effective in running their businesses.

The graph below shows the development of BOPO and ROA of sharia banking during the period of 2012-2016. The graph shows that the movement of both BOPO and ROA ratio are in contrast; it means that the increase in BOPO ratio causes the ROA ratio of Public Sharia Bank (BUS) to decrease. During the period 2012-2016, the BOPO ratio tends to increase from 84.97 percent in 2012 to 103.84 percent in 2016. While ROA performance has decreased from 1.34 percent in 2012 to -0.91 percent in 2016. See the table below:

Year	ROA	BOPO
2012	1.34	0.8497
2013	1.01	0.8829
2014	0.50	0.9390
2015	-1.73	1.0354
2016	-0.91	1.0384

From the data above, it can be seen that decrease in profitability (ROA) from year to year is due to the trend of cost effectiveness (BOPO) that increases due to the operational costs which are too high. The Increase of revenue-sharing on the average productive assets managed by banks makes the bank performance better, and the possibility of problems to be faced by the bank is getting smaller.

In the banking industry, bank soundness is one of the important elements in the survival of a banking

institution. The soundness of a bank is a bank's ability to conduct normal banking operations and ability to fulfill all its obligations in accordance to prevailing banking regulations (Totok and Nuritomo, 2014: 73). Good bank soundness will provide great benefits for banks to gain customer trust. In addition to gain customer trust, bank soundness is also useful as a means of bank in evaluating the conditions and problems faced by banks and determine the follow-up to overcome the weaknesses and problems of banks.

RBBR consists of four factors namely, *risk profile*, *good corporate governance* (GCG), *earnings* and *capital*. Risk profile factors are assessed for inherent risk and risk management implementation in the bank's operational activities against eight risks i.e. credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. The GCG factor is evaluated on the quality of bank management based on GCG principles. Earnings factors are assessment that includes performance, sources, sustainability, and profitability management, a ratio that show the profitability of *Return on Asset* (ROA) and *Net Interest Margin* (NIM). Based on Bank Indonesia Circular Letter No. 13/24/DPNP explains that "valuation of capital factor includes evaluation on capital adequacy and adequacy of capital management", bank capital can be measured by *Capital Adequacy Ratio* (CAR).

The sharia banking sector in Indonesia is one among several sectors in the BI. Companies engaged in sharia banking sector in Indonesia are currently growing rapidly. Progress and development of this business is attractive for investors to invest in sharia banking sector companies in Indonesia. Investors understand that the sharia banking sector in Indonesia has a good prospect in the future that dominates the banking in Indonesia and affect the livelihood of many people, the Sharia Banks are required to continue to maintain their soundness. Liquidation or bankruptcy of a large bank can lead to bankruptcy of other banks due to sudden withdrawal of funds (Latumaerissa, 2012: 144). Based on the background of the problems presented, the researcher is interested to submit a research entitled "*Analysis of Risk Based Bank Rating* (RBBR) to Measure Syariah soundness rates in Indonesia).

B. LITERATURE REVIEW

Sharia Bank

Sharia Bank is a bank that conducts its business activities based on sharia principles consisting of Public Sharia Bank and Sharia Financing Bank (Muthaher, 2012: 14). The basic principle of sharia banking in running its operational system prioritizes justice intended for all parties, both the creditor and the debtor. The basic principles of sharia banks are: (a) Prohibition against transactions containing goods or services that are forbidden; (b) Prohibition against transactions prohibited by the system and procedures for the acquisition of its profits. Yaya et.al (2014:35) mentions that there are some case that are included in the category of transactions that are forbidden because the system and procedure of profit. Which are: (1) Tadlis (ignorance of one party), (2) Gharar (ignorance of both parties), 3) Ikhtikar (market manipulation in supply), (4) Bai' najasy (market manipulation in demand), (5) Masyir (gambling), and, (6) Riba.

Sharia Bank Performance

Profitability is the net result of a series of policies and decisions (Brigham, 2001: 89). In order to maintain its sustainability, a company must be in a profitable state. Without profits it will be very difficult for companies to attract capital from outside. The creditors, the owners of the company and especially the management of the company will try to increase this profit, because it is important to realize the importance of profit for the future of the company.

The performance of a Sharia Bank will affect the investor's policy of investments made. The ability of firms to generate profits will be able to attract investors to invest funds in order to expand their business, whereas a low level of profitability will cause investors to withdraw their funds. As for the company itself profitability can be used as an evaluation of the effectiveness of the management of the business entity.

Cost Efficiency

Banking efficiency is one of the important indicators in assessing the best performance of a bank. A bank with

maximum efficiency performance is expected to perform optimal banking intermediation function and able to increase the value of the company (*value of the firm*). In general, the efficiency of a unit of production or service refers to the ratio between the inputs and outputs used in the production process of goods or services. A company is categorized to be efficient if the company is able to produce the maximum level of output with available inputs, or having a minimum level of input with a certain level of output. Measurement of bank efficiency can be used by a comparison between Operational Cost and Operating Income (BOPO). This performance is a measure of efficiency commonly used to assess the efficiency of banking performance (Wijayanto and Sutarno, 2009). The greater the BOPO of a bank shows the greater the amount of operating costs, so it tends to lower the profitability of the bank and vice versa. The smaller BOPO of a bank shows the more efficient, so that profitability will be higher. High efficiency banks show that banks are more effective in running their businesses.

Based on Article 2 of Bank Indonesia Regulation no. 13/1/PBI/2011 mentioned that banks are required to conduct bank soundness rating by using risk based bank rating approach either individually or consolidated.

Fundamentally as described in Bank Indonesia Circular Letter No. 13/24 / DPNP 25 October 2011, this RBBR method focuses on bank soundness considerations based on prudential principles and risk management. This is very much in tune with current economic conditions. The risk element that should be borne by the bank, the condition that is often unstable, high inflation, the condition of customers who often quickly change, the reason for the element of prudence in running the bank operations.

The regulation supersedes the previous regulation concerning bank soundness rating by using CAMEL factor. RBBR Method based on Bank Indonesia Circular Letter No. 13/24 / DPNP consists of four factors namely:

1. Rating of Risk Profile

Based on PBI No. 13/1/PBI/2011 the bank assesses the inherent risks and quality of risk management

implementation in its operational activities against eight risks, i.e. credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. This study measures three risks in risk factor using *Non Performing Financing* (NPF) to measure credit risk, *Interest Rate Risk* (IRR) ratio to measure market risk, and *Financing to Deposit Ratio* (FDR) ratio to measure liquidity risk

2. Assessment of *Good Corporate Governance* (GCG)

The assessment of GCG implementation of the bank considers comprehensive and structured GCG assessment factors, including *governance structures*, *governance processes*, and *governance outcomes*. Based on Bank Indonesia Circular No. 15/15/DPNP in 2013 the Bank is required to conduct self assessment of Bank Soundness using Bank Indonesia's *Risk Based Bank Rating* (RBBR) on the rating of Commercial Banks using risk approach (RBBR), assessment of implementation GCG based on 5 (five) basic principles are grouped in a governance system

consisting of 3 (three) *governance* aspects namely, *governance structure*, *governance process* dan *governance outcome*.

3. Assessment of *Earnings* (Profitability)

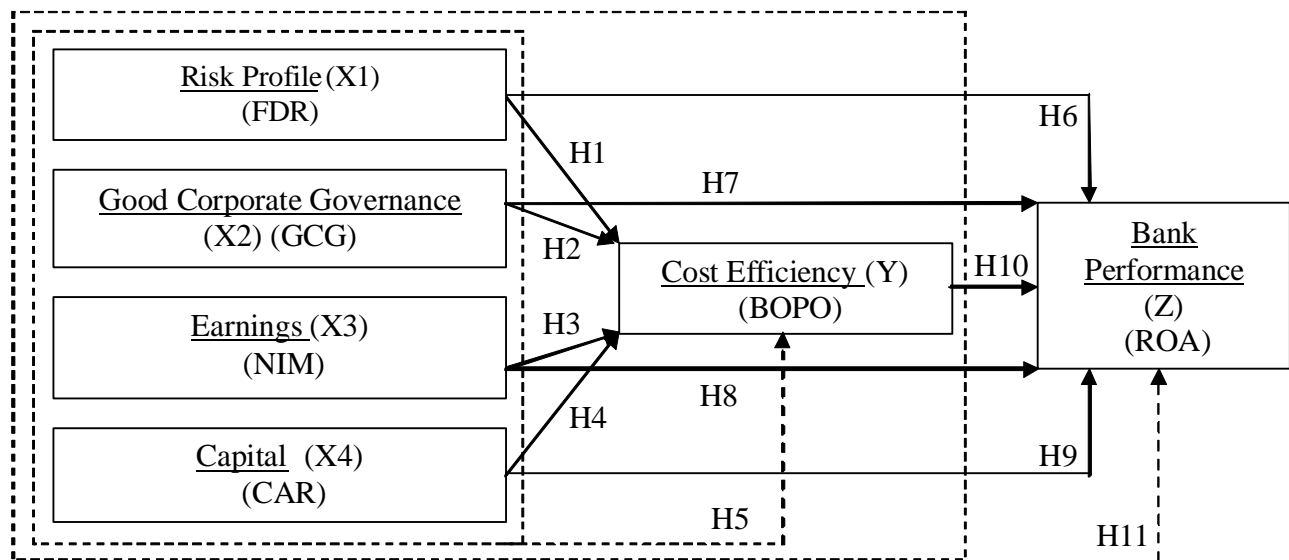
Assessment of Profitability factors includes evaluation of earnings performance, sources of profitability, sustainability, and profitability management.

4. Assessments of Capital

Assessments of the Capital factors include evaluation of the adequacy of capital and adequacy of capital management. The bank shall refer to the provisions of Bank Indonesia concerning the Minimum Capital Requirement for Commercial Banks.

The Bank's Soundness Composite Rating is determined based on a comprehensive and structured analysis of the ranking of each factor and taking into account the general principles of the rating of Commercial Banks as stated in Bank Indonesia Circular Letter No.13/24/DPNP

Research Model



Research Hypothesis

Hypothesis (H₁) : The effect of Risk Profile (FDR) on Cost Efficiency.

Hypothesis (H₂) : The effect of Good Corporate Governance (GCG) on Cost Efficiency.

- Hypothesis (H₁) : The effect of Earning (NIM) on Cost Efficiency.
- Hypothesis (H₂) : The effect of Capital (CAR) on Cost Efficiency.
- Hypothesis (H₃) : The effect of FDR, GCG, NIM, and CAR on Cost Efficiency.
- Hypothesis (H₄) : The effect of Risk Profile (FDR) on Bank Performance.
- Hypothesis (H₅) : The effect of Good Corporate Governance (GCG) on Bank Performance.
- Hypothesis (H₆) : The effect of Earning (NIM) on Bank Performance.
- Hypothesis (H₇) : The effect of Capital (CAR) on Bank Performance.
- Hypothesis (H₁₀) : The effect of Cost Efficiency (BOPO) on Bank Performance (ROA)
- Hypothesis (H₁₁) : The effect of FDR, GCG, NIM, CAR, and BOPO on Bank Performance.

C. METHODOLOGY

This type of research uses a quantitative approach with each variable or between variables based on quantitative measurement scale.

The sample population selected were 11 sharia banks which were studied in the period of 2012-2016.

Research Sample

No.	Code	Sharia Bank in Indonesia
1	BMI	PT Bank Muamalat Indonesia
2	BSM	PT Bank Syariah Mandiri
3	BMS	PT Bank Mega Syariah
4	BRIS	PT Bank BRI Syariah
5	BSBU	PT Bank Syariah Bukopin
6	BPS	PT Bank Panin Syariah
7	BVS	PT Bank Victoria Syariah
8	BCAS	PT Bank BCA Syariah
9	BJBS	PT Bank Jabar Banten Syariah
10	BNIS	PT Bank BNI Syariah
11	BMSI	PT Bank Maybank Syariah Indonesia

Operationalization of Variable

Variable	Proxy	Measurement
Risk Profile (X1)	FDR	$FDR = \frac{\text{Total Cost}}{\text{Debt Cost}}$
Good Corporate Governance (X2)	GCG	GCG
Earnings (Profitability) (X3)	NIM	$NIM = \frac{\text{Net Interest Income}}{\text{Average Earning Assets}}$
Capital Adequacy Ratio (X3)	CAR	$CAR = \frac{\text{Total Capital}}{\text{ATMR}}$
Cost Efficiency (Y)	BOPO	$BOPO = \frac{\text{Total Operational Cost}}{\text{Total Operational Revenue}}$
Companies Performance (Z)	ROA	$ROA = \frac{\text{Total Revenue}}{\text{Total Asset}}$

The data analysis method conducted in this research was using regression analysis method of panel data. To determine one of the three panel regression approaches to be used (*ordinary least square (OLS) or common effect model, fixed effect model, random effect model*), thereby *Chow test* and

Hausman test were performed. To process the secondary data obtained, the researchers use statistical software applications support programs such as MS.Exel 2010 that cover the creation of tables and graphs for descriptive analysis. Whereas, the data processing activities with

EViews 9.0 version is used to assist in analyzing the data used in performing the test of significance of multiple linear regression analysis of panel data.

(FDR), Good Corporate Governance (GCG), Earnings (NIM), and Capital (CAR) on Cost Efficiency.

D. RESULT AND DISCUSSION

Results

Factors that affect Bank Performance consist of internal factors of the company associated with the Risk Profile

1. Descriptive

A description of statistics factors that influence Bank Performance considering internal factors, and external company and test implications on sharia bank in indonesia performance for the period of 2012 – 2016 of each variables, shown below:

	ROA	BOPO	FDR	GCG	NIM	CAR
Mean	0.001327	0.949636	1.018909	1.854909	0.056000	0.204268
Median	0.006000	0.920000	0.810000	2.000000	0.050000	0.158549
Maximum	0.037000	1.840000	3.360000	3.000000	0.120000	0.638900
Minimum	-0.177000	0.650000	0.570000	1.000000	0.020000	0.109003
Std. Dev.	0.031202	0.178626	0.489572	0.484485	0.023696	0.116118
Skewness	-4.265925	2.919346	2.665949	0.503027	1.108824	2.192038
Kurtosis	22.95436	14.50917	11.73003	3.410733	4.012361	7.540188
Jarque-Bera	1079.304	381.6802	239.8058	2.706109	13.61900	91.28495
Probability	0.000000	0.000000	0.000000	0.258450	0.001103	0.000000
Sum	0.073000	52.23000	56.04000	102.0200	3.080000	11.23477
Sum Sq. Dev.	0.052574	1.722993	12.94273	12.67517	0.030320	0.728107
Observations	55	55	55	55	55	55
Cross sections	11	11	11	11	11	11

2. Determinant of Cost Efficiency

Based on testing of paired data regression model against the third panel, the conclusions are as follows:

No	Methods	Testing	Result
1.	Chow-Test	common effect vs fixed effect	fixed effect
2.	Langrage Multiplier (LM-test)	common effect vs random effect	random effect
3.	Haustman Test	fixed effect vs random effect	fixed effect

Estimation of Panel Data Regression Model Partially (*T Test*) and Simultaneously (*Test F*), *Fixed Effects Model* with *White-Test*. As follows:

Dependent Variable: BOPO?

Method: Pooled EGLS (Cross-section weights)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.170724	0.047551	24.62033	0.0000
FDR?	-0.002031	0.000256	-7.937315	0.0000
GCG?	-0.082147	0.061460	-1.336594	0.1889
NIM?	-0.074122	0.008634	-8.584964	0.0000
CAR?	-0.541842	0.231306	-2.342532	0.0242

Fixed Effects (Cross)

_BCAS—C	0.054136
_BJBS—C	-0.020654
_BMI—C	-0.028498
_BMS—C	-0.027205
_BMSI—C	0.161885
_BNIS—C	-0.038751
_BPS—C	0.006054
_BRIS—C	-0.036869
_BSBU—C	-0.040048
_BSM—C	-0.030344
_BVS—C	0.000295

Effects Specification

Cross-section fixed (dummy variables)

	Weighted Statistics		
R-squared	0.939640	Mean dependent var	1.214559
Adjusted R-squared	0.918514	S.D. dependent var	0.595801
S.E. of regression	0.048060	Sum squared resid	0.092392
F-statistic	44.47788	Durbin-Watson stat	2.096034
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.938427	Mean dependent var	0.949636
Sum squared resid	0.106089	Durbin-Watson stat	2.083855

Estimation Regression Data Panel Results for Fixed Effect as follow:

Model	Adjusted R ²	Prob. (F-stat.) $\alpha - 0,05$	Probability $\alpha - 0,05$	
			FDR	Significant
			GCG	Not Significant
			NIM	Significant
			CAR	Significant

3. Implication on Sharia Bank Performance

Based on testing of paired data regression model against the third panel, the conclusions are as follows:

No	Methods	Testing	Result
1.	Chow-Test	common effect vs fixed effect	fixed effect
2.	Langrage Multiplier (LM-test)	common effect vs random effect	random effect
3.	Haustman Test	fixed effect vs random effect	fixed effect

Estimation of Panel Data Regression Model Partially (*T Test*) and Simultaneously (*Test F*), *Fixed Effects Model* with *White-Test*. As follows:

Dependent Variable: ROA

Method: Pooled EGLS (Cross-section weights)

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
C	0.067641	0.011856	5.705297	0.0000
FDR?	-0.000168	4.73E-05	-3.546822	0.0010
GCG?	0.004410	0.000960	4.592609	0.0000
NIM?	0.007157	0.000928	7.713788	0.0000
CAR?	0.001216	0.014948	0.081340	0.9356
BOPO?	-0.088314	0.010872	-8.123338	0.0000
Fixed Effects (Cross)				
_BMI—C	-0.001092			
_BSM—C	-0.000299			
_BMS—C	0.012647			
_BRIS—C	0.004226			
_BSBU—C	0.001486			
_BPS—C	-0.005714			
_BVS—C	0.002914			
_BCAS—C	0.003472			
_BJBS—C	0.000941			
_BNIS—C	0.001622			
_BMSI—C	-0.020204			

Effects Specification

Cross-section fixed (dummy variables)

<i>Weighted Statistics</i>			
R-squared	0.989244	Mean dependent var	0.002940
Adjusted R-squared	0.985107	S.D. dependent var	0.039593
S.E. of regression	0.004752	Sum squared resid	0.000881
F-statistic	239.1311	Durbin-Watson stat	2.036870
Prob (F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.982322	Mean dependent var	0.001327
Sum squared resid	0.000929	Durbin-Watson stat	1.878719

Estimation Regression Data Panel Result for Fixed Effect as follow:

<i>Model</i>	<i>Adjusted R²</i>	<i>Prob. (F-stat.) $\alpha - 0,05$</i>	<i>Probability $\alpha - 0,05$</i>
		FDR	Significant
		GCG	Significant
		NIM	Significant
		CAR	Not Significant
		BOPO	Significant

4. Determinant of Cost Efficiency and Its Implications for Sharia Bank Performance: Hybrid Analysis

The table below describes the combined two models of regression data panel. The first model explains determinants Cost Efficiency, Risk Profile (FDR), Good

Corporate Governance (GCG), Earnings (NIM), and Capital (CAR) that simultaneously affect significantly to Cost Efficiency. The second model describes the Implications for Sharia Bank Performance with the result that the FDR, GCG, NIM, CAR, and BOPO simultaneously affect significantly to the Sharia Bank Performance areas follows:

Determinant of Cost Efficiency and Its Implications for Sharia Bank Performance

	<i>Model 1</i>			<i>Model 2</i>		
	<i>Determinant of Cost Efficiency</i>			<i>Implications on Bank Performance</i>		
	<i>Regression Coefficient</i>	<i>Prob.</i>	<i>Sign./Not Sign.</i>	<i>Regression Coefficient</i>	<i>Prob.</i>	<i>Sign./Not Sign.</i>
FDR	-0.002031	0.0000	Significant	-0.000168	0.0010	Significant.
GCG	-0.082147	0.1889	Not Sign.	0.004410	0.0000	Significant
NIM	-0.074122	0.0000	Significant	0.007157	0.0000	Significant
CAR	-0.541842	0.0242	Significant	0.001216	0.9356	Not Sign.
BOPO	-	-	-	-0.088314	0.0000	Significant

Therefore, it could be concluded as follows:

1. Risk Profile (FDR) has a significant negative effect on Cost Efficiency, and has a significant negative effect on Bank Performance (ROA). Risk Profile directly affects Bank Performance and affects Cost Efficiency. Indirectly, Efficiency of Cost affects the Bank Performance causing Cost Efficiency to mediate between FDR to Bank Performance. If management want to improve Bank Performance it must directly or indirectly have to reduce FDR that mediated by cost efficiency.
2. Good Corporate Governance (GCG) has no significant negative effect on Cost Efficiency, and has a significant positive impact on Bank Performance. GCG directly affects Bank Performance and does not affect Cost Efficiency. Indirectly, Cost Efficiency affects Bank Performance; thereby, Cost Efficiency mediates GCG on Bank Performance. If management wants to improve Bank Performance, it must directly improve Good Corporate Governance.
3. Earnings (NIM) have a significant negative effect on Cost Efficiency and have a significant positive effect on Bank Performance (ROA).

Earnings directly affect Bank Performance and affect Cost Efficiency. Indirectly, Efficiency of Cost affects Bank Performance thereby Efficiency of Cost mediate Earning on Bank Performance. If management want to improve Bank Performance, it has to directly or indirectly increase Earnings which mediated by Cost Efficiency.

4. Capital (CAR) has a significant negative effect on Cost Efficiency, and has no positive and significant impact on Bank Performance (ROA). Capital directly affects the Performance of the Bank and does not affect the Cost Efficiency. Indirectly, Cost Efficiency affects the Bank Performance thereby the Cost Efficiency mediates between the Capital to the Bank Performance. If management wants to improve the Bank's Performance, it must indirectly increase the Mediated Capital by Cost Efficiency.
5. The dependent variable of Cost Efficiency in the first model becomes an independent variable in the second model. The empirical findings in this study indicate that the Cost Efficiency (BOPO) has a significant negative effect on Bank Performance (ROA). Based on the results of model 1 and model 2, a joint analysis is performed, of the 4 independent variables

significantly affect the Cost Efficiency and have direct implications for the Bank's Performance.

E. CONCLUSION

1. *Risk Profile* (FDR) has a **negative and significant** effect partially on Cost Efficiency. Thus FDR variable affect Cost Efficiency on Sharia Bank Indonesia for 2012-2016 periods.
2. *Good Corporate Governance* (GCG) has a *negative and insignificant* impact partially on Cost Efficiency. Thus, GCG variables affect the Cost Efficiency on Indonesian Public Sharia Banks for the period of 2012-2016.
3. *Earnings* (NIM) partially have a **negative and significant** effect on Cost Efficiency. Thus, NIM variable affects Cost Efficiency on Sharia Bank Indonesia for the period of 2012-2016.
4. *Capital* (CAR) partially has a **negative and significant** impact on Cost Efficiency. Thus, CAR variable does not affect the Cost Efficiency of Sharia Bank Indonesia for the period of 2012-2016.
5. *Risk Profile*, *GCG*, *Earnings*, and *Capital* simultaneously have a **positive and significant** impact on Cost Efficiency of Sharia Bank Indonesia for 2012-2016 periods. It is able to explain variable of cost efficiency, equal to 0.939640, or 93.96 percent while the remaining 6.04% (100% - 93.96%) is influenced by other variables that are not covered in this research. The dominant variable or the highest dominance of the Cost Efficiency variable, i.e. Capital amounting - 0.541842. The non dominant variable or the lowest dominance of the Cost Efficiency variable, i.e. Risk Profile is -0.002031.

The Bank with the highest average changes of sensitivity, simultaneously and partially to the largest cost efficiency is PT Bank Maybank Syariah Indonesia with constant value of 0.161885. The Bank with the smallest change of sensitivity change to Cost Efficiency is PT Bank Syariah Bukopin with constant value equal to -0.040048
6. *Risk Profile* has a **negative and insignificant** effect partially to the Bank Performance. Thus, the FDR variable will affect the Performance of Public Sharia Bank of Indonesia in the period of 2012-2016.
7. *Good Corporate Governance* (GCG) has a **positive and significant** impact partially on bank performance. Thus, GCG variable affect Performance of Sharia Bank Indonesia for the period of 2012-2016.
8. *Earnings* (NIM) has a **negative and significant** effect partially on Bank Performance. Thus, NIM variable affects Performance of Sharia Bank Indonesia for 2012-2016 periods.
9. *Capital* (CAR) has a **positive and insignificant** effect partially on Bank Performance. Thus, the CAR variable affects Performance of Sharia Bank Indonesia for 2012-2016 periods.
10. Cost Efficiency (BOPO) has a **negative and significant** effect partially on Bank Performance. Thus BOPO variable does not affect the performance of Public Sharia Bank of Indonesia in the period of 2012-2016.
11. *Risk Profile*, *GCG*, *Earnings*, *Capital* (RBBR) and *Cost Efficiency* simultaneously have a **positive and significant** impact on the Performance of Sharia Bank Indonesia for 2012-2016 periods, and able to explain the variables of 0.952372 or 95.23 percent while the remaining 4.77% (100% - 95.23%) is influenced by other variables that are not covered in this research. The dominant variable or the highest dominance on Bank Performance variables is *Risk Profile* i.e. -2.88E-05, the non dominant variable or the lowest dominance of the Bank Performance variable is *GCG* amounting 0.005779. The Bank with the largest average sensitivity change simultaneously and partially for the Bank Performance is PT Bank Mega Syariah amounting 0.031688. The Bank that has the smallest change of sensitivity to the Bank Performance is PT Bank Maybank Syariah Indonesia with a constant value of -0.029736.

REFERENCES

- Antonio, Muhammad Syafi i, (2001). *Bank Syariah dari Teori ke Praktek.*, Gema Insani Press, Jakarta.
- Astuti, P.D. dan A. Sabeni. (2005). "Hubungan Intellectual Capital dan Business Performance". Proceeding SNA VII. Solo. hal. 694-707.

- Bank Indonesia. (2012). Peraturan Bank Indonesia Nomor: 14/2/PBI/2012 tentang Perubahan atas PBI Nomor:11/11/PBI/2009 tentang Kegiatan Alat Pembayaran dengan Menggunakan Kartu.
- Berger, A.N., and DeYoung, R. (2001). The effects of geographic expansion on bank efficiency. *Journal of Financial Services Research*, 19(2/3), 163-207
- Bontis, N. 1998a. "Intellectual capital questionnaire". Available online at: www.bontis.com. (Viewed February 2016).
- _____. (1998b). "Intellectual capital: an exploratory study that develops measures and models". *Management Decision*. Vol. 36 No. 2. hal. 63.
- _____. (2001). "Assessing knowledge assets: a review of the models used to measure intellectual capital". *International Journal of Technology Management*. Vol. 3 No. 1. hal. 41-60.
- Chen, M.C., S.J. Cheng, Y. Hwang. (2005). "An empirical investigation of the relationship between intellectual capital and firms' market value and financial performance". *Journal of Intellectual Capital*. Vol. 6 NO. 2. hal. 159-176
- Darmawi, Herman. (2006). *Pasar Finansial dan Lembaga-lembaga Finansial*, PT Bumi Aksara, Jakarta.
- Dendawijaya, Lukman, (2005). *Manajemen Perbankan*, Bogor Jakarta, Ghalia Indonesia.
- Dusuki, Asyraf Wajdi. (2007). *Banking for the Poor: The Role of Islamic Banking in Microfinance Initiatives*. 2nd Islamic Conference.
- Eng, Tan Sau. (2013). Pengaruh NIM, BOPO, BOPO, LDR, NPL & CAR Terhadap ROA Bank Internasional dan Nasional Go Public Periode 2007-2011. *Jurnal Dinamika Manajemen* Vol. 1 (3) Juli – September 2013.
- Firer, S., and S.M. Williams. (2003). "Intellectual capital and traditional measures of corporate performance". *Journal of Intellectual Capital*. Vol. 4 No. 3. hal. 348-360.
- Gujarati, Damodar N. (2003). *Basic Econometrics*, McGraw-Hill, 4th ed. New York.
- Hadad, Muliaman D. *et al.*, (2008). *Efficiency in Indonesian Banking: Recent Evidence*, Loughborough: Loughborough University.
- Husaini, Ardian, *et. al.*, (2013). *Filsafat Ilmu Perspektif Barat dan Islam*, Gema Insani, Jakarta.
- Husnan, Suad dan Enny, Pudjiastuti (2006). "Dasar-dasar Manajemen Keuangan", Edisi Lima, Yogyakarta : UPP STIM YKPN
- Husnan, Suad. *Manajemen Keuangan (2008). Teori dan Penerapan Buku 1*, Edisi 4, BPFE Yogyakarta.
- Husnan, S. (2015). *Teori Porto folio dan Analisis Investasi edisi Keempat*. Yogyakarta: BPFE.
- Ikatan Akuntan Indonesia. (2010). *Pernyataan Standar Akuntansi Keuangan No. 19*, Per 7 Maret 2016.
- Iswati, Sri. (2007). Memprediksi Kinerja Keuangan Dengan Modal Intelektual Pada Perusahaan Perbankan Terbuka Di Bursa Efek Jakarta. *Ekuitas*. Vol 2, No 11: 159- 174.
- Kamath, G.B. (2007). "The intellectual capital performance of Indian banking sector". *Journal of Intellectual Capital*. Vol. 8 No. 1. hal. 96-123.
- Kasmir, (2010). *Dasar-dasar Perbankan*, Raja Grafindo Persada, Jakarta 2010.
- Kasmir. (2012). *Bank dan Lembaga Keuangan Lainnya*. PT Raja Grafindo Persada.
- Karim, Adiwarmar. (2010). *Bank Islam Analisis Fiqih dan Keuangan* Edisi Keempat. Rajawali Press, Jakarta.
- Katsir, Ibnu, (2003). *Tafsir Ibnu Katsir*, Jilid 1-7, Pustaka Imam Syafi'I, Bogor.
- _____, *Tafsir Al-Qur'an al-Az'im*, Jilid 4, hal. 647-648.
- Limpaphayom, Piman, dan Siraphat Polwitoon, (2004). "Bank Relationship and Firm Performance: Evidence from Thailand before The Asian Financial Crisis," *Journal of Bussiness Finance and Accounting*, 2004.
- Millward Brown, (2015). *2015 BrandZ Top 100 Global Brands*, Per December 2015, <http://www.millwardbrown.com/brandz/top-globalbrands/2015/introduction>
- Machmud, Amir dan Rukmana. (2010). *Bank Syariah Teori, Kebijakan, dan Studi Empiris di Indonesia*. Jakarta: Erlangga.
- Muharam, Harjum dan Pusvitasari. (2007). Analisis Perbandingan Efisiensi Bank Syariah di Indonesia dengan Metode Data Envelopment Analysis. *Jurnal Ekonomi dan Bisnis Islam*. Vol.2 No.3 Hal: 80-116.
- Nachrowi, Djalal Nachrowi, Hardius Usman. (2006). *Pendekatan Populer dan Praktis Ekonometrika untuk Analisis Ekonomi dan Keuangan*, Lembaga Penerbit Universitas Indonesia, Jakarta.
- Nataly, Daisy, (2011). "Knowledge Management", Makalah pada MB IPB, Bogor 18 Maret 2011.
- Organization for Economic Co-operation and Development (OECD). (1999). *International Symposium on Measuring and Reporting Intellectual Capital, Experience, Issues and Prospects*. Amsterdam, 9-11 June 1999.

- Otoritas Jasa Keuangan, (2015). *Roadmap Perbankan Syariah Indonesia 2015-2019*, Departemen Perbankan Syariah OJK, Jakarta.
- _____, (2016). Statistik Perbankan Syariah, Per Maret 2016, <<http://www.ojk.go.id/id/kanal/syariah/data-danstatistik/statistiperbankan-syariah/Pages/Statistik-Perbankan-Syariah—Januari-2016.aspx>>
- Pangestika, Styfanda, (2015). *Analisis Estimasi Moel Regresi Data Panel Dengan Pendekatan Common Effect Model (CEM), Fixed Effect Model (FEM), dan Random Effect Model (REM)*, Skripsi Fakultas MIPA Universitas Negeri Semarang, tidak dipublikasikan.
- Peraturan Perundang-undangan, (1992). *Undang-undang Republik Indonesia Tahun 1992 Tentang Perbankan*, DPR-RI, Jakarta.
- _____, (2008). *Undang-undang Republik Indonesia Nomor 21 Tahun 2008 Tentang Perbankan Syariah*, DPR-RI, Jakarta.
- Petty, P. and J. Guthrie. (2000). "Intellectual capital literature review: measurement, reporting and management". *Journal of Intellectual Capital*. Vol. 1 No. 2. hal. 155-75.
- Riahi-Belkaoui, A. (2003). "Intellectual capital and firm performance of US multinational firms: a study of the resource-based and stakeholder views". *Journal of Intellectual Capital*. Vol. 4 No. 2. hal. 215-226.
- Riyadi Slamet, (2006). *Banking Assets and Liability Management (Edisi Ketiga)*. Jakarta: Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia, 2006.
- Rose, Peter S and Sylvia C Hudgins (2010). *Bank Management and Financial Services*. New York : Mc Grow Hill.
- Salman, R. T., Mansor, M., Babatunde, A. D., Tayib, M. (2012). *Impact of Intellectual Capital on Return on Asset in Nigerian Manufacturing Companies*, *Interdisciplinary Journal of Research in Business*, Vol. 2 No. 4, hal. 21-30.
- Soetrisno, Agustinus, Lina, (2014). *The Influence of Intellectual Capital Components Towards The Company Performance*, *Jurnal Manajemen Universitas Pelita Harapan*, Vol. 14, No1, Hal. 125-140.
- Subandi dan Ghozali, Imam. (2013). *Determinan Efisiensi dan Dampaknya Terhadap Kinerja Profitabilitas Industri Perbankan Di Indonesia*. *Jurnal Keuangan dan Perbankan* Vol. 17 (1) Januari.
- Sufian, Fadzlan and Royfaizal Razali Chong. (2008). *Determinants of Bank Profitability in A Developing Economy: Empirical Evidence From The Philippines*. *Asian Academy of Management Journal of Accounting and Finance*, 4(2): 91112.
- Sumitro, Warkum. (2004). *Asas-asas Perbankan Islam dan Lembaga Terkait*, Rajawali Press, Jakarta.
- Sunann Ibn Majah kitab *Al-Mugoddimah* bab *Fadl Al-Ulama wa al-basts ala talab al-ilm* no, 224. (Abu Abdillah Muhammad ibn Yazid al-Qazwini, *suman Ibn Majah*, Beirut:Dar al-Fikr, 1995, Jilid 1, hal. 81).
- Tan, H.P., D. Plowman, P. Hancock. (2007). "Intellectual capital and financial returns of companies?". *Journal of Intellectual Capital*. Vol. 8 No. 1. hal. 76-95.
- Taswan. (2010). *Manajemen Perbankan, Konsep, Teknik, dan Aplikasi*. Edisi Kedua. Yogyakarta : UPP STIM YKPN.
- Usman, Bahtiar. (2003). *Analisis Rasio Keuangan dalam Memprediksi Perubahan Laba pada Bank-Bank di Indonesia*. *Media Riset & Manajemen*. Vol. 3 (1).
- White, D. Steven, Gunasekaran, Angappa. Ariguzo, Godwin C. (2013). "The Structural Components of a Knowledge-based Economy", *Int. J. Business Innovation and Research*, Vol. 7, No. 4, hal. 504-518.
- Wijayanto, Andi dan Sutarno. (2010). *Kinerja Efisiensi Fungsi Intermediasi Bank Persero Di Indonesia Dengan Menggunakan Data Envelopment Analysis (DEA)*. *Jurnal Keuangan dan Perbankan*. Vol. 14 (1) Januari.
- Zuhal. (2010). *Knowledge & Inovation sebagai Platform Kekuatan Daya Saing*. PT. Gramedia Pustaka Utama, Jakarta.
- Brigham & Houston. (2010). *Dasar – Dasar Manajemen Keuangan (Essentials of Financial Management)*. Edisi ke - 11. Salemba Empat. Jakarta. (Diterjemahkan oleh Ali Akbar Yulianto).
- Pulic, A. (2000). "Basic Information on VAIC™". available online at: www.vaic-on.net. (accessed Oktober 2017).
- Ihyaul Ulum (2013). *Model Pengukuran Kinerja intelektual Capital dengan IB-Vaic di Perbankan Syariah*, *INFERENSI, Jurnal Penelitian Sosial Keagamaan*, Vol. 7, No. 1, Juni 2013, Program Doktor Ilmu Ekonomi Universitas Diponegoro Semarang.
- Endang Fitriana (2016). *Pengaruh NPF, CAR, dan EVA terhadap Profitabilitas Perusahaan Perbankan Syariah di BEI*, *Jurnal Ilmu dan Riset Manajemen : Volume 5, Nomor 4, April 2016, ISSN : 2461-0593, Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya*.
- Muthaher (2012). *Akuntansi Perbankan Syariah*. Yogyakarta. Graha Ilmu.
- Yaya, R. A, E. Martawireja, dan Ahim, A. (2014). *Akuntansi Perbankan Syariah teori dan Praktik Kontemporer*. Salemba Empat. Jagakarsa-Jakarta Selatan.