

FINANCIAL PERFORMANCE OF SHARIA COMMERCIAL BANKS IN INDONESIA

Taudlikhul Afkar¹, Widiar Onny Kurniawan², Fauziyah³, Ferry Hariawan⁴, Nurin Putri Andini⁵
Faculty of Economic and Business, University of PGRI Adi Buana Surabaya^{1,2,3,4}
Accounting Program, Faculty of Economic and Business, University of PGRI Adi Buana Surabaya⁵
Corresponding Author E-mail: afkar@unipasby.ac.id

Abstract: The financial performance of Islamic banks with profitability is a benchmark for success in managing finances in good conditions or under financial pressure. The purpose of this study is to explain the financial performance of Islamic banks in Indonesia during and after the Covid-19 pandemic. This research method uses a quantitative approach with paired sample t-test analysis techniques to analyze differences in financial performance during and after the covid-19 pandemic. The population in this study is 14 Islamic commercial banks in Indonesia, this number is also used as a research sample with saturated sample technique because the number is relatively small. The data used are the combined financial statements of Islamic commercial banks in Indonesia during the covid-19 pandemic, namely 2021-2022 and after the covid-19 pandemic in 2023-2024. The tool used to help with the analysis is JAMOVI.

Keywords: *financial performance, profitability, Sharia Banks*

Submitted: 2026-01-31; Revised: 2026-02-12; Accepted: 2026-05-10

1. Introduction

The performance of Islamic banks and conventional banks differs in asset structure, business activity behavior, and liquidity level (Neifar & Gharbi, 2023). Islamic banks in Indonesia have demonstrated their capacity as crisis-resilient banks since the global financial crisis in 2008 (Afkar, 2015) With the absence of a single Islamic bank that experienced bankruptcy, while at that time many conventional banks experienced bankruptcy. This performance shows that Islamic banks were able to overcome financial shocks during that period. The problem that occurred after that was the occurrence of the Covid-19 pandemic in early 2020 which had reduced economic and financial activities in various countries. Including the Islamic banking financial sector, which is predicted to suffer losses by the end of 2021 (Afkar & Fauziyah, 2021), and significant influence on the financial sector (Hafidh, 2021). This also has an impact on the real sector of MSMEs which have experienced a decrease in income (Kayed, 2012). In the end, it is necessary to measure the problems faced by Islamic banking with the sharia-based financial system (Tawfik & Elmaasrawy, 2024). So this research will contribute to sharia banking regarding financial performance which will have an impact on customer trust

Financial performance in bank and non-bank financial institutions during the Covid-19 pandemic has certainly experienced changes in the level of profitability which may affect the ability to provide financing or credit to customers. The condition of financial performance in Islamic banks has been predicted by (Afkar & Fauziyah, 2021) That in the fourth quarter period, Islamic banks experienced a decrease in profits, but what is of concern is the prediction

of a decrease in the level of non-performing financing because with the decrease in non-performing financing, the rate of profit acquisition should increase. Of course, this will have an impact on the continuation of its business activities in distributing profit-sharing financing and buying and selling financing. As explained (Iswahyuni, 2021) that there has been a tightening in the distribution of financing.

The results of the investigation in the share-profit transactions with the *mudharabah* contract showed a significant influence of the ratio of operating costs-operating income (BOPO), risk factors, and the distribution of financing provided (Majalis et al., 2021). At the time of the Covid-19 pandemic, more precisely in the second quarter of 2020, investor confidence began to decline due to unstable banking conditions, but still hoped for a better future (Trisnowati et al., 2021). Therefore, many affected MSMEs actors are trying to recover their businesses by paying attention to the profit-sharing system of Islamic financial institutions, non-bank banks (Afkar & Fauziyah, 2023). The problem is not simple because national economic recovery requires good performance from the real sector and the financial sector. This is because there is a cycle that does not run properly at that time so that the government carries out policies in the real sector and the financial sector (Iska et al., 2024) and carried out for the sustainability of the business world, including national banking (Anis et al., 2023).

The profitability performance of Islamic banks in Indonesia during the Covid-19 pandemic and before was not affected by non-performing financing, but after the Covid-19 pandemic was declared over, it turned out that non-performing financing was able to weaken the profit earning of Islamic banks (Afkar et al., 2025). These conditions are in line with (Iswahyuni, 2021) that there was a decrease in assets and the distribution of financing to customers. On the other hand, the performance of Islamic banks also showed significant differences before and during the Covid-19 pandemic (Sullivan & Widodoatmodjo, 2021). In addition, there is a net operating income (NOI) showing a decline, even though NOI is one of the measures of the profitability of Islamic banks as a form of financial performance (Suryani & Ika, 2019). In contrast to the research that year explained that there was no difference in the profitability performance of Islamic banks in Indonesia before and during the Covid-19 pandemic (Fauziyah & Afkar, 2021). This shows that there are problems in the form of previous research results that are not consistent even in the same period and conditions, namely the covid-19 pandemic period.

Profit Sharing is a financial system of Islamic banks that is used for types of investments. The system requires very high trust so it has a high risk as well, because there is an opportunity to commit moral hazards that result in losses for Islamic banks. The profit-sharing system in Islamic banks can be done with *mudharabah* and *musharakah* contracts (Karim, 2020). The results provided through *mudharabah* and *musyarakah* contracts are carried out in accordance with the agreement of the parties who make the contract (Nurhayati & Wasilah, 2020), but when a loss occurs, the treatment is different, namely the financial loss is borne by the owner of the capital (*mudharib*) if using the *mudharabah* contract, while the financial loss will be borne by both parties according to the portion of the paid-up capital if using the *musharakah* contract. This is interesting and urgent to conduct research on the performance of Islamic banks in Indonesia against the background of the Covid-19 pandemic.

Hypothesis

The financial performance of Islamic banks in Indonesia during the Covid-19 pandemic showed a decline (Afkar & Fauziyah, 2021) thus showing a significant difference. On the other hand, the increase in profits after the Covid-19 pandemic was very significant, this shows that

there was a difference in profits during and after the Covid-19 pandemic. At a time when the pandemic showed that the profit performance of Islamic banks was lower than conventional banks (Abdullah et al., 2022). Judging from the performance of Islamic banks which shows a decline in profit earning (Ilhami & Thamrin, 2021). This is supported by research (Afkar & Purwanto, 2021) which shows an increase in problematic financing from musyarakah financing so that it can cause a decrease in profits thus showing the difference in profits during the Covid-19 pandemic and before Covid-19. As predicted, there will be a decline in Islamic banks' profits at the end of 2021 (Afkar & Fauziyah, 2021). However, on the other hand, during the Covid-19 pandemic, the financial performance of Islamic banks tends to decline (Sutrisno et al., 2020). In contrast to the results of the study (Chandra, 2022) that the level of profitability measured by return on assets (ROA) tends to be better during the pandemic than before the pandemic. The mix theory perspective shows that a portion is given to customers when there is profit obtained from the profit-sharing system so that the difference in profit after and during the pandemic becomes an advantage for both Islamic banks and customers (Karim, 2020).

Hypothesis: There is a difference in the profitability of Sharia Commercial Banks During and After the Covid-19 Pandemic.

2. Research Method

This study uses a quantitative method used to determine the sustainability of Islamic banks during the Covid-19 pandemic by looking at profit-sharing financing and buying and selling financing. This research was conducted in Indonesian Sharia Commercial Banks with a population of 14 Islamic banks. The number of samples used in this study is the entire Islamic commercial bank in Indonesia with sampling techniques using saturated samples.

The data used in this study is combined financial statement data for the period 2021-2024 in the form of a time series or sequentially with observation samples on the Profitability of Sharia Commercial Banks in Indonesia. Data during the covid-19 pandemic started from 2021-2022, while data after the covid-19 pandemic used the period 2023-2024. The data analysis technique used in this study was a paired sample t-test using the JAMOVI analysis tool, with the aim of finding out whether there is a difference or not.

Profitability level measurement using Return on Asset (ROA) as a measure for the financial performance measure of Islamic commercial banks in Indonesia.

$$\text{Profitability} = \frac{\text{Earning after tax}}{\text{Total Assets}} \times 100\%$$

3. Results and Discussion

3.1. Results

Table 1. Profitability of Sharia Commercial Banks for the period 2021 - 2024

Year	Month	Profit During Covid-19 %	Year	Month	Profit After Covid-19 %
2021	January	1,79	2023	January	2,04
	February	2,15		February	2,08
	March	2,06		March	2,18
	April	1,97		April	2,14
	May	1,92		May	2,10

	June	1,94		June	2,08		
	July	1,91		July	2,04		
	August	1,88		August	2,03		
	September	1,87		September	2,04		
	October	1,59		October	2,03		
	November	1,66		November	1,99		
	December	1,55		December	1,88		
	2022	January		2,03	2024	January	1,77
		February		1,91		February	1,90
		March		1,99		March	2,03
		April		1,98		April	1,97
		May		2,01		May	2,00
June		2,04	June	2,06			
July		2,04	July	2,02			
August		2,04	August	2,01			
September		2,07	September	2,02			
October		2,05	October	2,00			
November		2,04	November	2,00			
December		2,00	December	2,07			

Source: Financial Services Authority (OJK)

Table 1 shows the performance of the profitability level of Sharia Commercial Banks in Indonesia during the covid-19 pandemic in 2021-2022, while after the covid-19 pandemic in 2023-2024. The level of profitability ranges from 1% to 2% as measured by Return on Asset (ROA). It can be seen that in 2021 it tends to decrease, then in 2022 it begins to show an increase but it is not significant. Likewise, in 2023-2024, it can be seen that the average profit gain is almost the same and has not shown a significant increase.



Figure 1. Sharia Commercial Bank Profitability Chart for the 2021-2024 period

Figure 1 shows the trend of Islamic banks' profits in Indonesia as seen from return on assets (ROA). It can be seen in the graph that during Covid-19 there tended to be a decline in profitability, this shows that the financial performance of Islamic banks at that time was depressed by the uncertain situation related to finance because Islamic banks were the largest income from financing distribution activities. Furthermore, when conditions after the Covid-19 pandemic can be seen on the graph have shown an increase but not significantly, this shows that the profitability performance of Islamic banks is starting to improve and indicates a good signal for the growth of the financial sector.

Table 2. Descriptive Statistics of Sharia Commercial Bank Profitability for the 2021-2024 period

Descriptive					
	N	Mean	Median	SD	SE
Profit During Covid	24	1.94	1.98	0.1525	0.0311
Profit After Covid	24	2.02	2.03	0.0835	0.0170

Table 2 explains that the amount of data used in this study is 48 observation data obtained sequentially at the time of month. For the period during covid-19 as many as 24 data, as well as the period after covid 19 as many as 24 data. The average result of the profitability level during covid-19 was obtained 1.94, while after covid-19 was 2.02. This shows that there is a better change in obtaining the level of profitability. With a median value at the time of covid-19 of 1.98 and after covid-19 of 2.03.

Table 3. Normality Test Results

Normality Test (Shapiro-Wilk)				
			W	p
Profit During Covid	-	Profit After Covid	0.956	0.365

Note. A low p-value suggests a violation of the assumption of normality

Table 3 shows the results of the data normality test with a value of $p = 0.365$. The results explained that $p = 0.365 > 0.05$ so that it can be said that the data collected is normally distributed so that it can be used to analyze data.

Table 4. Different Test Results

Paired Samples T-Test							
			statistic	df	p	Mean difference	SE Difference
Profit During Covid	Profit After Covid	Student's t	-2.60	23.0	0.016	-0.0829	0.0319

Paired Samples T-Test							
			statistic	df	p	Mean difference	SE Difference
Note. $H_a \mu_{\text{Measure 1}} - \mu_{\text{Measure 2}} \neq 0$							

Table 4 shows the results of the profit sharing performance calculation as seen from the profitability of Islamic commercial banks during covid and after covid. From this calculation, the value $p = 0.016 < 0.05$ was obtained, thus the profit-sharing performance of Islamic commercial banks in Indonesia was different. The statistical results show a value of -2.60 which means that there is an increase in profitability after the covid pandemic.

3.2. Discussion

The profit-sharing performance of Islamic banks is one of the performances that can be shown from the level of profitability. At the time of covid-19, it showed a declining level of profitability and showed a downward trend (Afkar & Fauziyah, 2021). This is also coupled with the decline in investor confidence in the financial sector (Trisnowati et al., 2021). The profitability performance of Islamic banks in Indonesia during the Covid-19 pandemic and before was not affected by non-performing financing, but after the Covid-19 pandemic was declared over, it turned out that non-performing financing was able to weaken the profit gains of Islamic banks (Afkar et al., 2025). In addition, it has resulted in a decline in assets in financing distribution (Iswahyuni, 2021). If you look at the results of this study, it shows an improvement in the profitability level of Islamic banks after covid. Conditions like this show that the occurrence of covid really affects the performance of Islamic banks, but after the covid period is over the profitability level shows a significant increase.

Profitability is a measure of a company's performance by showing the ability to make a profit. Prior to the Covid-19 pandemic in Indonesia, banking business activities were in a relatively good state and had not shown any financial turmoil. However, when Covid-19 occurred in Indonesia, the situation changed because it had an impact on the financial sector and the real sector (McAlear, 2020). The results of this study are in line with (Riani & Ikhwan, 2022) Which explains that the level of cost operational efficiency at Islamic banks during the Covid-19 pandemic has decreased or become inefficient, causing profit to decrease. Therefore, the arena requires good management in terms of cost efficiency and other assets (Boubaker et al., 2023). It is indeed not easy to manage finances at a time when all sectors are affected by Covid-19, on the one hand it requires the continuity of Islamic banks by earning profits, on the other hand customers who have loans at Islamic banks are unable to repay their loans because their business has experienced a decrease in revenue.

The difference in Islamic banks' profits during and after the Covid-19 pandemic indicates that the financial sector is vulnerable to financial turmoil. Therefore, in the future, banks need to pay attention and be quick to respond in all situations (N Berger et al., 2021). This research also shows that after the Covid-19 pandemic ends, Islamic banks are able to show their performance by getting higher profits than before. This indicates that profit is an important factor in financial performance for the sustainability of Islamic banks (Ahmad Munawar & Sulaeman, 2023). The results of this study are indeed simple, but they can provide an overview of the finances of Islamic banks in Indonesia, that in financial institutions there are risks that must always be managed properly and carefully.

4. Conclusion

The financial performance of Islamic banks in Indonesia seen from profitability shows differences during the covid pandemic and after the covid pandemic is over. Conditions like this show that during the covid pandemic, financial institutions, especially Islamic banks, were significantly affected because the average profit was decreasing, while after the covid pandemic was over, it showed quite good conditions because the average profit was increased. Thus, the impact of covid on Islamic banks is very significant, as well as after the covid pandemic is over. Therefore, in the future, Islamic banks in Indonesia can pay attention to and anticipate financial turmoil by remaining consistent in good performance.

Acknowledgement

Thank you to LPPM Universitas PGRI Adi Buana Surabaya for providing research funding. In addition, thank you also to the Faculty of Economics and Business for providing research permits, as well as students who have helped in completing this research.

References

- Abdullah, D., Susilo, S., Ahmar, A. S., Rusli, R., & Hidayat, R. (2022). The application of K-means clustering for province clustering in Indonesia of the risk of the COVID-19 pandemic based on COVID-19 data. *Quality and Quantity*, 56(3), 1283–1291. <https://doi.org/10.1007/s11135-021-01176-w>
- Afkar, T. (2015). Analisis Daya Tahan Perbankan Syariah Dalam Krisis Keuangan Global. *Universitas Airlangga : Disertasi, Universitas Airlangga*.
- Afkar, T., & Fauziyah. (2021). Predictions And Trends Profitability For Islamic Commercial Banks In Indonesia During The Covid-19. *International Journal of Economics, Business, and Accounting Research (IJEBAR)*, 5(1), 188–196. <https://doi.org/https://doi.org/10.29040/ijebar.v4i02.1051>
- Afkar, T., & Fauziyah, F. (2023). MSMEs Recovery after the COVID-19 Pandemic through Profit-Sharing System. *Jurnal Ilmu Sosial Dan Humaniora*, 12(3), 547–555. <https://doi.org/10.23887/jish.v12i3.67713>
- Afkar, T., & Purwanto, T. (2021). Uji Beda Pembiayaan Bermasalah pada Pembiayaan Mudharabah dan Musyarakah Bank Umum Syariah di Indonesia Selama Pandemi Covid 19. *Jurnal Ilmiah Ekonomi Islam*, 7(03), 1357–1365.
- Afkar, T., Puspa, U., Widodo, W., Naufalin, L. R., & Hariawan, F. (2025). Profit Sharing System in Islamic Banking Before , During , and After Covid-19 Pandemic , any Moderation ? *JASF Journal of Accounting and Staaartegic Finance*, 8(1), 50–73.
- Ahmad Munawar, & Sulaeman. (2023). Determining the main factors of Islamic banks' profitability in Indonesia: Does Covid-19 crisis play an important role? *Asian Journal of Islamic Management (AJIM)*, 4(2), 138–149. <https://doi.org/10.20885/ajim.vol4.iss2.art5>
- Anis, I., Gani, L., Fauzi, H., Hermawan, A. A., & Adhariani, D. (2023). The sustainability awareness of banking institutions in Indonesia, its implication on profitability by the mediating role of operational efficiency. *Asian Journal of Accounting Research*, 8(4), 356–372. <https://doi.org/10.1108/AJAR-06-2022-0179>
- Boubaker, S., Le, T. D. Q., & Ngo, T. (2023). Managing bank performance under COVID-19: A novel inverse DEA efficiency approach. *International Transactions in Operational Research*, 30(5), 2436–2452. <https://doi.org/10.1111/itor.13132>
- Chandra, A. (2022). Analisa Kinerja Keuangan Bank Umum Syariah Sebelum dan Saat

- Pandemi Covid-19 di Indonesia. *Al Amwal: Jurnal Ekonomi Islam*, 11(1), 15–28. <http://jurnal.stei-iqra-annisa.ac.id/index.php/al-amwal/article/view/223/126>
- Fauziyah, & Afkar, T. (2021). Test of Differences in The Ability of Islamic Banks in Indonesia Trough Equity Management to Earn Profit. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 5(4), 330–338. <http://www.jurnal.stie-aas.ac.id/index.php/IJEBAR/article/view/3850%0Ahttp://www.jurnal.stie-aas.ac.id/index.php/IJEBAR/article/download/3850/1754>
- Hafidh, A. A. (2021). Responses of Islamic banking variables to monetary policy shocks in Indonesia. *Islamic Economic Studies*, 28(2), 174–190. <https://doi.org/10.1108/IES-11-2020-0049>
- Ilhami, & Thamrin, H. (2021). Analisis Dampak Covid 19 Terhadap Kinerja Keuangan Perbankan Syariah Di Indonesia. *Jurnal Tabarru': Islamic Banking and Finance*, 4(1), 37–45. [https://doi.org/10.25299/jtb.2021.vol4\(1\).6068](https://doi.org/10.25299/jtb.2021.vol4(1).6068)
- Iska, S., Jaya, I., Nengsih, I., & Renie, E. (2024). The Implications of the Countercyclical COVID-19 Policy on the Performance of Rural Banks and Sharia Rural Banks in Indonesia. *JURIS: Jurnal Ilmiah Syariah*, 23(1), 143–153. <https://doi.org/10.31958/juris.v23i1.12329>
- Iswahyuni. (2021). Analisis Dampak Covid 19 Terhadap Perbankan Syariah. *Jurnal Widya Balina : Jurnal Ilmu Pendidikan Dan Ekonomi*, 6(1), 42–58.
- Karim, A. A. (2020). *Perbankan Islam Analisis Fiqih dan Keuangan*. Jakarta : PT. Raja Grafindo Persada.
- Kayed, R. N. (2012). The entrepreneurial role of profit-and-loss sharing modes of finance: theory and practice. *International Journal of Islamic and Middle Eastern Finance and Management*, 5(3), 203–228. <https://doi.org/10.1108/17538391211255205>
- Majalis, N., Mulyany, R., & Zuhri, Z. H. (2021). Pricing the Equity-Based Financing of Mudharabah: Insights into its Drivers. *Iqtishadia*, 14(2), 219–234. <https://doi.org/10.21043/iqtishadia.v14i2.9204>
- McAleer, M. (2020). Prevention Is Better Than the Cure: Risk Management of COVID-19. *Journal of Risk and Financial Management*, 13(3), 46. <https://doi.org/10.3390/jrfm13030046>
- N Berger, A., Demirgüç-Kunt, A., Moshirian, F., & Saunders, A. (2021). The way forward for banks during the COVID-19 crisis and beyond: Government and central bank responses, threats to the global banking industry. *Journal of Banking and Finance*, 133(106303), 1–4. <https://doi.org/10.1016/j.jbankfin.2021.106303>
- Neifar, M., & Gharbi, L. (2023). The Tunisian Islamic and conventional banks : a performance comparative study. *Islamic Economic Studies*, 31(1), 152–175. <https://doi.org/10.1108/IES-07-2022-0026>
- Nurhayati, S., & Wasilah. (2020). *Akuntansi Syariah Di Indonesia*. Jakarta : Selemba Empat.
- Riani, R., & Ikhwan, I. (2022). The impact of Covid-19 on the banking industry efficiency: Comparison between Indonesia and Malaysian banks. *Asian Journal of Islamic Management (AJIM)*, 4(1), 43–58. <https://doi.org/10.20885/ajim.vol4.iss1.art4>
- Sullivan, V. S., & Widodoatmodjo, S. (2021). Kinerja Keuangan Bank Sebelum Dan Selama Pandemi (COVID – 19). *Jurnal Manajerial Dan Kewirausahaan*, 3(1), 257. <https://doi.org/10.24912/jmk.v3i1.11319>
- Suryani, Y., & Ika, D. (2019). Faktor-Faktor Yang Mempengaruhi Pertumbuhan Laba Bank Umum Syariah Di Indonesia. *JURNAL AKUNTANSI DAN BISNIS: Jurnal*

- Program Studi Akuntansi*, 5(2), 115. <https://doi.org/10.31289/jab.v5i2.2642>
- Sutrisno, S., Panuntun, B., & Adristi, F. I. (2020). The Effect of Covid-19 Pandemic on the Performance of Islamic Bank in Indonesia. *Equity*, 23(2), 125. <https://doi.org/10.34209/equ.v23i2.2245>
- Tawfik, O. I., & Elmaasrawy, H. E. (2024). Effect of Shariah compliance on financing decisions: empirical evidence from GCC. *Journal of Islamic Accounting and Business Research*, 15(1), 196–223. <https://doi.org/10.1108/JIABR-07-2022-0165>
- Trisnowati, Y., Hadiwidjaja, R. D., & Nurvita, T. (2021). The Consistency Of Islamic Financial Sustainability In Covid-19 Pandemic: An Empirical Analysis. *Akrual: Jurnal Akuntansi*, 12(2), 179–192. <https://doi.org/10.26740/jaj.v12n2.p179-192>