

DETERMINANTS OF FINANCIAL PERFORMANCE USING ISLAMIC SOCIAL RESPONSIBILITY AS AN INTERVENING VARIABLE IN SHARIA COMMERCIAL BANKS IN INDONESIA



Gustin Tamara Simanungkalit¹

Universitas Islam Negeri Sumatera Utara, Medan, Indonesia

gustintamara88@gmail.com

Nurlaila²

Universitas Islam Negeri Sumatera Utara, Medan, Indonesia

nurlaila@uinsu.ac.id

Nur Ahmadi Bi Rahmani³

Universitas Islam Negeri Sumatera Utara, Medan, Indonesia

nurahmadi@uinsu.ac.id

Abstract

Financial performance describes the company's financial condition in a certain period, both regarding raising funds and distributing funds, which is usually measured by capital adequacy, liquidity, and profitability indicators. This research examines the influence of financing-to-deposit ratio, Company Size, and Non-Performing Financing on Financial Performance with Islamic Social Responsibility as an intervening variable. This research uses secondary data from the 2019-2023 period at Sharia Commercial Banks. The sampling technique uses purposive sampling. The tool for processing the data uses SPSS 26.0. The research results show that the Financing to Deposit Ratio significantly affects Financial Performance. Company size has a significant effect on financial performance. and Non-Performing Financing does not have a significant effect on Financial Performance. Meanwhile, the Financing to Deposit ratio significantly affects Islamic Social Responsibility, Company Size significantly affects Islamic Social Responsibility and Non-Performing Financing has no significant effect on Islamic Social Responsibility. Furthermore, the financing-to-deposit ratio has a significant effect on Financial Performance through Islamic Social Responsibility. Islamic Social Responsibility can mediate the influence of Financing to Deposit Ratio on Financial Performance. Company Size has a significant effect on financial performance through Islamic Social Responsibility. Islamic Social Responsibility can mediate the influence of Company Size on Financial Performance, and Non-Performing Financing has no significant effect on Financial Performance through Islamic Social Responsibility. Islamic Social Responsibility cannot mediate the influence of Non-Performing Financing on Financial Performance. Meanwhile, Islamic Social Responsibility has a significant effect on Financial Performance.

Keywords: Financing to Deposit Ratio, Company Size, Non-Performing Financing, Islamic Social Responsibility, and Financial Performance

INTRODUCTION

The development of sharia banking in Indonesia has increased significantly. This is because the assets of Islamic banks in Indonesia have increased (Wastuti & Hasan, 2022; Nurlatipah et al, 2023). In addition, the public's tendency to choose Sharia banks is increasing rapidly, so they will invest and use banking services that comply with Sharia (Khan, I., & Zahid 2020). Considering that Indonesia is a country whose largest population is Muslim.

Based on Sharia banking statistical data for 2019-2023, the number of Sharia Commercial Banks (BUS) in Indonesia continues to increase. To make it clearer, the researcher made a comparison of the development of Sharia banking from 2019-2023 which is presented in the table below:

Table 1.
Development of Sharia Commercial Banks 2019-2023

Year	2019	2020	2021	2022	2023
BUS	14	14	15	13	13
BUS Office	1,885	1,381	1,343	1,063	1,599
UUS	20	20	20	20	20
SRB	167	175	198	210	577

Source: www.ojk.go.id

As seen from Table 1, the development of Sharia banking in Indonesia is increasing, in terms of performance it should also be able to improve its performance, and this has implications for the increasing challenges that must be faced, to maintain the love and good name in the eyes of customers to maintain customer trust and loyalty towards Islamic Bank.

In this research, the authors also analyze how the performance of Sharia Commercial Banks in Indonesia has developed. If the development of Sharia banking in Indonesia continues to increase, in terms of performance, Sharia banks must also be able to improve their performance, because the increasing development of Sharia banks has implications for the greater challenges that must be faced, where the biggest challenge is to maintain the image and good name in the eyes of customers so that keep looking after customer trust and loyalty towards sharia banks.

Financial performance is needed by companies to control and monitor the level of success of the company based on the financial activities that have been carried out (Rudianto 2013). According to Jumingan (2006), Financial performance is a description of a company's financial condition in a certain period, both regarding aspects of raising funds and distributing funds, which is usually measured by indicators of capital adequacy, liquidity, and profitability. The performance of a company is measured because it can be used as a basis for decision-making for both internal and external parties (Djaelani et al, 2023). Analysis of financial reports contains objectives, namely: to determine the success of financial performance in banking in the current and subsequent periods and to find out how the company's assets are managed in generating profits. In a ratio analysis company, knowing finances is considered very important because it is to know the strengths and weaknesses of a company (Sasongko & Rachma, 2021). This report is used to evaluate performance in the past period and future periods. Financial ratio analysis is divided into:5, namely leverage ratio, liquidity ratio, activity ratio, market value ratio, and profitability ratio.

Based on the explanation above, it can be concluded that several factors can influence banking financial performance, including the Financing to Deposit Ratio. company size, and non-performing financing. The first factor that influences financial performance is the Financing to Deposit Ratio. Financing to Deposit Ratio is a liquidity ratio used to measure a company's ability to fulfill its short-term obligations when they are billed. In other words, the company can repay depositors' disbursement of funds when they are billed and can fulfill credit requests that have been made (Setiawaty and Marpaung 2020).

The second factor influencing financial performance is company size. One important component in the decision-making process for stakeholders to invest is company size because company size is an indicator that shows the financial strength of a company (Drianita & Hasibuan, 2021). Large companies are considered to have more information than small companies (Marpaung, 2019). The indicator of company size is the value of total assets or assets of Sharia Commercial Banks because total assets or total assets are considered more stable and show more about the size of the company.

The third factor that influences financial performance, namely NPF is the level of risk faced by a bank, in the form of problematic financing that may not be collected. The risk of

difficulties in the form of repayment by debtors, which are quite large in number, will affect the performance of the bank itself because the existence of problematic financing will cause many of the financing disbursed to not produce results. So if the amount of NPF or financing problems is high it will cause a decrease in profits in the company (Syachreza and Mais 2020)

Based on previous research, there are differences in research results on financing to deposit ratio, company size, and non-performing financing on financial performance. This influence may also be influenced by other variables that act as mediators or liaisons between the independent variable (X) and the dependent variable (Y), namely the intervening (mediation) variable. According to (Sugiyono 2013) explains that intervening variables are variables that can influence or link the independent variable to the dependent variable indirectly and cannot be measured or observed. In this case, Islamic Social Responsibility is an intervening variable that can influence financing-to-deposit ratio, company size, non-performing

Financing on the financial performance of Islamic commercial banks in Indonesia indirectly through Islamic social responsibility. In the past two decades, Muslim academics have begun to develop and implement the concept of sharia social responsibility reporting called ISR (Islamic Social Reporting). The aim of establishing ISR is to encourage corporate social and environmental responsibility towards implementing social responsibility based on Islamic values (Arianugrahini & Firmantyas, 2020). The existence of ISR in the company's social environment can be said to be increasing, so the public needs information related to the implementation of company activities in social activities to ensure that the company's social responsibilities and community rights can be fulfilled (Puspawati et al., 2020).

This research was conducted to analyze the influence of financing-to-deposit ratio (FDR), Company Size, and Non-Performing Financing (NPF) on Financial Performance, as well as adding Islamic Social Responsibility as an intervening variable with a sample of Sharia Commercial Banks from 2019 to 2023. This was carried out because Indonesia is a country with the largest Muslim population in Southeast Asia and has a very rapid development of the Sharia industry. This research is important to carry out because previous research is still limited to CSR disclosure in conventional banks and public companies, although there is research that discusses ISR, the results of the research conducted are

inconsistent regarding factors that can influence the level of Islamic Social Responsibility disclosure. Apart from that, the sample used is different and the most recent year period.

REVIEW OF LITERATURE

The basic theory used in this research is legitimacy theory. Legitimacy theory is a two-way relationship between companies and society. The basis of this is the view which states that companies always try to create harmony and conformity between social values in their activities and the norms that apply in the social system of society that the company is part of that system. Legitimacy Theory states that companies must continuously convince the public that the activities carried out are following the norms and values that apply in the social environment in which the company operates (Savitri, I., & Pratiwi 2021).

Legitimacy Theory recognizes that corporate activities are limited by a social contract. The contract states that the company will report its social activities to gain recognition and be accepted by society. This can guarantee the survival of the company. Furthermore, the theory used is agency theory. Agency theory explains an agency relationship between two parties where one or more people (principal) employ another person (agency) to carry out services on their behalf which involves delegating decision-making authority to the agent. Humans tend to act opportunistically, that is, they prioritize their interests. The agent is motivated to maximize the contractual fees received as a means of meeting his economic and psychological needs. On the other hand, principals are motivated to enter into contracts or maximize returns from resources to improve their welfare with ever-increasing profit.

RESEARCH METHOD

In this research, the research approach used is a quantitative method. Quantitative research methods are research methods that are based on the philosophy of positivism and are used to research certain populations and samples. This quantitative method emphasizes the analysis of numerical data (numbers) which will be processed using statistical methods (Sugiyono 2013). Another definition of quantitative methods according to Ahmadi Bi

Rahmadi is research that places more emphasis on the aspect of objective measurement of social phenomena that occur (Rahmani 2006).

RESULTS AND DISCUSSION

Statistical Test Results

Table 2.
Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		49
Normal Parameters, b	Mean	,0000000
	Std. Deviation	1.41591496
Most Extreme Differences	Absolute	,113
	Positive	,059
	Negative	-,113
Statistical Tests		,113
Asymp. Sig. (2-tailed)		.155c

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

Source: Data processed by SPSS 26

Based on Table 2 above, the Asymp value is obtained. Sig. (2-tailed) on the One-Sample Kolmogorov-Smirnov test result of 0.155. This value is greater than the significance value, namely 0.05. Thus, it can be concluded that the research data is normally distributed or the residual values of the path analysis model are normally distributed.

Equation I: Financing to Deposit Ratio (FDR), Company Size and Non-performing Financing (NPF) on Islamic Social Responsibility (ISR)

Table 3.
Coefficient of Determination Test Results (Adjusted R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,990a	,981	,980	,24543

a. Predictors: (Constant), LN_NPF, LN_UP, LN_FDR

Source: Data processed by SPSS 26

Based on the results of the analysis in Table 3, the R Square value of equation 1 of the influence of FDR, Company Size, and NPF on Islamic Social Responsibility is 0.981. This means that 98.1% of the diversity of data that can be explained by the model in this study can be explained by the model, while the remaining 1.9% is explained by other variables not included in this study.

Table 4.
Simultaneous F Test Results

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	143,194	3	47,731	792,396	,000b
Residual	2,771	46	,060		
Total	145,965	49			

a. Dependent Variable: LN_ISR

b. Predictors: (Constant), LN_NPF, LN_UP, LN_FDR

Source: Data processed by SPSS 26

Based on the analysis results in Table 4, the p-value = 0.000 is obtained. Because the probability value is much smaller than 0.05, the path analysis test can be used to predict the Islamic social responsibility (ISR) variable or it can be said that the financing-to-deposit

ratio, Company Size, and non-performing financing variables together influence Islamic social responsibility (ISR).

Table 5
Partial t Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1,237	,500		-2,476	,017
LN_FDR	,920	,054	,905	16,874	,000
LN_UP	,090	,029	,064	3,138	,003
LN_NPF	,078	,052	,080	1,503	,140

a. Dependent Variable: LN_ISR

Source: Data processed by SPSS 26

The calculation results in Table 4.11 show the following regression equation:

$$ISR = -1.237 + 0.920 FDR + 0.090 UP + 0.078 NPF + e1$$

Based on the equation above it can be explained as follows:

- 1) A constant value of -1.237 indicates that if the independent variable is zero then Islamic social responsibility will occur at -1.237
- 2) The regression coefficient for the financing-to-deposit ratio variable of 0.920 is the value of the P4 path and indicates that every one-unit increase in the financing-to-deposit ratio variable will increase the value of Islamic social responsibility by 0.920 percent.
- 3) The regression coefficient for the company size variable of 0.090 is the P5 path value and indicates that every one unit increase in the company size variable will increase the value of Islamic social responsibility by 0.090 rupiah.
- 4) The regression coefficient for the non-performing financing variable of 0.078 is the value of the P6 path and indicates that every one-unit increase in the non-performing financing variable will increase the value of Islamic social responsibility by 0.078 percent.

5) The value of $e = \sqrt{1 - R^2} = \sqrt{1 - 0.981} = 0.138$ So the amount of variance in the Islamic social responsibility variable that cannot be explained by the financing to deposit ratio, company size, and non-performing financing variables is 0.138,

Based on the interpretation of the research hypotheses (H4, H5 and H6) proposed can be seen as follows:

1) Financing to Deposit Ratio has a positive effect on Islamic social responsibility

In table 4.11 it can be seen that the financing to deposit ratio variable has a calculated t of 16.874 while the t table with sig. $\alpha = 0.05$ and $df = 50 - 5 = 45$ is 1.675 with a sig level. equal to 0.000 which is smaller than 0.05, then the fourth hypothesis (H4) is accepted. This means that the financing-to-deposit ratio has a significant effect on Islamic social responsibility in a positive direction. Thus, the fourth hypothesis which states that the financing-to-deposit ratio has a positive effect on Islamic social responsibility is proven.

2) Company size has a positive effect on Islamic Social Responsibility

In table 4.11 it can be seen that the company size variable has a calculated t of 3.138 while the t table with sig. $\alpha = 0.05$ and $df = 50 - 5 = 45$ is 1.675 with a sig level. equal to 0.003 which is smaller than 0.05, then the fifth hypothesis (H5) is accepted. This means that company size has a significant effect on Islamic social responsibility in a positive direction. Thus, the fifth hypothesis which states that company size has a positive effect on Islamic social responsibility is proven.

3) Non-Performing Financing has no positive effect on Islamic Social Responsibility

In table 4.11 it can be seen that the non-performing financing variable has a calculated t of 1.503 while the t table with sig. $\alpha = 0.05$ and $df = 50 - 5 = 45$ is 1.675 with a sig level. is 0.140 which is greater than 0.05, then the sixth hypothesis (H6) is rejected. This means that non-performing financing does not have a significant effect on Islamic social responsibility in a positive direction. Thus, the sixth hypothesis which states that non-performing financing has no positive effect on Islamic social responsibility is proven.

Equation II: Financing to Deposit Ratio (FDR), Company Size, Non-Performing Financing (NPF), and Islamic Social Responsibility (ISR) on Financial Performance (ROA)

Table 6.
Test Results of Coefficient of Determination (Adjusted R2)

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,869a	,755	,733	1.37590

a. Predictors: (Constant), LN_ISR, LN_UP, LN_NPF, LN_FDR

b. Dependent Variable: LN_ROA

Source: Data processed by SPSS 26

Based on the analysis results in Table 6, the results of these calculations show that the R Square value of equation 2 from the influence of financing to deposit ratio, company size, non-performing financing, and Islamic social responsibility on financial performance (ROA) is 0.755. This means that 75.5% of the diversity of data that can be explained by the model in this study can be explained by the model, and the remaining 24.5% is explained by other variables not included in this study.

Table 7.
Simultaneous F Test Results

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	256,609	4	64,152	33,887	,000b
Residual	83,297	44	1,893		
Total	339,906	48			

a. Dependent Variable: LN_ROA

b. Predictors: (Constant), LN_ISR, LN_UP, LN_NPF, LN_FDR

Source: Data processed by SPSS 26

Based on the analysis results in Table 8, the p-value = 0.000. Because the probability value is much smaller than 0.05, path analysis testing can be used to predict financial performance variables (ROA) or it can be said that the financing-to-deposit ratio, company size, non-performing financing, and Islamic social responsibility variables together influence financial performance (ROA).

Table 8.
Partial t Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-15,819	3,008		-5,259	,000
LN_FDR	3,886	,832	2,496	4,670	,000
LN_UP	,461	,178	,216	2,591	,013
LN_NPF	-,479	,302	-,323	-1,585	,120
LN_ISR	-2,174	,832	-1,422	-2,614	,012

a. Dependent Variable: LN_ROA

Source: Data processed by SPSS 26

The calculation results in Table 4.14 show the following regression equation:

$$ROA = -15,819 + 3,886 FDR + 0.461 UP - 0.479 NPF - 2,174 + e_2$$

Based on the equation above it can be explained as follows:

- 1) The constant value of -15.819 indicates that if the independent variable is zero then the financial performance (ROA) will be -15.819
- 2) The regression coefficient for the financing-to-deposit ratio variable of 3.886 is the value of the P1 path and indicates that every one-unit increase in the financing-to-deposit ratio variable will increase the financial performance value (ROA) by 3.886
- 3) The regression coefficient for the company size variable of 0.461 is the P2 path value and indicates that every one-unit increase in the company size variable will increase the financial performance value (ROA) by 0.461

- 4) The regression coefficient for the non-performing financing variable is -0.479, which is the value of the P3 path and indicates that every one-unit decrease in the non-performing financing variable will reduce the financial performance (ROA) value by -0.479
- 5) The regression coefficient for the Islamic social responsibility variable is -2.174, which is the P3 path value and indicates that every one-unit decrease in the Islamic social responsibility variable will reduce the financial performance (ROA) value by -2.174
- 6) The value of $e = \sqrt{1 - R^2} = \sqrt{1 - 0.755} = 0.494$ So the amount of variance in the financial performance variable (ROA) that cannot be explained by the variables financing to deposit ratio, company size, non-performing financing and Islamic social responsibility of 0.494.

Based on the interpretation of the research hypotheses (H1, H2, H3 and H10) proposed can be seen as follows:

- 1) Financing to Deposit Ratio has a positive effect on financial performance (ROA)

In Table 8 it can be seen that the financing to deposit ratio variable has a calculated t of 4.670 while the t table with sig. $\alpha = 0.05$ and $df = 50 - 5 = 45$ of 4.670 with a sig level. equal to 0.000 which is smaller than 0.05, then the first hypothesis (H1) is accepted. This means that the financing-to-deposit ratio has a significant effect on financial performance in a positive direction. Thus, the first hypothesis which states that the financing-to-deposit ratio has a positive effect on financial performance is proven.

- 2) Company size has a positive effect on financial performance (ROA)

In table 8, it can be seen that the company size variable has a calculated t of 2.591 while the t table with sig. $\alpha = 0.05$ and $df = 50 - 5 = 45$ is 1.675 with a sig level. is 0.013 which is smaller than 0.05, then the second hypothesis (H2) is accepted. This means that company size has a significant effect on financial performance (ROA) in a positive direction. Thus, the second hypothesis which states that company size has a positive effect on financial performance (ROA) is proven.

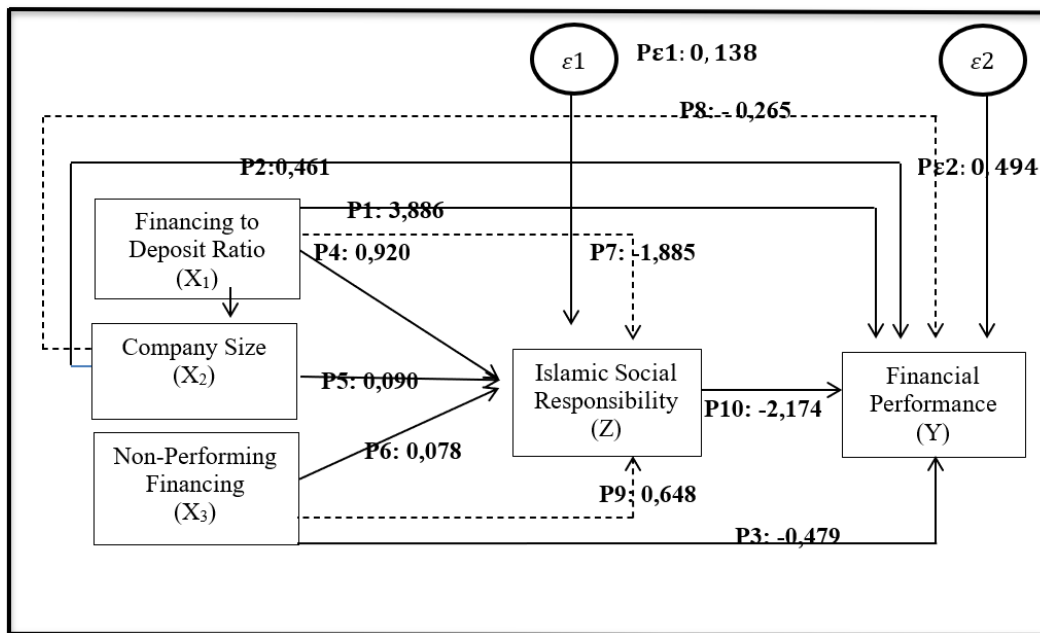
- 3) Non-performing financing does not have a negative effect on financial performance (ROA)

In Table 8, it can be seen that the non-performing financing variable has a calculated t of -1.585 while the t table with sig. $\alpha = 0.05$ and $df = 50 - 5 = 45$ is 1.675 with a sig level. is

0.120 which is greater than 0.05, then the third hypothesis (H3) is rejected. This means that non-performing financing does not have a significant effect on financial performance (ROA) in a negative direction. Thus, the third hypothesis which states that non-performing financing has no negative effect on financial performance (ROA) is proven.

4) Islamic Social Responsibility has a negative effect on financial performance (ROA)

In Table 8, it can be seen that the Islamic social responsibility variable has a calculated t of -1.585 while the t table with sig. a= 0.05 and df = 50 – 5 = 45 is 1.675 with a sig level. is 0.120 which is greater than 0.05, then the tenth hypothesis (H10) is accepted. This means that Islamic social responsibility has a significant effect on financial performance (ROA) in a negative direction. Thus, the tenth hypothesis which states that Islamic social responsibility has a negative effect on financial performance (ROA) is proven.



Information:

- > : Direct Influence
- - - - -> : Indirect Influence

Figure 1.

Financing to Deposit Ratio, Company Size, Non-Performing Financing on Financial Performance (ROA) with Islamic Social Responsibility as an Intervening Variable

The Effect of Financing to Deposit Ratio on Financial Performance

The results of the first hypothesis (H1) are accepted, this means that FDR has a significant positive effect on financial performance (ROA), when FDR increases, financial performance (ROA) will also increase. The results of this research are in line with research conducted by (Koyyimah, Tanjung, and Ayuniyyah 2023) which states that FDR affects financial performance. However, the results of this study contradict research conducted by (Badzlina, Amyulianthy, and Munira 2020) which states that FDR has a significant effect on ROA.

The Influence of Company Size on Financial Performance

The results of the first hypothesis (H2) are accepted. This is because the size of a large company is considered an indicator that describes the level of risk for investment in that company. After all, the company can fulfill all its obligations and provide an adequate level of return for investors so that the larger the size or scale of the company, the greater the company's opportunities. obtain funding sources used to expand the business which will improve the company's financial performance. The results of this research support research conducted by (Uci Rosalinda, Cris Kuntadi, and Rachmat Pramukty 2022) which shows that company size has a positive effect on financial performance.

The Effect of Non-Performing Financing on Financial Performance

The results of the third hypothesis (H3) are rejected, this means that non-performing financing does not have a significant negative effect on financial performance (ROA), when non-performing financing increases, ROA will also increase. Financing refers to funds provided by one party to another. others to support planned investments made by individuals or by institutions. These results are in line with research conducted by (Marliyah, Kamilah K, and Rahmadina 2021) which states that partial Non-Performing Financing does not affect ROA.

The Influence of Financing to Deposit Ratio on Islamic Social Responsibility

The results of the fourth hypothesis (H4) are accepted, meaning that the financing-to-deposit ratio has a significant effect on Islamic social responsibility in Islamic commercial

banks in Indonesia. The higher the level of liquidity, the higher the company's incentive to expand Islamic Social Reporting disclosures. This is in line with research (Affandi & Nursita, 2019) which states that liquidity ratios have a significant effect on Islamic Social Reporting disclosures.

The Influence of Company Size on Islamic Social Responsibility

The results of the fifth hypothesis (H5) are accepted, meaning that company size has a significant effect on Islamic social responsibility in Islamic commercial banks in Indonesia. Company size is a form of company classification based on company scale or in other words, identification of the size of a company. as well as research from (Yovana and Kadir 2020) with the title "The Influence of Company Size, Company Growth, Profitability and Leverage on Corporate Social Responsibility (CSR) Disclosure", where in these two studies the company size variable has a significant positive influence on CSR disclosure.

The Influence of Non-Performing Financing on Islamic Social Responsibility

The results of the sixth hypothesis (H6) are rejected, meaning that non-performing financing has no significant effect on Islamic social responsibility in Islamic commercial banks in Indonesia. A high NPF indicates a high risk of problematic financing at the bank, while a low NPF is a low risk resulting from problematic financing at the bank. The results which have a negative and insignificant effect support research conducted by (Astuti 2019) which states that Non-Performing Finance has a negative and insignificant effect on ISR.

The Influence of Financing to Deposit Ratio on Financial Performance through Islamic Social Responsibility

The results of the seventh hypothesis (H7) are accepted. This means that the financing-to-deposit ratio has a significant effect on financial performance (ROA) through Islamic Social Responsibility. So, it can be concluded that ISR can mediate the influence of financing to deposit ratio on Financial Performance (ROA). The results of this research are in line with research conducted by K.A. Kurniawan and G.A. Yuniarti in 2020 with the title "The Influence of Profitability, Company Size, Liquidity and Risk Minimization on

Corporate Social Responsibility (CSR) Disclosures", which states that the liquidity variable has a negative effect on CSR disclosures.

Company Size on Financial Performance through Islamic Social Responsibility

The results of the eighth hypothesis (H8) are accepted. This means that company size has a significant effect on financial performance (ROA) through Islamic Social Responsibility. So, it can be concluded that ISR can mediate the influence of company size on Financial Performance (ROA). This is not supported by research (Erawati, Teguh & Wahyuni 2019), and Ramaiyanti revealed that ICSR cannot mediate the influence of company size on ROA.

Non-Performing Financing on Financial Performance through Islamic Social Responsibility

The results of the ninth hypothesis (H9) were rejected. This means that non-performing financing has no significant effect on financial performance (ROA) through Islamic Social Responsibility. So, it can be concluded that ISR cannot mediate the influence of company size on Financial Performance (ROA).

Islamic Social Responsibility on Financial Performance

The results of the tenth hypothesis (H10) are accepted, meaning that Islamic social responsibility has a significant effect on financial performance (ROA) in Islamic commercial banks in Indonesia. This means that if the disclosure of the Islamic banking ISR Index is implemented optimally, it will improve the financial performance of Islamic banking. The results of this research are also in line with research conducted by (Nurhayati and Rustiningrum 2021) which states that the higher the disclosure of the Islamic Social Reporting Index (ISR) in banking companies that is carried out well, the higher the financial performance value of the banking company.

CONCLUSION

Based on the results of research conducted by researchers, it can be concluded that:

1. Financing to Deposit has a significant effect on financial performance.
2. Company size has a significant effect on financial performance.
3. Non-performing financing does not have a significant effect on financial performance.
4. Financing to Deposit ratio has a significant effect on Islamic Social Responsibility.
5. Company size has a significant effect on Islamic Social Responsibility.
6. Non-performing financing does not have a significant effect on Islamic Social Responsibility.
7. The financing-to-deposit ratio has a significant effect on financial performance through Islamic Social Responsibility as an intervening variable.
8. Company size does have a significant effect on financial performance through Islamic Social Responsibility as an intervening variable.
9. Non-performing financing does not have a significant effect on financial performance through Islamic Social Responsibility as an intervening variable.
10. Islamic Social Responsibility significant effect on financial performance.

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