



THE EFFECT OF NON-PERFORMING FINANCING (NPF) AND FINANCING TO DEPOSIT RATIO (FDR) ON RETURN ON ASSETS (ROA) IN ISLAMIC COMMERCIAL BANKS (BUS) IN INDONESIA

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ABSTRACT. This research is motivated by the fluctuations in the ROA value of Sharia Commercial Banks from 2019 to 2023, which indicate that there are several external and internal factors affecting the ROA level. ROA is one of the profitability ratios that can illustrate the return on the use of bank assets when calculating net profit. This research focuses on two internal factors, namely NPF and FDR. The first internal factor that can affect ROA is NPF. NPF is an indicator of the level of financing risk in Islamic banking. The second factor is FDR, which reflects the effectiveness of the bank in distributing financing funds from the total third-party funds collected. The type of research used in this study is a quantitative approach with data analysis techniques using Panel Data Regression Analysis, Classical Assumption Tests, and Hypothesis Testing. In this study, the data used is secondary data. The population in this study consists of 13 Sharia Commercial Banks registered with the OJK. The sample used comprises 11 Sharia Commercial Banks. Based on the results of the research conducted, the following results were obtained: partially, Non Performing Financing (NPF) does not affect Return On Assets (ROA), partially, Financing to Deposit Ratio (FDR) does not affect Return On Assets (ROA), and simultaneously, there is no simultaneous effect between Non Performing Financing (NPF) and Financing to Deposit Ratio (FDR) on Return On Assets (ROA)

Keywords: Non Performing Financing (NPF); Financing to Deposit Ratio (FDR); Return On Assets (ROA)

Introduction

The banking industry in Indonesia is currently experiencing very competitive competition. This is marked by the emergence of new banks, both conventional and Islamic. Therefore, banking institutions must be adept in implementing policies and selecting the right strategies to navigate the changes occurring, so they can continue to compete in the current era of globalization. The selection of policies and strategies by banks must, of course, be in accordance with and aligned with government regulations related to banking, namely the Republic of Indonesia Law No. 10 of 1998.

In Indonesia, financial institutions, namely banks, in their operations are divided into two types: conventional banks and Islamic banks. Conventional banks are banks that operate their activities conventionally, referring to national or international agreements and based on formal

law. The operational activities of conventional banks are related to the determination of interest rates based on the interest rates issued by Bank Indonesia. This conventional bank is a type of bank that has been used for a very long time in the world, including in Indonesia. It cannot be denied that conventional banks are more well-known compared to Islamic banks.

Meanwhile, Islamic banks are a type of bank that apply several Sharia principles in their operations. The development of Islamic banks in Indonesia began in 1983. Banks were given the freedom to set interest rates by Bank Indonesia (BI). In 1983, planning related to the implementation of a profit-sharing system in crediting was once designed by the Indonesian government. The initiative to establish a sharia bank, namely Bank Muamallat Indonesia by MUI in 1992, turned out to be the beginning of the development of sharia banks in Indonesia. (Ismail, 2011).

Table 1. The Development of Islamic Banking in Indonesia from 2019 to 2023

Years	BUS	UUS	BPRS	Total BUS Assets (In Trillions)	Total UUS Assets (In Trillions)
2019	14	20	164	323.438	163.410
2020	14	20	163	362.692	179.071
2021	12	21	164	401.485	205.342
2022	13	20	167	478.831	225.943
2023	13	20	171	543.749	256.842

Source: Financial Services Authority (2025)

Islamic banks in Indonesia have steadily increased over the past five years in terms of assets. This serves as motivation and opens up significant opportunities for the growth of Islamic banking in Indonesia. The market share of Islamic banking is very large, but it is not accompanied by the development of Islamic banks in Indonesia. (Nurrafina dkk., 2023). This means that Islamic banking must continuously improve its financial performance to attract the public to collaborate and become customers, and of course, so that Islamic banks can compete with conventional banks.

Profitability allows banks to maintain a risk profile and provide a reference for short-term issues. Profitability is a depiction of a bank's ability to generate profit by effectively utilizing all its resources, such as cash and capital (Seto, 2022). To assess profitability, banks usually utilize profitability ratios, as these ratios can evaluate the bank's ability to generate profit by utilizing the resources owned by the bank such as cash/assets, company sales, and capital. (Sudono, 2009). Profitability Ratios are divided into several types, the most commonly used ratio is Return On Assets (ROA).

Return On Assets shows the Company's ability to manage all the assets or properties owned by a bank to generate profit or earnings after tax (Nafiatul, 2022). ROA is used as a benchmark for banking performance because this ratio can indicate the effectiveness and efficiency of banking management in managing the assets owned to generate profit. An increase in a bank's ROA can enhance the level of profit the bank earns.

ROA was chosen in this study because it is an indicator that reflects the efficiency of the Bank in managing all its assets to generate profit, thereby providing a comprehensive picture of financial performance and serving as an important consideration for both investors and management in decision-making (Illahi dkk., 2023).

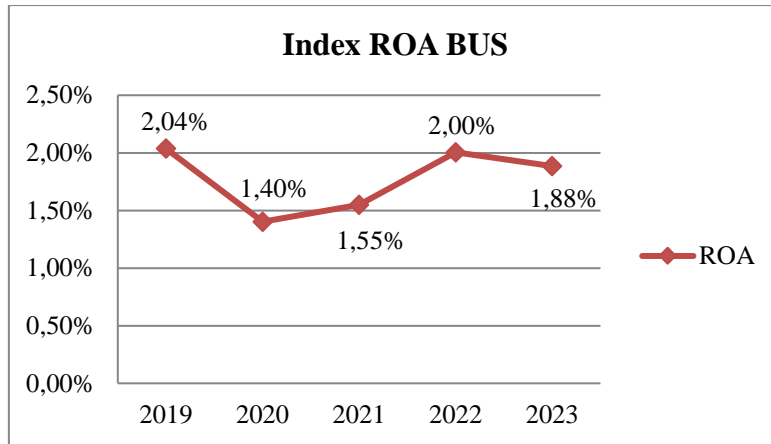


Figure 1. ROA Index of Indonesian BUS 2019-2023

Source: Financial Services Authority (OJK), Processed by the Author (2025)

The ROA Index graph of BUS shows that the profitability performance of Islamic Commercial Banks during the observation period experienced quite clear dynamics. At the beginning of the period, the return on assets was relatively good, then experienced a sharp decline the following year. After that, the condition gradually improved with an upward trend for two consecutive years until it approached the initial achievement again. However, in the final year, a slight correction was observed. In general, this pattern shows that the profitability of BUS was temporarily under pressure, but it managed to recover before experiencing a slight adjustment again at the end of the period.

There are several aspects that influence the profitability level of Islamic commercial banks, namely internal aspects and external aspects. Internal aspects or factors can be seen from the depiction of the bank's condition and performance during its operations thru financial statements issued either quarterly or annually. Meanwhile, external aspects or factors are those not under the control of the bank, such as monetary policy, exchange rates, globalization, inflation rates, and other factors (Siamat, 1995).

The focus of this research will be on the internal components of the bank related to problematic financing or Non-Performing Financing, as well as the amount of Third Party Funds provided for distribution in the form of financing, known as the Financing to Deposit Ratio. The first internal factor that can affect the Return On Assets is Non-Performing Financing (NPF). Non-Performing Financing (NPF) is a percentage or performance assessment of an Islamic bank used to measure financing risk (financing issues and the likelihood of uncollectible payments) (Sholihin, 2013).

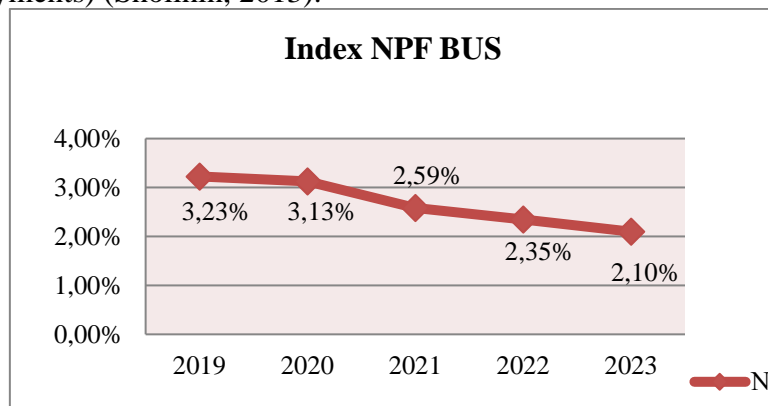


Figure 2. NPF Index of BUS Indonesia 2019-2023

Source: Financial Services Authority (OJK), Processed by Author (2025)

The BUS NPF Index graph shows that the level of problematic financing at Sharia Commercial Banks during the observation period tends to decline gradually. At the beginning of the period, the NPF ratio was at a relatively higher level, then slightly decreased in the following year. The downward trend continued consistently until the end of the period, reflecting an improvement in the quality of the financing disbursed. Overall, this pattern indicates that the financing risk management at BUS is becoming increasingly effective, thereby reducing the level of problematic financing year by year.

Seeing the number of problematic or defaulted financing decrease each year shows that Sharia Commercial Banks are able to stabilize their health levels. Although the COVID-19 pandemic occurred in 2020, Islamic Commercial Banks were able to withstand it and even increase their profitability compared to conventional banks.

The performance of debtors and their ability to meet financing obligations are influenced by the fluctuating global and domestic economic conditions, including the effects of the COVID-19 pandemic and geopolitical instability. This situation does not automatically increase Non-Performing Financing in the Islamic banking sector. Because Sharia Commercial Banks are able to anticipate and manage risks well, it means that Sharia Commercial Banks have a sufficient risk management system to effectively identify, measure, and control credit risks.

The research conducted by (Ishak & Pakaya, 2022a) found that the NPF value has a negative and significant impact on ROA. Meanwhile, the studies by (Lestari, 2021) and (Karim & Hanafia, 2020) showed that the NPF value does not have a significant impact on ROA. There are contradictions in several previous studies, therefore, a more in-depth investigation is needed to see and obtain more accurate and clearer results in future research.

Financing to Deposit Ratio (FDR) is the second internal factor that can influence Return On Asset. FDR calculates the amount of financing that has been provided against the amount of capital owned (calculating the total financing provided by calculating the total funds or capital owned by the bank) (F. Firdaus dkk., 2023).

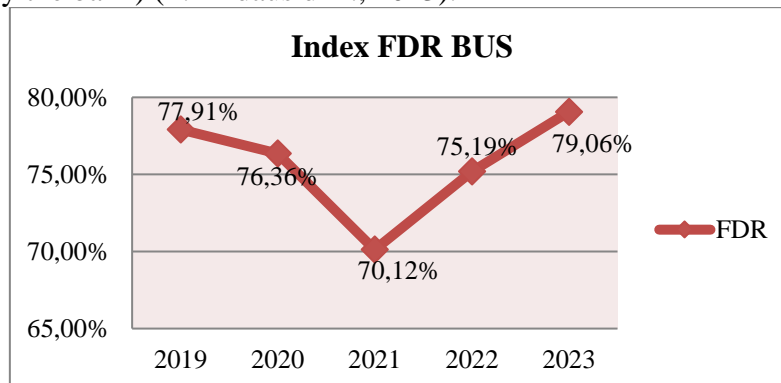


Figure 3. FDR Index of Indonesian Sharia Commercial Banks 2019-2023

Source: Financial Services Authority (OJK), Processed by the Author (2025)

The FDR Index BUS graph shows that the financing-to-third-party-funds ratio at Islamic Commercial Banks during the observation period experienced fluctuations. At the beginning of the period, this ratio was at a relatively high level, then gradually decreased until it reached its lowest point in the middle of the period. After that, the FDR ratio consistently increased until the end of the research period. This pattern illustrates that the ability of Islamic banks to disburse funds temporarily weakened, but subsequently improved, indicating an increase in financing activities compared to the funds collected from the public. In general, these conditions reflect the dynamics in the management of liquidity and the intermediation of Islamic banking.

A high Financing To Deposit Ratio can indicate a bank that has disbursed a significant portion of Third Party Funds (DPK) in the form of financing, which can pose liquidity risks.

When banks face high demand for fund withdrawals from depositors, they may struggle to meet the demand without having to sell assets at a potential loss. On the other hand, if the Financing To Deposit Ratio is too low, it may indicate that the bank is not optimally utilizing the funds collected from depositors for financing. This may indicate overly conservative internal policies in allocating funds or obstacles in finding viable projects for the funds.

Research conducted by (Juniarto & Fuadati, 2018), (Yuliana & Listari, 2021) shows that FDR has a significant positive effect on ROA. Meanwhile, research by (Pravasanti, 2018) dan (Nisa' & Anita, 2022) states that there is a negative effect of FDR on ROA. Given the contradictory results from these relevant studies, further research is needed to clarify the results and obtain the correct answer.

With the relevant research that has been conducted by previous researchers, the author is interested in further exploring the external and internal factors that influence the profitability of an Islamic bank, particularly the internal factors that affect a bank's profitability. The issue of profitability is very important to assess the bank's ability to generate profits from the various products offered.

The health level of a bank is marked by the increase or decrease in profitability, which can be observed by looking at the percentage of each financial ratio in the bank's published financial statements. If a bank is able to increase its profitability every year, this can attract customers to use the bank's services. This is because prospective customers will review and choose banks that are considered relatively safe and sound, and then build a cooperative relationship as customers with a bank.

Literature Review

Agency Theory

Agency theory explains the relationship between the company's management as the agent and the company's owners as the principal, who gives orders to the agent to participate in all activities on behalf of the company's owners as the principal. The principal, who is the owner of the company, is aware of all information related to the company's operations, including management activities in the implementation of investment activities within the company through accountability reports prepared by the management as the agent. This can serve as a benchmark for evaluating the performance of the management over a certain period by the company owner.

The agency theory explains that management's interests often conflict with those of shareholders, leading to potential conflicts. states that as agents, management is morally responsible for optimizing the profits of the owners (principals) and in return will receive compensation according to the agreed contract. Based on that, management should act for the prosperity of the owners, but due to various risks and limitations in future perceptions that are likely to be borne by management, in decision-making, management tends to also consider aspects of their own interests (Muslimin & Wenten, 2023).

However, in reality, there are often instances of fraud committed by management in preparing accountability reports so that when presented, they appear good, thus showcasing the management's effective and efficient performance, resulting in final reports that meet the desires of the company's owners. This theory explains that management must prioritize the interests of investors or shareholders over their personal interests. In this context, accounting is considered a means to explain management's performance in fulfilling their duties to both the company owners as the principal and the shareholders.

Non Performing Financing (NPF)

Non-Performing Financing (NPF) is financing that is classified as having less smooth collectibility, doubtful, and defaulted, commonly referred to as problematic financing. NPF can

assess the level of problematic financing as well as financing that experiences delays in repayment (Sholihin, 2013).

The purpose of using NPF is to measure the percentage of financing problems faced by banks. The high ratio can indicate the poor quality of financing conducted by Islamic banks. If the NPF value exceeds the ratio health criteria, the financial performance or profitability level of the bank will decline. If the amount of problematic financing exceeds cash funds or productive assets, the income from the financing conducted is likely to decrease. This will reduce profits and, of course, impact the distribution of profit-sharing from the funds deposited in Islamic banks.

According to Bank Indonesia regulations, credit risk is the risk that arises as a result of a customer's failure to fulfill their obligations. Banks have credit risk because they disburse funds as loans to the public. There are several reasons why debtors find it difficult to fulfill their obligations to the bank, such as principal payments, interest payments, and so on. The failure of the debtor to fulfill their obligations will impact the bank, which suffers losses due to not receiving the expected repayments from previous loans (Popita, 2013).

Financing indicators include account behavior, business activity behavior, customer behavior, and macroeconomic behavior. However, the factors causing problems in financing can be viewed from both external and internal perspectives, namely from the creditor (the bank itself), the debtor (the customer), and other parties beside the creditor and debtor. The creditor factor is a microeconomic factor, while the debtor factor originates from the customer, and the factors outside these two are macroeconomic factors (Popita, 2013).

Financing To Deposit Ratio (FDR)

Banks can implement various methods to measure their liquidity, including using the Loan to Deposit Ratio, which in Islamic banking is referred to as the Financing to Deposit Ratio (FDR). The term "loan" or "credit" in Islamic banking is replaced with "financing" or "financial". Typically, Islamic banks use the same concept to measure their liquidity, which is by using the Financing to Deposit Ratio (FDR) (Antonio, 2001). The use of FDR can demonstrate the bank's ability to repay deposit funds thru credit withdrawals (Mulyono, 2000).

FDR is the comparison between bank funds and Third Party Funds successfully channeled by the bank. Loan funds originating from DPK can be calculated and measured using this method. If this ratio is high or low, it can indicate how liquid a bank is. Therefore, if a bank's FDR figure is higher, that bank is more liquid compared to a bank with a lower FDR figure.

Return On Assets (ROA)

Return On Assets is a ratio that describes the result of the return on the use of bank assets when calculating net profit. In other words, this ratio is used to calculate how much net profit will be generated from each rupiah of funds invested in the total assets of the company. Return On Asset (ROA) is a profitability ratio intended to measure the bank's ability to utilize the total funds used in business operations aimed at generating profit by utilizing the owned assets (Ardimas & Wardoyo, 2014). Additionally, ROA is also used as a tool to calculate the return on business over all existing assets. In other words, this ratio shows the efficiency of the company's use of funds to generate profit. (F. Firdaus dkk., 2022), (Antonio, 2001).

Research methods

The approach in this research uses a quantitative method by writing and explaining in numerical form thru the calculation of the NPF and FDR ratios as variable X obtained from financial statements to see their effect on ROA as variable Y in Sharia Commercial Banks (BUS) Registered with the Financial Services Authority (OJK) for the period 2019-2023. The secondary data used in this research is sourced from the official website of Bank Indonesia, relevant or previous research, the official website of the Financial Services Authority (OJK),

the official website of Sharia Commercial Banks, the Central Statistics Agency (BPS), related journals, and other websites that support or are related to this research. Meanwhile, the population in this study consists of all Sharia Commercial Banks registered on the official website of the Financial Services Authority (OJK) for the period 2019-2023, which amounts to 13 Sharia Commercial Banks. The technique used in sampling is Non-Probability Sampling with a Purposive Sampling approach, which involves selecting samples based on specific criteria that are related to the previously known population criteria (M. M. Firdaus, 2021), (Umar, 2014).

Table 2. Sampling Techniques

No.	Description	Amount
1.	Indonesian Sharia Commercial Banks registered with the OJK	13
2.	Sharia Commercial Banks Without Complete Financial Reports for the Period 2019-2023	(2)
3.	Research Sample	11

Source: Financial Services Authority (OJK), Processed by Researcher (2025)

To see the influence between the NPF and FDR variables on ROA in the study, panel data regression is used and processed with Eviews 13.0 software.

Results and Discussion

Results

1. Hypothesis Testing

This hypothesis test uses panel data regression analysis with the Fixed Effect Model (FEM) aimed at testing the influence of independent variables on the dependent variable, where there are several types of BUS registered with the Financial Services Authority (OJK) over the past 5 years.

Table 3. Hypothesis Test Results with Fixed Effect Model

Dependent Variable: Y?

Method: Pooled Least Squares

Date: 03/10/25 Time: 11:52

Sample: 2019 2023

Included observations: 5

Cross-sections included: 11

Total pool (balanced) observations: 55

Variable	Coefficient	Std. Error	t-Statistic	Prob.
	-		-	
C	43.89614	29.57939	1.484011	0.1453
X1?	27.20128	15.89123	1.711717	0.0943
	-		-	
X2?	0.020308	0.207925	0.097672	0.9227
Fixed Effects (Cross)				
_BAS—C	45.22996			

	45.734		
_BAST--C	77		
	45.248		
_BCAS--C	12		
	-		
	2.0923		
_BJBS--C	51		
	-		
	8.5539		
_BMI--C	70		
	16.932		
_BMS--C	11		
	34.626		
_BPDNTBS--C	61		
	-		
	148.26		
_BPDS--C	22		
	-		
	65.651		
_BSB--C	33		
	49.750		
_BTPNS--C	78		
	-		
	12.962		
_BVS--C	47		
Effects Specification			
Cross-section fixed (dummy variables)			
	78.516		0.240
Root MSE	51	R-squared	102
	-		
Mean dependent var	10.82400	Adjusted R-squared	0.022989
S.D. dependent var	90.90083	S.E. of regression	89.84992
Akaike info criterion	12.03722	Sum squared resid	339066.4
			-
Schwarz criterion	12.51168	Log likelihood	318.0236
Hannan-Quinn criter.	12.22070	F-statistic	1.105882
Durbin-Watson stat	3.030722	Prob(F-statistic)	0.380830

Source: Eviews 12 Panel Data Regression Output (2025)

Based on Table 3 above, the values of each coefficient from the Indonesian Sharia Commercial Banks included in this study are known. From the results above, the bank with the greatest influence is indicated by the highest coefficient value, which is Bank BTPN Syariah with a value of 49.75078. Next, followed by Bank Aladdin Syariah Tbk with a coefficient value of 45.73477, Bank BCA Syariah with a value of 45.24812, Bank Aceh

Syariah with a coefficient value of 45.22996, Bank BPD NTB Syariah with a value of 34.62661, Bank Mega Syariah with a coefficient value of 16.93211, Bank BJB Syariah with a value of -2.092351, Bank Muamalat Indonesia with a coefficient value of -8.553970, Bank Victoria Syariah with a coefficient value of -12.96247, namely Bank Syariah Bukopin with a coefficient value of -65.65133, and lastly, the bank with the smallest influence, Bank Panin Dubai Syariah with a coefficient value of -148.2622.

a. Partial t-test

The results of the partial hypothesis (t-test) can be seen in Table 3 above. In this study, an alpha or confidence level of $5\% = 0.05$ was used with a sample size (n) = 55 and a number of variables (k) = 3. The t-table formula is:

$$\begin{aligned} df &= n - k \\ &= 55 - 3 \\ &= 52 \end{aligned}$$

Thus, a t-table value of 2.007 was obtained. Here is an explanation of the output results from the t-test using the FEM panel data regression model as follows:

- 1) NPF has a t-statistic value of 1.711717, while the t-table value with $\alpha = 0.05$ is 2.007, and the Prob. (significance) is 0.0943, which means that the t-count value is smaller than the t-table value ($1.711717 < 2.007$) and with a significant probability value greater than alpha ($0.0943 > 0.05$). Therefore, H_0 is accepted and H_1 is rejected, leading to the conclusion that the NPF variable does not have a positive and significant effect on the ROA of Indonesian Sharia Commercial Banks.
- 2) The t-test results with panel data regression analysis using the FEM model for the FDR have a t-statistic value of -0.097672, while the t-table value with $\alpha = 0.05$ is -2.007 and the significance (Prob.) value is 0.9227, which means that the t-statistic value is greater than the t-table value ($-0.097672 > -2.007$) and the significant probability value is greater than alpha ($0.9227 > 0.05$). Therefore, H_0 is accepted and H_2 is rejected, leading to the conclusion that the FDR variable does not have a negative and significant effect on the ROA of Indonesian Sharia Commercial Banks.

b. F-test (Simultaneous)

The results of the hypothesis testing simultaneously using the F-test are presented in Table 3 above. In this study, a confidence level or α of $5\% = 0.05$ was used. It can be noted that the sample size (n) = 55 and the number of variables (k) = 3. The F-table formula is:

$$\begin{aligned} df(n1) &= k - 1 & df(n2) &= n - k \\ &= 3 - 1 & &= 55 - 3 \\ &= 2 & &= 52 \end{aligned}$$

Thus, the F-table value obtained is 3.18.

Based on the eviews 12 output results shown in table 3 above, the calculated F value is 1.105882 while the table F value is 3.18 with a significance level of $\alpha = 5\%$ or 0.05. Thus, $F\text{-calculated} < F\text{-table}$ ($1.105882 < 3.18$). From the table above, the significance value (Prob) is also seen to be 0.380830, which is greater than the significance level of 0.05 ($0.380830 > 0.05$). Therefore, it can be stated that H_0 is accepted and H_1 is rejected, meaning that the NPF and FDR variables simultaneously do not have a positive and significant effect on the ROA of Indonesian Sharia Commercial Banks.

Discussion

1. The Effect of Non-Performing Financing on Return on Assets

According to the data analysis and test results, it is known that the t-statistic value is 1.711717, which is smaller than the t-table value of 2.007. The t-test statistic result for the

NPF variable obtained a significant Prob. value of 0.0943, which is greater than the alpha value of 0.05. It can be concluded that NPF does not have an effect and is not significant on the ROA of Indonesian Sharia Commercial Banks. NPF can compare the amount of problematic financing with the total financing. The high ratio can indicate the poor quality of financing conducted by Islamic banks. The high level of problematic financing compared to cash funds or productive assets can reduce the opportunity to obtain profits from the financing provided, thereby decreasing profits and impacting the distribution of profit-sharing funds on deposits in Islamic banks.

Based on research findings that indicate no significant impact of NPF on the ROA of Indonesian Sharia Commercial Banks, this result can be attributed to the low average NPF levels of Sharia Commercial Banks, which have been steadily decreasing each year. Therefore, NPF does not affect the ROA levels of Sharia Commercial Banks in Indonesia. This means that the NPF during the period 2019-2023 remains within reasonable limits (below 5%), so its impact on the bank's profitability is not significant and the bank can still generate profit despite having problematic financing. This indicates that the risk management quality of Islamic Commercial Banks is very good, capable of minimizing the level of problematic financing, thus not affecting the bank's profitability.

The results of this study are in line with the research by (Lestari, 2021) and (Karim & Hanafia, 2020) which show that the NPF value does not significantly affect ROA. However, this study contradicts (Ishak & Pakaya, 2022b), which found that the NPF value has a negative and significant effect on ROA.

2. The Effect of Financing Deposit Ratio on Return on Asset

According to the data analysis and test results, it is known that the t-count value is -0.097672, which is greater than the t-table value of -2.007. The t-test statistic result for the FDR variable obtained a significant Prob. value of 0.0927, which is greater than the alpha value of 0.05. It can be concluded that FDR does not have an influence and is not significant toward the ROA of Islamic Commercial Banks in Indonesia.

FDR is a ratio that can measure how effectively DPK can be channeled by BUS in the form of financing to the community. The high or low ratio indicates the liquidity level of the bank. Thus, an increase in a bank's FDR can indicate that the bank is becoming more liquid compared to banks with lower FDR levels. If the FDR value is too high, it can lead to a decrease in the bank's liquidity, making it difficult for the bank to meet its short-term liquidity needs. Additionally, if the FDR value is too high, it can lead to credit risk, potentially resulting in problematic financing. Conversely, if the FDR value is too low, it may indicate that the bank is unable to optimize fund distribution, leading to a potential decrease in profitability.

Based on the research results indicating that there is no significant effect of FDR on the ROA of Islamic Commercial Banks in Indonesia, this can be attributed to the bank's ability to manage excessive disbursement effectively, allowing the ROA to remain stable even when the FDR value rises or falls. Additionally, the average FDR value of Islamic Commercial Banks in Indonesia is below 80%, indicating that the banks are very cautious in disbursing financing and prefer to save funds rather than disburse them. However, this can reduce the bank's opportunity to earn profits from financing using DPK, so the FDR value does not affect the ROA level of Islamic Commercial Banks.

The results of this study are in line with the research by Lestari (Lestari, 2021) which states that FDR does not significantly affect the ROA of Islamic Commercial Banks. Meanwhile, this study contradicts the research by (Pravisanti, 2018) and (Nisa' & Anita, 2022) which shows that FDR has a negative impact on ROA.

3. The Simultaneous Effect of NPF and FDR on Return on Assets

According to the data analysis and hypothesis testing results, it is known that the calculated f-value is 1.105882. From the table above, the Prob (significance) value is also seen to be 0.380830, which is greater than the significance level of 0.05. It can be concluded that the NPF and FDR variables simultaneously do not have an effect and are not significant on the ROA of Indonesian Sharia Commercial Banks. The Adjusted R-squared value is 0.022989 or 0.023. This indicates that the independent variables used in the model can explain 2.3% of the dependent variable. Meanwhile, the remaining 97.7% is influenced by other factors. The coefficient of determination value shows that the variation in the dependent variable, namely the ROA of Islamic commercial banks, can be explained by the two independent variables, namely NPF and FDR. The results of this study contradict previous research conducted by Siti Khoiriyah and Wirman (Khoiriyah, n.d.), which found that simultaneously, the independent variables NPF and FDR significantly affect the ROA of Islamic Commercial Banks in Indonesia.

Conclusion

NPF does not have an influence and is not significant on the ROA of Islamic Commercial Banks in Indonesia. This result can be linked to the low average NPF levels of Islamic Commercial Banks, which have been steadily decreasing each year, so NPF does not affect the ROA levels of Islamic Commercial Banks in Indonesia. The t-test statistic results for the FDR variable obtained a significant Prob. value of 0.0927, which is greater than the alpha value of 0.05. Therefore, it can be concluded that FDR does not have an influence and is not significant toward the ROA of Islamic Commercial Banks in Indonesia. NPF and FDR simultaneously do not have an influence and are not significant toward the ROA of Islamic Commercial Banks in Indonesia.

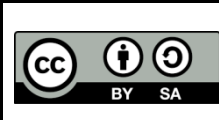
Suggestions

1. To attract more customers, Islamic commercial banks in Indonesia must maintain the consistency of their financial performance, including liquidity and profitability ratios, as these ratios can serve as benchmarks for customers or investors when considering investments or capital contributions and financing in Islamic commercial banks in Indonesia.
2. The management of Sharia Commercial Banks needs to carefully consider the appropriate policies related to factors that influence Return On Asset (ROA) such as Non-Performing Financing (NPF) and Financing to Deposit Ratio (FDR). Although the NPF and FDR of Sharia Commercial Banks are stable at normal levels, it is possible that in the future, NPF or FDR could spike, affecting the bank's profitability.
3. For future research, it is hoped that variables different from those in this study will be examined. Additional independent variables that could show a greater influence on the ROA of Sharia Commercial Banks in Indonesia can be included, so that the research object can obtain more information from the study results effectively and efficiently.

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