

Implementation of Performance Appraisal for Islamic Bank in Indonesia Using CAMELS Method

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ABSTRACT

The assessment of Islamic bank performance measured by the CAMELS method through the 2016-2020 CAR analysis as of January shows that the performance of Islamic commercial banks from year to year shows an increase in the management of Islamic bank management. Where it can be seen that in 2016 to 2020 as of January Islamic commercial banks showed a very healthy condition because they were in the CAR position > 11%. ROA, is used to measure the health of the bank from the income aspect by comparing the net profit achieved with the total assets owned by the bank. The condition of the NPF of Islamic Banks is very healthy as indicated by the small number of bad debts and problematic financing by customers at Islamic banks. Meanwhile, the condition of the LDR of Islamic Banks fluctuates where in 2016 the LDR was in an unhealthy predicate of 85.99%, and in 2017 to January 2020 it was in a very healthy condition because it was in a position of more than 100%. BOPO of Islamic general banks showed unhealthy conditions in 2016, then experienced a significant increase in 2017 in healthy conditions and in 2018 until January 2020 in very healthy conditions.

Keywords: CAMELS, performance appraisal, sharia commercial bank.

INTRODUCTION

The formulation of a sharia bank performance appraisal system that is consistent with the values, objectives, roles and characteristics of Islamic banks always remains an ongoing pursuit for an ideal model.

There are few multidisciplinary studies that have successfully formulated an integrated and interconnected performance appraisal system for sharia banks as an approach.¹ However, the emergence and development of Sharia Financial Institutions (LKS), including sharia banks, are shaped by the norms, values, and

¹ Mustafa Omar Mohammed and Kazi Tarique, "Measuring the Performance of Islamic Banks Using Maqāṣid -Based Model" 4878 (2015): 401-24.

principles of Islamic economic ethics. Therefore, it is crucial to evaluate sharia bank performance using an appropriate model to ensure alignment with their original objectives, roles, and inherent characteristics.²

The study of sharia banking system, including performance assessment, which is essential for the development of institutions that serve as the cornerstone of financial institutions. Addressing the misconception that sharia banking is just a duplication of conventional banking needs to be tackled through empirical evidence and scientific studies.³ Furthermore, it is important to support the growth and acceptance of sharia banks, which continue to grow and are accepted in various countries.⁴ In order to support a strong sharia banking system and eliminate the negative stigma mentioned above, several international institutions have been established as regulatory agencies for sharia financial institutions, such as Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB), International Islamic Financial Market (IIFM), General Council of Islamic Banks and Financial Institutions (CIBAFI), and several other international institutions.⁵

Furthermore, the philosophical basis of the sharia banking system can be understood primarily from the general goals and objectives of the Islamic economic system. According to Santoso, Islamic economic leaders have emphasized that sharia banking is an important part (subsystem) of Islamic economic system that seeks for justice and public welfare in accordance with the aim of lowering sharia (maqasid al-syariah).⁶ Subsequently, in more detail, Mervyn K. Lewis and Latifa M. Algaoud emphasized that the purpose for the presence of sharia banks is to create economic prosperity and realize high growth, socio-economic justice, equitable distribution of income and wealth, economic stability, and development that supports the welfare of all parties concerned.⁷

From the principles and objectives above, sharia banks have different role, and characteristics compared to conventional banks.⁸ It is not only a profit-oriented business organization, but it also plays a socio-economic role in creating

² Hindah Mustika et al., "Determinants of Innovation Capability in the Islamic Banking," *Systematic Reviews in Pharmacy* 11, no. 3 (2020): 382–87, <https://doi.org/10.5530/srp.2020.3.47>.

³ Mustika et al.

⁴ Vogel Frank E and Hayes Samuel L, *Islamic Law and Finance: Religion, Risk, and Return*, III (Kluwer Law International: CN The Hague, 1996).

⁵ Asif Hamid Charag, Asif Iqbal Fazili, and Irfan Bashir, "Determinants of Consumer's Readiness to Adopt Islamic Banking in Kashmir," *Journal of Islamic Marketing* 11, no. 5 (2020): 1125–54, <https://doi.org/10.1108/JIMA-10-2018-0182>.

⁶ Adi Santoso et al., "Determinants of Social Media Use by Handicraft Industry of Indonesia and Its Impact on Export and Marketing Performance: An Empirical Study," *International Journal of Innovation, Creativity and Change* 12, no. 9 (2020): 1–21.

⁷ Mervyn Lewis and Algoud Latifa M, *Perbankan Syariah* (Jakarta: Serambi Ilmu Semesta, 2001).

⁸ Sri Herianingrum et al., "The Impact of Islamic Bank Financing on Business * Entrepreneurship and Sustainability Issues," *Entrepreneurship and Sustainability Issues* 7, no. 1 (2019): 133–45.

and improving people's welfare.⁹ Islamic economic figures, such as Sadr, Naqvi, and Mannan also emphasized that sharia banks should not only generate profits, but also take responsibility for creating and improving social welfare.¹⁰

As a country with the largest Muslim population in the world, sharia banks in Indonesia are continue to face challenges. Many people still perceive that sharia banks are the same as conventional banks.¹¹ Furthermore, in terms of asset development, sharia banks in Indonesia are lagging behind many other countries. According to the data published on islamicfinance.com, the shares of Global Islamic Banking Assets in Indonesian sharia banks is only 1.39% and 9.26, which indicates that the performance of sharia banks in Indonesia is not superior to other countries.¹²

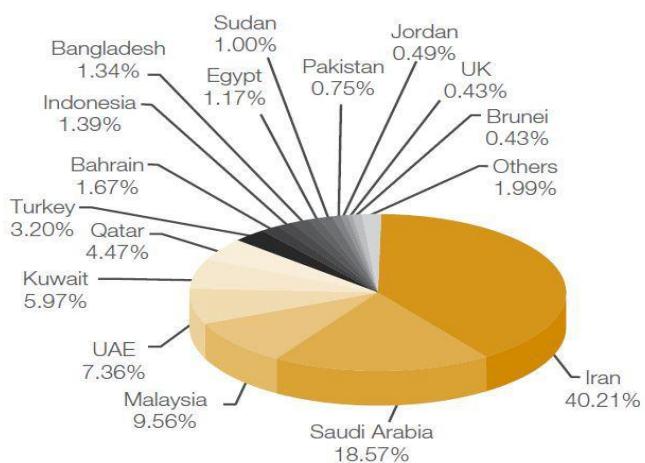


Figure 1. Shares of Global Islamic Banking Assets

To measure the performance of sharia banks, CAMEL analysis can be used, a method that is specific to banking enterprises that focus more on the aspects of Capital, Asset quality, Management, Earning, and Liquidity. This method involves evaluating or measuring the health of a banking enterprise based on financial ratios, which emphasized on the five aspects above. The financial ratios of these five aspects shows the bank's ability to carry out its core business of collecting, managing and channeling funds, fulfilling its obligations

⁹ Saif Ur Rehman Khan et al., "Probing the Effects of Transformational Leadership on Employees' Job Satisfaction With Interaction of Organizational Learning Culture," *SAGE Open* 10, no. 2 (2020), <https://doi.org/10.1177/2158244020930771>.

¹⁰ Tahreem Noor Khan, "Islamic Banks Service Innovation Quality : Conceptual Model" 8, no. July (2016): 287-306, <https://doi.org/10.15408/aiq.v8i2.3161>.

¹¹ Junaidi Junaidi et al., "Determinants to Adopt Conventional and Islamic Banking: Evidence from Indonesia," *Journal of Islamic Marketing* ahead-of-p, no. ahead-of-print (January 1, 2022), <https://doi.org/10.1108/JIMA-03-2021-0067>.

¹² Ririn Tri Ratnasari et al., "Customer Satisfaction between Perceptions of Environment Destination Brand and Behavioural Intention," *International Journal of Innovation, Creativity and Change* 10, no. 12 (2020): 472-87.

to other parties, and complying with the applicable banking laws and regulations.¹³

The description above provides an overview for the types of organizational resources, especially sharia banks that are required to conduct annual performance evaluations of their employees. Apart from being important to the organization, evaluation performance is also used to formulate administrative policies such as increment in the salary of the employees.¹⁴ Furthermore, it also has legal implications for organizations.¹⁵ Therefore, it is important to conduct in-depth performance reviews to ensure that organizations are protected from possible legal action and to maximize performance efficiency. Until now, there has been no research that discusses comprehensively with an in-depth analysis of the performance of Islamic Banking in Indonesia using the CAMEL method using data from Islamic Banking performance reports in Indonesia with a long time span. Therefore, this study will analyze in depth the performance of Islamic Banking in Indonesia from 2016 - 2020 using the CAMEL method.

Literature Review

Performance Appraisal

Abutayeh & Al-Qatawneh stated that performance appraisal compares individual performance with the required standards, which have three objectives, namely increasing current performance, motivation, and identifying training needs.¹⁶ The study reported a positive relationship with organizational performance. Faith, honesty, determination, competence, and efficiency, which provide the basis for performance in accordance with Islamic teachings.¹⁷ According to Islamic principles, employee performance appraisal needs to be based on fairness, accountability, responsibility and their attributes should be based on the criteria included in the selection. Ali quotes that the Qur'an explicitly states individual responsibility for actions and deeds, "Every soul will be promised as a guarantee for his actions in accordance with the Qur'an, 74:38. According to Mohiuddin citing the second caliph of Islam Umar (RA), it is not

¹³ Ririn Tri Ratnasari and Rahmandani N, "The Correlation of Financial Development on Energy Consumption: A Study Case in Indonesia. Test Engineering & Management. ISSN: 0193-4120 Page No. 39," no. 3560 (2020): 3560 – 3564.

¹⁴ Caroline Ann Rowland and Roger David Hall, "Organizational Justice and Performance: Is Appraisal Fair?," *EuroMed Journal of Business* 7, no. 3 (January 1, 2012): 280-93, <https://doi.org/10.1108/14502191211265334>.

¹⁵ Khan, "Islamic Banks Service Innovation Quality : Conceptual Model."

¹⁶ Shamima Ahmed, "The Emerging Measure of Effectiveness for Human Resource Management," *Journal of Management Development* 18, no. 6 (January 1, 1999): 543-56, <https://doi.org/10.1108/02621719910279644>.

¹⁷ Bart Van Den Hooff and Jan A. Ridder, "Knowledge Sharing in Context: The Influence of Organizational Commitment, Communication Climate and CMC Use on Knowledge Sharing," *Journal of Knowledge Management* 8, no. 6 (2004): 117-30, <https://doi.org/10.1108/13673270410567675>.

enough for management to appoint an honest and competent person at work but their job is to ensure that the person carries out his job according to the rules.¹⁸

According to Herianingrum, performance measurement is part of a management control system, which includes actions that imply planning decisions as well as employee performance appraisal and its operations.¹⁹ According to Ratnasari, performance appraisal is used by management in running the affairs of the organization effectively and efficiently through maximum employee motivation, and to support employee decision making such as promotions, transfers and dismissals, identification of needs, employees development and providing feedback on how their superiors assess their performance and provides a basis for the distribution of reward.²⁰

According to Anthony & Robert (2001), the purpose of a performance measurement system is to assist in setting strategy.²¹ There are four basic concepts in implementing the performance measurement system, such as: (1) Determining the strategy, In this case, the most important thing is that the goals and targets of the organization are stated explicitly and clearly. Furthermore, strategies need to be developed first for the entire organization and then developed for the functional levels. (2) Determining the strategy measurement.²²

Strategy measurement is needed to articulate all the members of the organization. The organization needs to focus on a few critical measures. Therefore, management does not measure too many unnecessary performance indicators.²³ (3) Integrating measurement into the management system, Measurement needs to be part of the organization formally and informally, as well as part of the company culture and human resources. (4) Evaluating measurement results on an ongoing basis, Management needs to always evaluate the measurement of organizational performance whether it is still valid to be determined from time to time.²⁴

Performance measurement helps managers in monitoring the implementation of business strategies by comparing actual results with strategic goals and objectives. Furthermore, it includes a systematic method of assigning

¹⁸ Mustika et al., "Determinants of Innovation Capability in the Islamic Banking."

¹⁹ Herianingrum et al., "The Impact of Islamic Bank Financing on Business * Entrepreneurship and Sustainability Issues."

²⁰ Mustika et al., "Determinants of Innovation Capability in the Islamic Banking."

²¹ Anthony Robert N and Robert H Hermanson, *Akuntansi Manajemen*, I (Jakarta: Salemba Empat, 2001).

²² Junaidi et al., "Determinants to Adopt Conventional and Islamic Banking: Evidence from Indonesia."

²³ Darwish Almoharby and Mark Neal, "Clarifying Islamic Perspectives on Leadership," *Education, Business and Society: Contemporary Middle Eastern Issues* 6, no. 3-4 (2013): 148-61, <https://doi.org/10.1108/EBS-02-2011-0008>.

²⁴ Anupriya Singh, "Work Engagement, Affective Commitment, and Career Satisfaction: The Mediating Role of Knowledge Sharing in Context of SIEs," *Benchmarking: An International Journal* ahead-of-p, no. ahead-of-print (January 1, 2022), <https://doi.org/10.1108/BIJ-01-2021-0016>.

goals and objectives, as well as periodic reporting that identifies the realization of goal and objective.²⁵

Banking Performance Measurement

CAMELS analysis is used to measure banking performance, which aims to determine the health of the banks, which in turn shows and provide an overview about the condition of the banking performance. The Banks in Indonesia has refined the method for assessing the health level or status of the commercial banks as stipulated in SE BI No. 13/24/DPNP dated 25 October 2011 on the measurement of the health status of commercial banks, which is a guideline for the implementation of the Regulation No.13/1/PBI/2011, which requires commercial banks to conduct self-assessment, either individually or on a consolidated basis.²⁶

The state of health of a bank can be defined as its ability to carry out its operational activities normally, to properly fulfill its obligations in accordance with the applicable regulations, and to meet up with the assessment standard based on the CAMEL method. This method is specifically for banking firms that focus more on issues, such as Capital, Asset quality, Management, Earning, and Liquidity (Widiastuti et.al, 2019).²⁷

METHODS

This research is a field research using secondary data in the form of Islamic Banking performance reports in Indonesia published by Bank Indonesia (BI) in 2016 - 2020. In addition to these data, this study will use other data that supports and is still related to the discussion of this study. The analysis method used by the author emphasizes the strength of data analysis on existing sources, which are obtained from various books and other writings by relying on existing theories to be interpreted clearly and deeply so as to produce a thesis and antithesis.²⁸

RESULT AND DISCUSSION

In addition to using CAMELS analysis as a health assessment tool, it is also necessary to use other instruments in measuring the performance of Sharia Commercial Banks (BUS). Besides aiming to achieve profit, it is also for the benefit of the community (social functions). The CAMELS analysis can only measure the health of a bank in terms of finance and management. Therefore,

²⁵ Sedianingsih et al., "Determinant of Intention to Check-up Back to Doctors at Public Hospital," *International Journal of Engineering and Technology(UAE)* 7, no. 3 (2018): 31-32, <https://doi.org/10.14419/ijet.v7i3.21.17088>.

²⁶ Sedianingsih et al., "Antecedents of Recommendation and Repurchase Intention on Medical Tourism," *Opcion* 35, no. Special Issue 23 (2019): 1277-1300.

²⁷ Herianingrum et al., "The Impact of Islamic Bank Financing on Business * Entrepreneurship and Sustainability Issues."

²⁸ Sugiono, *Metode Penelitian Kombinasi (Mixed Methods)*, Cetakan ke (Bandung: Alfabet, 2014).

there must be an additional components that can be used to measure other functions and performance, namely social performance. Furthermore, there is a need to make the health assessment of sharia bank more comprehensive and in accordance with the underlying principles.

Components that can be included in measuring the function of social performance includes zakat and other social funds issued by Sharia Commercial Banks (BUS), which are compared to all assets owned by the bank or the profit. Through this comparison, it can be seen whether the social performance of BUS grows along with the growth of their financial capacity or not. When the social performance of the BUS does not increase along with the increase in its financial capacity, it can be concluded that sharia banks are still less healthy because they have not fulfilled their two functions perfectly.

Financial Ratios of Sharia Commercial Banks						
Financial Ratios of Sharia Commercial Bank						
Period	2016	2017	2018	2019	2020	Indicator Ratio
CAR (%)	16,63	17,91	20,39	20,11	20,27	CAR (%)
ROA (%)	0,63	0,63	1,28	1,58	1,88	ROA (%)
NPF (%)	4,42	4,76	3,26	3,42	3,46	NPF (%)
NPF Net (%)	2,17	2,57	1,95	2,07	2,02	NPF Net (%)
FDR (%)	85,99	79,61	78,53	79,54	77,90	FDR (%)
BOPO (%)	96,22	94,91	89,18	79,02	83,62	Operating Expense to Operations Revenue (%)
Rentability						Profitabilitas
NOM (%)	0,68	0,67	1,42	1,78	2,04	NOM (%)
KAP						Earning Assets Quality
APYD to Earning Assets (%)	4,27	4,21	3,04	3,32	3,02	Classified Earning Assets to Earning Assets (%)
Liquidity						Liquidity
Short Term Mistmach (%)	22,54	29,75	27,22	27,33	33,36	Short Term Mistmach (%)
Returns						Yield Proportion
Non Core Deposit to Total DPK (%)	58,84	51,29	47,69	47,25	46,88	Non Core Deposits to Third Party Fund (%)
Portfolios that have fixed returns to Portfolios that have not fixed returns (%)	199,86	210,95	238,460	238,38	242,78	Fixed Yield Portfolios to Floating Yield Portfolios
Investment						Investment Proportion and Risk
Total Share Based Financing	34,64	35,22	35,56	38,03	39,39	Profit Sharing Financing to Total Financing to Non Bank

Potential Losses for Profit Sharing Financing on Mudharabah and Musyarakah Investment Portfolios	3,40	3,29	3,47	2,89	2,67	Potential Loss from Profit Sharing Financing to Total Mudharabah and Musyarakah (%)
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According to sharia banking statistics, it is reflected that the CAR ratio of Sharia Commercial Banks (BUS) increased in January 2020 by 20.27%. Meanwhile, in the comparison of profit (before tax) using the ROA ratio, the total assets owned by BUS in January 2020 was 1.88%. The non-performing financing ratio of BUS does not depend on the data of Financial Services Authority (OJK), which recorded total non-performing financing (NPF) of 3.46% in January 2020. The ratio used to measure the composition of the amount of financing provided from the amount of capital owned or used is an FDR of 77.90% in January 2020. The BOPO or the ratio of operating expenses to income of Sharia Commercial Banks (BUS) of 83.62% in January 2020 is considered to be on a higher level.

1. CAR

CAR functions to determine the ability of a bank to fulfill its capital reserves and the ability to manage its capital.

Rating	Description	Criteria	Composite Predicate
1	PK - 1	CAR >11%	Very Healthy
2	PK - 2	9,5 % ≤ CAR < 11%	Healthy
3	PK - 3	8 % ≤ CAR < 95%	Quite Healthy
4	PK - 4	6,5% ≤ CAR < 8%	Less Healthy
5	PK - 5	CAR < 6,5%	Unhealthy

Table 2. CAR

Year	(%)	PK
2016	16,63	1
2017	17,9	1
2018	20,39	1
2019	20,11	1
2020	20,27	1

Table 3. CAR of Sharia Commercial Banks 2016-2020

Sharia Commercial Bank (BUS) is said to be healthy when the bank's CAR composite rating is more than 11% (PK-1). This indicates that each bank has sufficient capital reserve for the provisions set by the Bank of Indonesia in relation to the Minimum Capital Requirement (KPMM). Sharia commercial banks had a very good composite rating for the RCA rate in January 2016-2020.

This shows that sharia banks have capital reserves that are sufficient for the provisions set by Bank of Indonesia.

ROA

To measure a bank's health in terms of the income, the ratio of Return on Assets (ROA) can be used by comparing the net income earned with the total assets owned by the bank. In terms of income, the bank healthy category is based on the following value ranges.

Rating	Description	Criteria	Composite Predicate
1	PK - 1	>1,45%	Very Healthy
2	PK - 2	1,25 % -1,45%	Healthy
3	PK - 3	0,99 % -1,25%	Quite Healthy
4	PK - 4	0,765% -0,99%	Less Healthy
5	PK - 5	<0,765%	Unhealthy

Table 4. Return on Asset (ROA)

Year	(%)	PK
2016	0,63	5
2017	0,63	5
2018	1,28	2
2019	1,58	1
2020	1,88	1

Table 5. ROA of Sharia Commercial Banks 2016-2020

Sharia commercial banks can be considered to be healthy when the ROA is above 1.45%. The ROA ratio changes every year. This may indicate a bank's ability to generate profits by utilizing the wealth or assets owned. The higher ROA means that the bank can make good use of its assets to make a profit. When assessing the health of bank, ROA increases yearly as seen in 2016-2017, 2018, and 2019-2020 in January ,which were categorized as unhealthy, healthy, and very healthy respectively.

2. NPF

The current maximum NPF limit for national banks should urgently be used as an important measure of the success of a bank's financial performance. The skeptical attitude that questions the current NPF limit is a fairly important measure associated with the success of a bank's financial performance that needs to be discussed. Under normal conditions, a high NPF of a commercial bank is an indicator often used to predict the prospects for the sustainability of the bank.²⁹

Since the NPF is an important indicator in measuring the health level of a bank, all banks will continue to try and suppress it. When necessary, the bank

²⁹ Herianingrum et al., "The Impact of Islamic Bank Financing on Business * Entrepreneurship and Sustainability Issues."

will not grant loans if it is unsure of the borrower's funding prospects. NPF and CAR are two indicators of bank prudential principles that need to be maintained in any credit expansion. Meanwhile, the NPF measurement matrix is as follows:

Rating	Description	Criteria	Composite Predicate
1	PK - 1	<7%	Very Healthy
2	PK - 2	7 % -10%	Healthy
3	PK - 3	10 % -<13%	Quite Healthy
4	PK - 4	13% -<16%	Less Healthy
5	PK - 5	>16%	Unhealthy

Table 6. NPF Measurement

Year	(%)	PK
2016	4,42	1
2017	4,76	1
2018	3,26	1
2019	3,42	1
2020	3,46	1

Table 7. NPF of Sharia Commercial Banks 2016-2020

The sharia commercial banks above have a very healthy PKs for the last 4 years. This shows the lack of bad credit and the problematic financing by customers in sharia banks. However, all banks are still in the very healthy category, which means that their are in a safe position, because the yearly NPF value shows a result of less than 5%, which is included in the very healthy composite predicate.

3. FDR

There is no credit in a commercial Sharia bank (BUS). Therefore, the Loan-to-Deposits Ratio (LDR) in sharia banks is called the Financing to Deposits Ratio (FDR). The criteria for assessing the FDR rating are as follows:

Rating	Description	Criteria	Composite Predicate
1	PK - 1	50 % - < 75%	Very Healthy
2	PK - 2	75 % - < 85%	Healthy
3	PK - 3	85 % - < 100%	Quite Healthy
4	PK - 4	100% - < 120%	Less Healthy
5	PK - 5	>120%	Unhealthy

Table 8. Criteria for assessing FDR ratings

Year	(%)	PK
2016	85,99	3
2017	79,61	2
2018	78,53	2
2019	79,54	2
2020	77,90	2

Table 9. FDR of Sharia Commercial Banks 2016-2020

Based on the results of the criteria for determining the rate of liquidity factor, the liquidity capacity of the Sharia Commercial Banks is to anticipate liquidity needs and implement risk management. A high FDR ratio indicates that the growth in financing at these banks is higher than the growth in sources of funds, namely third party funds. There is a concern that high FDR level could interfere with the flow of fund distribution activities due to the unavailability of funds that can be distributed to customers.

In 2016, sharia commercial banks experienced an unhealthy composite with an FDR of 85.99%, while in the last 3 years and in January 2020 their experienced a healthy composite. An FDR of more than 100% indicates that a bank is able to channel funds that exceeds the TPF limit, therefore the level of profit or profit sharing received by bank will increase. However, the higher the ratio, the lower the bank's liquidity because the bank will not have enough reserves to fulfill the demand for public funds.

4. BOPO

The BOPO ratio is used to measure the ability of bank management to control operating costs against operating income. The lower the BOPO, the more efficient the bank in controlling its operational costs. With cost efficiency, the profits obtained by the bank will be even greater. The greater the BOPO value, the more inefficient bank management in managing its operating expenses. The BOPO which tends to increase indicates that bank management is unable to maximize revenue to cover operational costs.

Rating	Description	Criteria	Composite Predicate
1	PK - 1	$BOPO \leq 94\%$	Very Healthy
2	PK - 2	$94\% < BOPO \leq 95\%$	Healthy
3	PK - 3	$95\% < BOPO \leq 96\%$	Quite Healthy
4	PK - 4	$96\% < BOPO \leq 97\%$	Less Healthy
5	PK - 5	$BOPO > 97\%$	Unhealthy

Table 10. Rating of BOPO Assessment Factors

Year	(%)	PK
2016	96,22	4
2017	94,91	2
2018	89,18	1
2019	79,02	1
2020 Per January	83,62	1

Table 11. FDR of Sharia Commercial Banks 2016-2020

An efficient BOPO ratio is below 90%. Conversely, a less efficient bank has a BOPO ratio of more than 90% to almost 100%. The data for Sharia Commercial Banks in January 2020 shows a value of 82.63%. Therefore, it can be considered that their are efficient in managing their operational expenses.

CONCLUSION

The 2016-2020 performance assessment of Islamic banks using the CAMELS method shows a significant improvement in management management, with CAR consistently above 11%, indicating very good capital health. This shows that Islamic banks have a solid capacity to absorb financial risks. Stable ROA illustrates the bank's ability to utilize its assets to generate profits, indicating effectiveness in maintaining a balance between income and expenses. Low NPF (Non-Performing Financing) indicates the ability of Islamic banks to manage non-performing loans well, so that financing risks can be effectively suppressed. Meanwhile, although LDR was in an unhealthy condition in 2016 (85.99%), the drastic improvement that occurred until 2020 (above 100%) indicates an increase in liquidity and the bank's ability to channel financing. This shows that Islamic banks are able to adapt to market challenges and optimize their resources. BOPO, which was initially unhealthy in 2016, then increased significantly in 2017, and reached a very healthy condition in 2018 to 2020, showing increasingly good operational efficiency. This confirms that Islamic banks are not only able to maintain healthy performance, but also increase their productivity and efficiency sustainably. Overall, Islamic banks show superior managerial performance with positive trends in almost all aspects of performance measurement.

Author's Contribution

Ahmad Sodiq: Contribute to formulating research ideas, collecting data, processing data, and interpreting data

Ririn Tri Ratnasari: Contributing to writing systematics, researchmethods, analyzing interpretation results

Imron Mawardi, Anwar Allah Pitchay : Contributed to compiling a literature review.

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Declaration of Competing Interest

The author declares that there is no conflict of interest.

Ethical Approval

Ethical approval No patient-identifying parts in this paper were used or known to the authors. Therefore, no ethical approval was requested.

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