International Journal of Islamic Economics
P-ISSN: 2686-2131 E-ISSN: 2686-2166
DOI: https://doi.org/10.32332/ijie.v7i01.10229 Vol 7, No 1, (2025) Pages. 37-49

Financial Performance Analysis of Islamic Banks and Conventional Banks at Bank Syariah Indonesia and Bank Negara Indonesia 2021-2023

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Article History:

Submitted: February 12nd, 2025
Revised: May 3rd,2025
Accepted: May 7th, 2025
Published: July 1st, 2024

By: **International Journal of Islamic Economics (IJIE)**

Abstract

Introduction: Banking is a financial sector that plays an important role in circulating national and global money. An analysis of banking financial performance needs to be carried out to maintain good money circulation.
Objective: This study was conducted to determine the financial performance of Islamic and conventional banks, namely Bank Syariah Indonesia and Bank Negara Indonesia, for 2021-2023.
Method: This study uses quantitative methods and secondary data. Data collection techniques are done through observation or research on the company's online media. Data analysis was carried out using financial ratios in banking, namely Capital Adequacy Ratio, return on assets, Return on Equity, Non-Performing loans, Operating Costs, Operating Income, and Loan-to-Deposit Ratio, by comparing the results of the analysis of the two banks with their average values.
Results: The study's results show that Bank BSI excels in the Capital Adequacy Ratio, return on assets, and Non-Performing Loan ratios, which indicate that this bank has a strong strategy in risk management and sharia-based business expansion. Meanwhile, Bank BNI excels in the Return on Asset ratio, Operating Costs to Operating Income, and Loan to Deposit Ratio, which shows a better ability to manage assets, control operating costs, and maintain funding balance.
Implications: These findings provide strategic insights for policymakers, banking management, and investors in evaluating the strengths and challenges of each banking model. Understanding the competitive advantages between Islamic and conventional banks can be a basis for financial decision-making and developing future banking industry policies.

Keywords: Conventional Banks; Financial Performance; Financial Ratios; Islamic Banks

A. Introduction

Banking is a financial institution that, from time to time, has never been left behind in serving and fulfilling the needs of state administrators and the community. Banks are the most needed financial sector throughout the world. As an economic sector that plays an important role in the circulation of state money, banking must continue to develop and adapt to market dynamics and needs. (Ardianto et al., 2024). The bank functions as an intermediary between parties with excess funds (surplus units) and those needing funds (*deficit units*).(Kasmir, 2016). Banking business activities in Indonesia have a crucial role in driving national economic growth, one of which is by increasing the investment sector through collecting funds from the public in the form of third-party funds (HS et al., 2022; Ningsih, 2021; Purnomo M Antara & Rosidah Musa, 2021). In general, there are two types of banks operating in Indonesia, namely Islamic banks and conventional banks. Conventional banks carry out their business activities based on an interest system, while Islamic banks operate based on sharia principles based on Islamic law (Concerned, 2019).

Conventional banks are financial institutions that operate with an interest system in collecting funds from the public and distributing them in the form of credit or loans. Conventional banks profit from the difference in interest rates between the funds collected and the funds distributed (Muneer, 2025; Siamat, 2020). This type of bank also offers various financial products, such as savings, deposits, credit, and interest-based investments. Meanwhile, Islamic banks offer financial products based on sharia principles, namely Islamic law that avoids the practices of *usury* (interest), *gharar* (uncertainty), and *maysir* (gambling) (Main, 2021).

World banking has come a long way since ancient Mesopotamia, when merchants and landowners stored their assets in temples that served as safes—banking systems later developed in ancient Greece and Rome, which introduced the practice of lending at interest. In the 12th to 15th centuries, banking systems made rapid progress in Europe, especially in Italy, with the emergence of banks such as the Medici Bank (Fathoni & Jairin, 2021; Kumar & Sheela, 2023; Sinha et al., 2024). The industrial revolution in the 18th century further encouraged the development of banks as financial institutions that provided credit for the industrial and trade sectors. Islamic banking also has strong historical roots in Islamic civilization. Since the time of the Prophet Muhammad, Islamic-based financial practices have been applied in trade and business partnerships.(Judijanto et al., 2025).

Currently, the Indonesian banking industry is experiencing rapid development. Conventional banking continues to dominate the market with various innovations in products and services based on digital technology. However, Islamic banking has also experienced significant growth, especially after being driven by government policies and increasing public awareness of Islamic economic principles (OJK, 2023). According to the Financial Services Authority report, the market share of Islamic banking in Indonesia is still relatively small compared to conventional banks. However, Islamic banks' growth rate of assets, financing, and third-party funds (DPK) shows a positive trend.

The goal of conventional banks focuses on achieving profits without being tied to certain values, following the general principles of society. In contrast, Islamic banks pursue profits and are committed to enforcing, implementing, and spreading the principles of Islamic sharia (Wahyuna & Zulhamdi, 2022). In terms of supervision, conventional banks are supervised by the Financial Services Authority (OJK) and Bank Indonesia. In contrast, Islamic banks have additional supervision from the Sharia Supervisory Board (DPS) to ensure compliance with Sharia principles.

In recent years, the development of Islamic banks in Indonesia has shown significant growth. However, Islamic banks still face various challenges, especially concerning competitiveness against conventional banks that have developed earlier. Customer service is the main priority in running the company's operations to support the bank's performance. Bank performance is an important aspect considered by various parties interested in the bank (Hotman et al., 2023). These parties include investors, creditors, customers, employees, the government, and the surrounding community. Because of the many interested parties, assessing bank performance is very crucial. This performance reflects how management carries out its responsibilities, and can be analyzed through financial reports routinely published by banks that have gone public. (Prihatin, 2019).

Financial performance is an important indicator in seeing the growth of the company to assess how the company's ability to manage financial resources in a stable state, which can be seen from the company's ability to generate profits and be able to manage assets and be able to meet obligations so that the company's goals are achieved and become an attraction for investors. Islamic and conventional banks use the ratio to see their financial performance. Banks need to maintain their performance as a financial institution to operate optimally (A. T. Wibowo & Ayunda, 2022). Bank performance (financial condition) is one of the factors that must be considered by banks in order to survive. Bank financial performance is part of the bank's overall performance. The bank's overall performance is a picture of its achievements in its operations in finance, marketing, fundraising and distribution, technology, and human resources. (Neldawaty, 2018). To see more accurate financial performance, analysis can be done with financial ratios consisting of Capital Adequacy Ratio (CAR), Return On Asset (ROA), Return On Equity (ROE), Non Performing Loan (NPL), Operating Costs Operating Income (BOPO), Loan To Deposit Ratio (LDR).

The study (Wahyuni & Efriza, 2017) entitled Comparative Analysis of Financial Performance of Islamic Banks with Conventional Banks in Indonesia in 2011-2014. The results of the study conducted using financial ratio analysis concluded that in terms of average proportion, there is a striking difference between Islamic banking and conventional banks. However, overall, the results of Islamic banking have been better than those of conventional banking throughout the research period. In the researcher's (Prihatin, 2019) study, in the period 2012-2016, it was concluded that the evaluation showed a striking variation in financial ratios when comparing Islamic Commercial Banks with Conventional Commercial Banks in Indonesia. Islamic Commercial Banks excel in the LDR ratio, while Conventional Commercial Banks excel in the CAR, KAP, NPL, and ROA ratios.

The findings of the two studies are different with different periods and objects. Therefore, comparing financial performance between Islamic and conventional banks is the main and interesting indicator to study. Financial performance analysis can provide an objective picture of the extent of effectiveness, efficiency, and stability of the two types of banking in carrying out their functions as intermediary institutions. The study aims to determine the financial performance of the two banks in this article. The study analyses one aspect of Islamic and conventional banks to see the company's performance in the period 2021-2023.

B. Literature Review

1. The Concept of Financial Performance in Banking

Financial performance is a measure used to assess the effectiveness and efficiency of a bank in managing financial resources to achieve certain financial goals. Financial performance reflects the financial condition of the bank and its ability to generate profits, maintain liquidity, manage risks, and maintain operational efficiency. According to financial performance can be measured through various financial ratios that reflect profitability, liquidity, solvency, and operational efficiency.

Financial performance is the main indicator in assessing the sustainability of a bank's business. This aligns with agency theory, which states that management acts as an agent for shareholders to manage resources efficiently to maximize profits. In addition, stakeholder theory emphasizes that banks must pay attention to the interests of various parties, including investors, customers, and regulators, in maintaining financial stability (Banerjee, 2021).

2. Bank Financial Performance Indicators

Bank financial performance can be analyzed using various financial ratios grouped into several main aspects: profitability, liquidity, solvency, and operational efficiency (Banerjee, 2021; D. Wibowo, 2021).

a) Profitability Ratio

Profitability reflects the bank's ability to generate profits from its assets or capital. According to Brigham, Eugene, and Joel F. (2016), profitability is the main indicator of a bank's success in running its operations. Some ratios commonly used to measure profitability are:

1. Return on Assets (ROA) measures the bank's ability to generate net profit from its total assets.

   $$ROA = \frac{\text{Profit before tax}}{\text{Average total assets}} \times 100\%$$

   With the criteria that if ROA is > 0.5%, it is said to be good, and the higher the percentage, the better bank management is at generating profits.
2. Return on Equity (ROE) measures net income earned from total shareholder equity. With the criteria, ROE > 15% is good, indicating an effective level of capital utilization to generate profits.

   $$ROE = \frac{\text{Net income after tax}}{\text{Shareholders' equity}} \times 100\%$$
3. Non-Performing Loans (NPL) measure the ratio of bad loans to total loans due to substandard quality, which results in losses.

   $$NPL = \frac{\text{Non-performing loans}}{\text{Total loans}} \times 100\%$$

   With the criteria, if NPL < 5% then it is said to be healthy, and the lower the percentage, the healthier.

b) Liquidity Ratio

Liquidity reflects the bank's ability to meet its short-term obligations. According to Gitman, L., & Zutter, 2015), liquidity is an important aspect in maintaining the financial stability of banks. The commonly used liquidity ratio is the Loan to Deposit Ratio (LDR) or Financing to Deposit Ratio (FDR), which measures the extent to which banks channel third-party funds through credit or financing. With the criteria, if LDR 79% ≤ 90% then the company has a good and stable level of liquidity so that the bank can meet current and future obligations. If the percentage value is 79% < LDR > 85% then it is said that the level of liquidity is unstable in returning customer credit.

LDR= (Credit granted)/(Funds received) ×100%

c) Solvency Ratio

Solvency measures a bank's ability to meet its long-term obligations. According to (Ross, Stephen et al., 2017), the solvency ratio indicates the extent to which bank capital can absorb the risk of loss. Solvency ratios often used include: the Capital Adequacy Ratio (CAR), which measures the adequacy of bank capital in bearing financial risks. If CAR> 8% then it is stable for the bank to handle the risk of loss.

CAR= Capital/(Risk-weighted assets) ×100%

d) Operational Efficiency Ratio

Operational efficiency measures how well a bank manages its operational costs against its revenue. According to Kasmir (2019), this ratio is important in determining the effectiveness of bank operations. One of the commonly used ratios is Operating Costs to Operating Income (BOPO), which measures a bank's efficiency in controlling its operating costs. If BOPO obtains a value of <92 92%, the bank can streamline operational costs, and negative risks do not occur.

BOPO= (Total operating expenses)/(Total operating income) ×100%

3. Factors Affecting Bank Financial Performance

Several factors that can influence a bank's financial performance include internal and external factors.

a) Internal Factors

Internal factors come from within the bank organization, including management strategy, capital structure, and operational efficiency. According to research by Sufian, F., & Habibullah, n.d., internal factors significantly influence banks' financial performance. Some important internal factors are:

1) Capital Structure reflects the balance between equity and borrowed funds.
2) Operational Efficiency relates to how the bank manages its costs and revenues effectively.
3) Asset Quality refers to how well a bank manages risky assets, such as non-performing loans.

b) External Factors

External factors come from the macroeconomic environment and government regulations that affect the banking industry as a whole. According to Demirgüç-Kunt &

Huizinga (2000), external factors greatly influence bank profitability and stability. Some important external factors are:

1) Inflation affects interest rates and people's purchasing power.
2) Monetary Policy, such as changes in benchmark interest rates by central banks.
3) Macroeconomic conditions reflect the country's economic growth and financial stability.

4. Empirical Study on Bank Financial Performance

Various studies have been conducted to assess banks' financial performance. For example, research by (Irawan and Firmansyah, 2021) shows that profitability ratios such as ROA and ROE play an important role in determining bank competitiveness. Another study by Hasanudin, H., et al. (2020) highlights that liquidity has a significant impact on banks' financial stability.

Research by (Wahyudi & Wibowo, 2018) also shows that operational efficiency is the main factor that differentiates bank performance. In addition, a study by (Rahman & Sari, 2017) found that strong capital (measured through CAR) can increase bank resilience to risk.

C. Research Methodology

This research was conducted using a descriptive quantitative method. Where the descriptive quantitative method is a research conducted by managing numbers in the form of data obtained from research results processed in an adequate application (Ali, 2022). With data obtained from the bank's annual report, with secondary data in the form of data series obtained from each company's website. Secondary data is data that has been presented and obtained indirectly from certain parties, such as financial reports, profiles, etc (Priadana & Sunarsi, 2021).

The study used 1 object in Islamic banks and conventional banks, namely Bank Syariah Indonesia with Bank Negara Indonesia for the period 2021-2023. The results of the study were analyzed using financial ratios in banking with existing provisions and using the average to conclude data for 3 years of performance. The purpose of this study is to determine the financial performance of each bank and to make a comparison with good financial performance for 3 years. In this study, the author also obtained supporting references through journals, e-books, websites, and other online media.

D. Results and Discussion

Based on the data obtained by the researcher, it is presented as follows.

Table 1. Comparative Data on Financial Performance of Bank BSI and Bank BNI 2021-2023

Bank / Year		CAR	ROA	ROE	NPL	BOPO	LDR
		Banking Financial Ratio (in percent)					
BSI	**2021**	22.09	1.61	13.71	3.09	80.46	73.39
	2022	20.29	1.98	16.84	2.4	75.88	79.37
	2023	21.04	2.35	16.88	2.19	71.27	81.73
Average		**21.14**	**1.98**	**15.28**	**2.56**	**75.87**	**78.16**
BNI	**2021**	19.7	1.4	9.4	3.7	81.2	79.7
	2022	19.3	2.5	14.9	2.8	68.6	84.2
	2023	22.0	2.6	15.2	2.1	68.4	85.8
Average		**20.3**	**2.2**	**13.2**	**2.9**	**72.7**	**82.23**

Source: Annual Report of Bank BSI and Bank BNI 2021-2023

From the data obtained from Bank BSI and Bank BNI using 6 financial ratios in banking, namely, CAR, ROA, ROE, NPL, BOPO, and LDR/FDR. Based on the data obtained in Table 1, Bank BSI's CAR ratio has experienced a significant increase and decrease but remains in good condition> 8% with an average value of 21.14% for 3 years. Bank BNI experienced a significant increase in 2023, with an average value of 20.3%> 8% where both banks were able to handle/prevent bank losses well. From this ratio, it can be concluded that Bank BSI obtained a higher value than Bank BNI, which shows that Bank BSI can be efficient in utilizing capital to generate profits, influenced by good asset and liability management.

Based on the results of the ROA ratio in Table 1, which shows that Bank BSI experienced a significant percentage increase with an average value of 1.98% or> 0.5% which has passed the minimum standard, then Bank BSI's ROA ratio is stable. Bank BNI experienced a significant increase in 2022 and continued to increase in 2023, but not so significant and with an average value of 2.2% or> 5% in a stable state. It is concluded that Bank BNI obtained a higher ROA ratio than Bank BSI, which shows that Bank BNI is better able to utilize its resources to generate optimal income so that it can increase competitiveness and financial stability and has stronger resilience in dealing with financial risks, such as economic instability and changes in monetary policy. In addition, high ROA can support increased operational efficiency and long-term profitability. BNI Bank is better at optimizing its assets to generate greater profits. It tends to have more controlled operational costs, allowing them to offer more competitive loan interest rates. However, this does not apply to Sharia Banks, whose regulations are based on Sharia principles.

The ROE ratio shows that Bank BSI experienced a significant increase in 2022 and was consistent in controlling ROE with an average value of 15.28%> 15% which states that Bank BSI is in a stable condition in generating profits from shareholders' capital. Meanwhile, Bank BNI experienced a significant increase. However, in 2021 Bank BNI experienced an unstable condition with an ROE of 9.4% <15% in a bad condition but in the following year

Bank BNI was able to stabilize the ROA value in 2022-2023 and obtained an average value of 13.2% <15% in an unstable condition due to the decline in 2021 which was caused by increased provisioning costs to anticipate credit risk due to unstable economic conditions which had an impact on decreasing net profit which at that time the COVID-19 pandemic occurred. From this comparison, it can be concluded that Bank BSI is better at the ROE ratio, where Bank BSI is able to generate optimal profits and increase investor and shareholder confidence in the bank's performance. High ROE for the company is characterized by management's ability to manage assets and liabilities effectively. This can open opportunities for BSI to attract more domestic or foreign investment that can be used for business expansion and the development of more innovative sharia banking products and services. This increase can improve BSI's reputation in the eyes of customers and the wider community. As the largest sharia bank in Indonesia, solid financial performance will strengthen BSI as a reliable and competent financial institution in providing services in accordance with sharia principles. During the COVID-19 pandemic, Sharia banks were also able to survive and remain stable even though the economy was in decline at that time.

In the NPL ratio, Bank BSI has experienced a percentage decrease over three years, the criteria of which in this ratio is that the smaller the percentage ratio, the better the condition of handling or anticipating problematic credit with a value of 2.56% <5% of the specified criteria. Meanwhile, Bank BNI in the NPL ratio obtained a significant percentage decrease starting in 2021, with a fairly high but stable value at 3.7% until 2023, with an average value of 2.9% <5% in good condition. From the results of the analysis, it can be concluded that the NPL ratio at Bank BSI is better than Bank BNI, as evidenced by the lower percentage value. Bank BSI has proven its ability to maintain financing quality. This reflects a good risk management strategy, including stricter selection in financing distribution, increased efficiency in the collection process, and the implementation of appropriate restructuring policies for customers experiencing financial difficulties. The decrease in NPL also has a positive impact on bank profitability. The lower the NPL, the less funds must be allocated for credit loss reserves, so that net profit can increase. In addition, good performance in managing non-performing loans also increases investor and customer confidence in BSI's financial stability. With a controlled NPL level, BSI has more room to channel financing to productive sectors, such as Micro, Small, and Medium Enterprises (MSMEs), which play an important role in national economic growth. BSI's success in reducing the NPL ratio also reflects the effectiveness of the Islamic banking approach in more transparent and fairer contract-based financing. With a risk-sharing mechanism and the principle of prudence in financing, Islamic banks have an advantage in reducing the potential for non-performing loans compared to conventional banks. If this NPL can be maintained, BSI has the potential to become a leader in the Islamic banking industry in Indonesia and further strengthen its contribution to a more stable and inclusive economy and be able to compete with Conventional Banks in Indonesia and even the world.

The data in the table showing the BOPO ratio at both banks, Bank BSI experienced a significant decline in 3 years with an average value of 75.87% <92% which shows that Bank BSI can make the BOPO ratio cost efficient well, the lower the percentage value, the better this ratio is for the bank. Bank BNI experienced the same thing, namely a very significant decline in 2022 from 81.2% in 2021 and 68.6% in 2022, so that the average ratio value at Bank BNI was 72.7% in good condition. This reflects the success of the risk management strategy implemented by the bank in anticipating and handling non-performing loans. Steps such as increasing selectivity in providing credit, optimizing the restructuring process, and implementing technology in credit monitoring are the main factors driving this improvement. The decline in this ratio also contributed to the financial stability of Bank BNI. With the lower level of non-performing loans, the bank can allocate fewer funds for credit loss reserves, thereby increasing efficiency and profitability. In addition, a lower non-performing loan ratio provides a positive signal to investors and financial analysts, which can ultimately increase market confidence in BNI's performance and business prospects. This also has an impact on increasing opportunities for bank expansion in channeling financing to productive sectors.

From the banking industry perspective, Bank BNI's success in reducing the non-performing loan ratio also reflects a better economic recovery post-pandemic. In 2021, many business sectors experienced pressure due to economic uncertainty, which led to an increase in non-performing loans. However, with improving economic conditions and more adaptive banking policies, such as the credit restructuring program supported by the government and Bank Indonesia, banks can manage risks more effectively. The sustainability of this positive trend is highly dependent on the long-term strategy implemented by Bank BNI management. Banks need to continue to strengthen their risk mitigation systems, improve supervision of their credit portfolios, and strengthen support for business sectors that have high growth potential. In addition, the adoption of digital technology in credit analysis and risk management is also a key factor in ensuring that the credit disbursed remains of high quality and contributes positively to the bank's performance. The continued decline in the non-performing loan ratio at Bank BNI shows that the bank has succeeded in making improvements in credit risk management and increasing operational efficiency. This not only benefits the bank in the form of better profitability but also has a positive impact on customers and the economy as a whole. With more stable banking conditions, the real sector can more easily access financing, which ultimately drives more sustainable economic growth.

In the 2021-2023 LDR ratio of both Banks, Bank BSI in 2021 was very risky with a value of 73.39% and experienced a significant increase in 2022 and 2023 with an average value of 78.16% <79% which said that the unstable conditions at Bank BSI which are risky in returning customer credit. This condition reflects an increase in liquidity risk due to the increasing proportion of funds distributed in the form of credit compared to available funds. If not managed properly, this condition could potentially increase pressure on the bank's ability to meet its liquidity obligations, especially if there is an increase in requests for withdrawals by customers.

This significant increase in LDR indicates that Bank BSI is more aggressive in distributing financing, which can be a strategy to increase profitability. However, if not balanced with good risk management, this increase can cause an imbalance between available funds and the financing provided. Therefore, banks need to ensure that the LDR ratio remains within safe limits to maintain financial stability, especially in the face of potential macroeconomic risks such as rising interest rates or economic slowdowns. On the other hand, the unstable conditions at Bank BSI also reflect the challenges in managing liquidity amidst the dynamics of Islamic banking that are different from conventional banks. Because Islamic banks cannot rely on interest-based instruments like conventional banks in managing liquidity, more innovative strategies are needed, such as optimizing Islamic financial products based on the money market or issuing sukuk to balance the funding and financing structure. Thus, BSI needs to continue to strengthen liquidity management so as not to experience pressure that can disrupt its operational stability.

Meanwhile, Bank BNI's LDR ratio experienced a consistent increase with conditions that remained stable, with an average value of 82.23% <90%. Moreover, it can be concluded that Bank BNI's condition is better in the calculation of the LDR ratio, indicating that this bank is able to channel credit optimally without facing high liquidity risks. Despite the increase, this ratio is still below the threshold of 90%, which indicates that BNI has a good balance between funds collected and financing distributed. This stability reflects an effective liquidity management strategy, where the bank maintains the availability of funds to meet customer needs without sacrificing its business growth.

BNI's success in maintaining LDR stability also shows that the bank has a mature strategy in managing funding sources. With a healthy LDR ratio, BNI can remain competitive in credit distribution without facing excessive liquidity pressure. In addition, the bank is also able to utilize business opportunities more flexibly, for example, by increasing financing to productive sectors that have the potential to provide long-term benefits. This is also an indicator that BNI has a high level of customer trust, so that third-party funds collected remain stable and can support credit expansion.

Compared to Bank BSI, BNI's condition in calculating the LDR ratio is better because it shows a more manageable risk level. Although both banks experienced an increase in the ratio, BNI's stability in maintaining a balance between fund collection and credit distribution shows that this bank has a stronger risk management approach. This can be an advantage for BNI in maintaining market trust and attracting more investors and depositors who prioritize financial stability.

In addition, with a stable LDR, BNI has a better capacity to face potential economic shocks, such as interest rate fluctuations or slowing economic growth. Banks that have maintained liquidity tend to be better able to survive in uncertain economic conditions and can continue to provide financing to sectors in need. This stability also contributes to the resilience of the national banking system as a whole, because banks with good liquidity can reduce the risk of default and strengthen the financial sector.

E. Conclusion

Based on the analysis of the six financial ratios used, namely CAR, ROA, ROE, NPL, BOPO, and LDR, it can be concluded that each bank has advantages and challenges in its performance. From the Capital Adequacy Ratio (CAR), both BSI and BNI show healthy conditions with values far above the minimum limit of 8%. BSI has a higher CAR with an average of 21.14% compared to BNI at 20.3%, indicating that BSI has stronger capital resilience in facing financial risks. This shows BSI's efficiency in utilizing its capital to generate more optimal profits.

In the Return on Assets (ROA) ratio, BNI is superior with an average value of 2.2%, while BSI is 1.98%. A higher ROA indicates that BNI is more efficient in managing its assets to generate profits. BNI also has stronger competitiveness in facing economic risks and changes in monetary policy, while BSI, although stable, still can increase profitability from its asset management.

From the Return on Equity (ROE) ratio, BSI is superior, with an average value of 15.28% compared to BNI, which only reached 13.2%. Although BNI has improved after the decline in 2021 due to the COVID-19 pandemic, BSI's ROE remains higher, indicating that BSI is better at generating profits from shareholders' capital. This also increases investor confidence and BSI's business expansion opportunities in the Sharia banking industry.

In the Non-Performing Loan (NPL) ratio, BSI again showed better performance with an NPL of 2.56%, while BNI was at 2.9%. Both banks remain in healthy condition because they are below the 5% limit, but BSI showed better credit risk management. This reflects a more effective risk management strategy in reducing the number of non-performing loans and maintaining financial stability.

Both banks experienced a significant decline in the ratio of operating costs to operating income (BOPO), but BNI was more efficient, with an average of 72.7% compared to BSI at 75.87%. The lower the BOPO ratio, the better the bank's operational efficiency in managing costs to generate income. This shows that BNI is better able to control its operational costs than BSI, thereby increasing profitability.

In the loan-to-deposit ratio (LDR), BNI showed better stability with an average of 82.23% compared to BSI, which reached 78.16%. BSI experienced less stable conditions because a lower LDR ratio could indicate a higher liquidity risk. On the other hand, BNI was able to maintain a better balance between fundraising and credit distribution, indicating a more mature liquidity management strategy.

From the analysis results, BSI is superior in terms of capital resilience (CAR), shareholder capital efficiency (ROE), and management of non-performing loans (NPL), indicating that this bank has a strong strategy in risk management and sharia-based business expansion. Meanwhile, BNI is superior in profitability (ROA), operational efficiency (BOPO), and liquidity stability (LDR), indicating a better ability to manage assets, control operational costs, and maintain funding balance.

With this analysis, it can be concluded that BSI is superior in terms of stability and efficiency based on sharia. At the same time, BNI is more competitive in terms of profitability and liquidity. Both banks have their advantages, and the strategies they implement in facing the challenges of the banking industry can be a key factor in the sustainability of their growth in the future.

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