

Analysis of the influence of corporate governance on the financial performance of Islamic banks in Indonesia 2016 - 2021

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ABSTRACT

The reason of the cases is to analyze the impacts of ICG (Islamic Corporate Administration) on the monetary execution of Islamic Commercial Banks in Indonesia amid the period of 2017 to 2022 .The population for this study is made up of 15 Islamic Commercial Banks registered with OJK, and a purposive sampling technique is used to choose seven samples. This study employs a descriptive quantitative method by conducting simple regression tests to evaluate the partial impact of ICG regarding the financial results of Islamic banks. The Return on Assets (ROA) proxies the financial performance in this study. Banking in Indonesia is defined by Law No. 10 of 1998 as a business institution that gathers funds in the form of savings from the community and distributes them into financing and other activities that aim to improve the community's welfare. Islamic banks are one of the two types of banking in Indonesia, and they operate based on Shariah principles. The operation of Shariah banking is supported by Law No. 21 of 2008. In recent years, the number of Islamic banks in Indonesia has grown significantly, with a rise in the number of offices, banks, and assets. The research findings demonstrate that ICG very continuous, partially positive results for the Islamic commercial banking sector in Indonesia from 2017 to 2022. Integrating Islamic Corporate Governance principles into Corporate Governance principles shares the same objectives, including transparency and accountability. As a result, Additional exploration is recommended to examine alternative independent variables that could potentially impact the money related execution of Islamic commercial banks. The show investigate underscores the noteworthiness of ICG in expanding the monetary execution of Indonesian Islamic commercial banks.

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1. INTRODUCTION

Based on Banking Act No. 10 1998, a bank is a commercial institution of the financial sector by performing its functions, including collecting money from the community in the form of savings and distribution. distribute them to the community in funding and others to improve the welfare of the community[1]. Traditional banks and Islamic banks are two forms of banking in Indonesia. A Shariah bank is a bank that operates according to Shariah principles.

One of the legal foundations of banking is to encourage and support faster industrial development and The legitimate standards in Islam within the field of managing an account are within the fatwas issued by the authorized body to issue fatwas within the keeping money division. Field Sharia banking, the legal basis is Law number 21 of 2008[2]. The growth of Islamic banks in Indonesia is progressing, because Indonesia is one of the largest countries in the world so that banks that use muslim law and principles are enjoyed more and the number of banks and office which is increasing every year. Where the growth, begun at the same time with the establishing of PT. Bank Muamalat Indonesia Tbk. in 1992. In 2020 in the Asean Economic Community Banking (AECB), competition in the financial sector is getting higher, thus encouraging the growth of Islamic banking to continue to grow[3]. In addition to the growth in the number of offices and banks, Islamic bank assets also experience growth every year. This can be shown in table 1.

Tabel 1 Financial Performance Indicators 2016 – 2021
(In Bilions of Rupiah)

Year	2016	2017	2018	2019	2020	2021
Assets	254.184	288.027	316.691	350.364	397.073	441.789
Financing	94.752	119.699	146.573	172.492	187.819	198.23
Revenue	26.447	30.718	33.206	37.035	26.116	14.279
Capital (CAR)	16.63%	17.91%	20.39%	20.59%	21.64%	25.71%
Profitability (ROA)	0.63%	0.63%	1.28%	1.73%	1.40%	1.55%

Source: Sharia Banking Statistics for 2023

The table shows that the total asset growth of BUS has increased, which was previously Rp. 254,184 billion to Rp. 441,789 in 2021. There was an increase in financing from 2016 of Rp. 94,752 and increasing until 2021 by Rp. 198232. Revenue also increased from 2016-2019 but in 2020 it decreased until 2021 by Rp. 14,279. Meanwhile, the capital adequacy of the BUS as reflected in the increase in the CAR (Capital Adequacy Ratio) This is a comparison of the company's capital adequacy in maintaining capital from 2016-2021, namely 16.63% to 25.71%. Not only assets and CAR increased from 2016-2021, but BUS profitability also increased as seen from ROA (Return On Assets), where in 2016 total ROA ratio 0.63% show ability reached 1.55% in 2021, but ROA in 2020 and 2021 decreased by 1.40% and 1.55%, respectively. The ROA ratio can show that Earnings progress of Islamic Commercial Banks is healthy but there is still a decline in recent years[4].

This shows that Given that commercial Islamic banks have operating in Indonesia for 30 years and have demonstrated satisfactory performance growth, it is crucial to examine the factors that contribute to their success. This analysis aims to identify the key drivers of performance for Islamic commercial banks in Indonesia. One measurement of financial performance is the profitability ratio[5]. Because to earn a profit, banks have expertise where the bank's performance is used as a reference, where Greater profitability value is indicative of superior financial performance. However, from 2016 to 2021 the ROA ratio at BUS was below 1.5% and still below the criteria set by Bank Indonesia, only in 2019 the ROA ratio was above 1.5%. It can be concluded that the current phenomenon, by referring to the BI guideline No. 9/1/PBI/2007 regarding the assessment of the soundness of Islamic banks, which explains that one of the assessments of the soundness of banks is the profitability ratio (ROA)[6].

The trigger factor for financial performance is Islamic Corporate Governance (ICG). If the ICG concept is derivative of the concept of GCG, then there is difference between the concept of GCG in the view of the West and Islam, is the basic law of ICG is Al-Qur'an and Hadith. According to Muqorobin, the principles of ICG are monotheism, piety, ridho, justice, and benefit. Meanwhile, in general, the principles of Good Corporate

administration comprises of straightforwardness , duty, obligation, independence, fairness and equality [7]. The emergence of weak corporate governance (ICG) issues in the muslim banking industry has attracted the attention of Islamic economics and financial experts by exposing key issues related to weaknesses in corporate governance of muslim banks, one of which is internal fraud cases there is visible evidence of the 2018 GCG report published by Bank Jawa Barat Sharia in 2018 recorded 7 (seven) cases of internal fraud, where these cases caused losses of up to Rp. 100 million and affect the bank's operational activities[8]. Where the low compliance with sharia principles and good governance in Islamic commercial banks can see from many cases of fraud/fraud on bank operations itself which there is visible evidence in table 2.

Tabel 2 Number of Sharia Commercial Bank Frauds in Indonesia in 2016 – 2021

No	Bank Name	year					
		2016	2017	2018	2019	2020	2021
1.	PT. Bank Aceh Syariah	2	3	2	5	1	2
2.	PT. Bank Muamalat Indonesia, Tbk	83	35	21	26	8	9
3.	PT. Bank Jabar Banten	3	7	7	11	2	1
4.	PT. Bank Syariah Bukopin	0	1	0	0	3	1
5.	PT. Bank Central Asia Syariah	0	0	0	0	1	0
6.	PT. Bank Tabungan Pensiun Nasional Syariah	0	0	0	0	13	16
7.	PT. Bank Mega Syariah	2	3	0	1	0	1

Source: GCG Report of Islamic Commercial Bank

This phenomenon is the reason for researchers to use the Profitability Ratio, in the form of the ROA ratio as an indicator of performance measurement finance[9]. ROA can serve as a measurement of the money related execution of Islamic banks in seeing the bank's capacity to win benefits by overseeing bank resources. If the ROA is high, the better the financial performance of Islamic banks, because the profits achieved by the bank are getting higher[10]. Existence of Islamic bank internal fraud case is reason for researchers' analysis the impact of Islamic Corporate Governance (ICG) to the Islamic banks performance[11]. Failure to disclose ICG in Islamic banks can

have an impact on the growth of the Islamic finance industry, as well as the overall financial system, public trust, and the capability of Islamic banking to implement GCG. This study refers to previous research, related to the influence of ICSR and ICG Regarding the monetary overall performance of Islamic banks. Studies performed by Chintya Zara Ananda and Erinos ZR in 2020 which explains that muslim company Governance (ICG) and Islamic company Social Responsibility (ICSR) can simplest have an effect on performance with the aid of 15.1%[12]. Research conducted through Ayu Khumala Sari, Fadli Hudaya and Sobratul Imtikhanah, In 2020, it pertains to the impact of Shariah, Islamic company Governance, Automobile and Zakat concurrently affect the money related execution of Islamic commercial banks. The study found that the financial performance of Islamic commercial banks is influenced by several factors, counting Islamic wage proportion, benefit sharing proportion, Islamic venture proportion, Islamic corporate administration, capital ampleness proportion, and zakat, all of which act simultaneously[13]. The goal of this research is to investigate and determine the impact of Islamic corporate governance on the financial performance of Indonesian Islamic commercial banks. The results of the study are expected to provide benefits for further researchers in order to expand the scope of research and make reference in carrying out research studies, and is expected to provide data, as consideration for the performance of Islamic banking and Providing evaluation material for future assessments to enhance the overall effectiveness of Muslim banking financing[14].

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Islamic Bank, Islamic Banks or commonly referred to as Islamic Banks, legally stipulated in Law Number 21 of 2008 is a Sharia Financial Institution, which operates in accordance with sharia principles and fatwa of the Indonesian Ulema Council related to the principles of muslim law including the standards of justice and balance ('adl wa tawazun), utility (maslahah), and universalism (alamiyah), galar is not included. maysir, usury, injustice and things that are forbidden. In carrying out its activities following the principles of Sharia and classified into the two categories are comprised of Sharia-based banks: Sharia Commercial Banks (BUS) and Sharia People's Financing Banks (BPRS). Sharia Commercial Banks (BUS) is an Islamic bank serving businesses[15]. to Muhammad Sharia Bank is a business entity engaged in finance and in its operations there is no interest that contains usury and is based on the Qur'an and demands Hadith. In Indonesia, the first time Islamic banks ran their business was in 1992 marked by the establishment of Bank Muamalat Indonesia[16]. The business carried out by Bank Muamalat becomes a reference in the operation of Islamic banks in Indonesia. However, at that time Islamic banks had not been seen by the national banking industry. From this understanding, there are differences from the operations of Islamic banks and conventional banks. An Islamic bank is a bank that operates according to Islamic Shariah principles [17]. This principle has been regulated in Law Number 21 of 2008, This principle stipulates that Islamic banks conduct their operations in accordance with sharia standards, as well as the principles of economic democracy and prudence, with guidance from the Qur'an and Hadith.

a. Islamic Corporate Governance

Islamic Corporate Governance is the concept of corporate governance which was developed from a good corporate governance concept with the same purpose as the traditional GCG. The difference is that the legal basis for Islamic corporate governance is Islamic law. And in general, ICG is included in the GCG category[18]. Bhattii and Bhatti argue, the meaning of Islamic Corporate Governance is:

"Islamic corporate governance (ICG) seeks to devise ways in which economic agents, the legal system, and corporate governance can be directed by moral and social values based on Shari'ah laws. Its supporters believe that all economic, corporate, and business activities should be based on the ethical paradigm, with the sole aim of being the welfare of individuals and society as a whole[19]. In many ways, ICG pursues the same objectives as conventional corporate governance, but within the religious 39 based moral codes of Islam. A model of ICG may be proposed by reconciling the objectives of Shari'ah laws with the stakeholder model of corporate governance". From the above understanding, it may be interpreted that Islamic company Governance is an evolution from the same objectives as traditional top corporate governance, the concept of good corporate governance. But it's Islamic company governance that makes the difference is because Islamic Corporate Governance is founded on Islamic laws[20]. ICG is a regulation on the connection among owners, managers, traders, government, employees and stakeholders based on Islamic values[21]. Where companies must be managed properly, full of prudence and still pay attention to stakeholders (investors) and shareholders (shareholders) in Islamic banks. This is found in Good Corporate Governance (GCG). Islamic Bank. The implementation of ICG in Islamic banks is carried out in order to make Islamic banks more sharia, this implementation is mandatory to implement sharia compliance which has a role to supervise in implementing sharia principles in Islamic banks[22]. The principles of Islamic Corporate Governance have been incorporated into Corporate Governance standards, where shiddiq represents transparency and amanah along with shiddiq represent accountability, responsibility refers to amanah, tablig, and fathanah, fairness refers to shiddiq and amanah. The thing to note is that although conventional Corporate Governance

principles are included in Islamic Corporate Governance principles, it does not mean that they are the same thing. Because the legal basis used is different, the implementation and application will be different.

b. Financial performance

The goal of every company is to maximize profits for the company. In its realization, the company must have good financial performance. Financial performance analysis is considered urgent not only for the company, but also for the company's stakeholders. Companies that have poor performance will influence shareholders to buy and release company share ownership. Irham Fahmi is of the opinion The analysis of financial performance involves examining how far the company has done by using the rules of applying finance properly. Financial performance can be said to be good, if the company has implemented the appropriate rules[23]. monetary overall performance is an analysis that measures the extent to which an The corporation runs the rules in implementing the financial system correctly and appropriately. Performance is an assessment of the work that has been done, with predetermined criteria[24]. According to the above understanding, it can be interpreted that financial performance is the financial condition of a company in managing company finances properly and correctly and producing company achievements. Hence, to comprehend the level of a company's financial performance, interested parties will carry out an analysis of financial ratios. The profitability ratio, which is represented by Return On Assets, is the most appropriate metric used to assess financial performance (ROA).

c. Return On Assets (ROA)

ROA is the ratio used to measure the ability (assets) company in generating net profit (profit)[25]. The higher the level of profit that will be obtained by the bank, the greater the ROA grade and the preferable the position of the bank in the use of assets. (Cashmere, 2021)

d. Hypothesis Development

A hypothesis is a provisional answer to a research question. Because the answers given are only based on relevant theories, not based on facts obtained through the data that has been collected. So, the hypothesis can be said as a theoretical solution to the studies trouble method and not an empirical answer. (Sugiyono, 2019) So this study can formulate a hypothesis to test the effect of Islamic Corporate Governance (ICG) on the Financial Performance of Islamic Commercial Banks during the period of 2016-2020.

Ha1 : The impact of Islamic Corporate Governance on the Financial Performance of Islamic Commercial Banks in the 2016-2021

ICG is a good Islamic banking corporate governance which in its management applies Islamic laws. In sharia banking, if ICG is implemented properly by the Board of administrators, Board of Directors, Sharia Supervisory Board and Audit Committee, it will give a good self-image to sharia banking. This self-image will have an The good performance of Islamic banking can be affected by the impact of Islamic Corporate Governance (ICG). Implementing ICG in Islamic banking is anticipated to have an effect on its performance since the implementation of Corporate Governance (CG) also plays a role can enhance monetary performance, lessen dangers because of control that has a tendency to benefit oneself. (Novi & Siti, 2020).

The outcomes of studies carried out via Chintya Zara Ananda and Erinoss R (2020) and Sry Lestari (2020) state that the ICG variable has a nice and substantial effect on financial performance.

3. RESEARCH METHODS

The type of research used is descriptive quantitative. The quantitative research used is in the form of numbers resulting from calculations and measurements, then processed and analyzed with certain statistical criteria. (Sarmanu, 2017) This observe uses secondary facts derived from the annual record of Islamic Commercial Banks in 2016-2021, which has been made publicly available on the website of Islamic Commercial Banks that are registered with OJK (Financial Services Authority). The Annual Report includes financial related reports, ICG implementation reports. By using documentation techniques in collecting data data. Documentation technique is a technique of collecting data by collecting information in the form of the financial annual report of Islamic Commercial Banks contained on the bank's website. The study was carried out at an Islamic Commercial Bank that is registered with the Financial Services Authority (OJK) with a population of 90 of which are 15 Sharia Commercial Banks (BUS) enrolled in OJK from 2016-2021. The sampling method used is targeted sampling. The sampling criteria are defined as:

Tabel 3 Determination of Research Sample

No	Sampling Criteria	Enter Criteria	Not Enter Criteria
1.	Shariah Commercial Bank is continuously registered and operating with OJK for the period from 2016 - 2021	2	13
2.	Shariah Commercial Bank is continuously registered and operating with OJK for the period from 2016 - 2021	1	12
3.	Islamic Banks of Indonesia issuing a report on the implementation of Islamic Corporate Social Responsibility (ICSR) and Islamic Corporate Governance (ICG) on the official website the Islamic Commercial Bank from 2016 to 2021	1	11
4.	Sharia Banks in Indonesia that have merged	4	7
5.	Number of banks that meet the criteria		7
6.	Observation period		6
7.	The number of samples is		42

Islamic commercial banks that satisfy the qualifications for sample are 7 BUS with a survey period of 6 years so that the total number of samples for this survey is 42 samples of annual reports.

Research Variables and Measurements The exempt variable used on this observe is Corporate Governance in Islam. Islamic Corporate Governance is based on the same principles as Good Corporate Governance goals as traditional Good Corporate Governance. But what makes the difference is that Islamic Corporate Governance is based on muslim laws. ICG in this study, measured by CG (Corporate Governance) and GG (General Governance) with framework regulatory compliance disclosure checklist. Disclosure compliance with this checklist regulation is the measuring instrument the criteria for determining Bank Indonesia has mandated the application of Good Corporate Governance in Sharia Commercial Banks and Sharia Business Units, as outlined in Bank Indonesia Regulation Number 11/33/PBI/2009. The disclosure of ICG in these banks is based on compliance with the components of Corporate Governance and General Governance, which are categorized into four themes: Commissioners' Board, Directors' Board, Sharia Supervisory Board, and Audit Committee After identifying the next step, namely scoring, each disclosure item has a value of 0 and 1 with the following conditions:

- 1) A value of 0 is used if there is no information about the item.
- 2) A value of 1 is applies if the specification is true.

The measurement results are then stated in the presentation with the formula:

$$\text{Indeks IC} = \frac{\text{Number of item the disclosed}}{\text{Total of item the disclosed}}$$

The structured variable of this observe is the financial overall performance of Islamic banking. Banking performance is measured using a profitability ratio, namely Return On Assets (ROA). The ROA ratio is the ratio used to measure the organisation capability (assets) to generate net income (profit). (Nurdin & Hartati, 2019) The higher the level of profit that will be obtained by the bank, the greater the ROA value and the more favorable the bank's position in the use of assets. (Hery, 2018) While the formula for finding ROA is as follows:

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

a. Data analysis method

Methods Data analysis in this cases is to use a quantitative approach that uses numbers and in its calculations using statistical methods assisted by the IBM SPSS 25 application. SPSS is analyzed the use of classical assumption tests, easy linear regression checks and speculation testing. Classical assumption check consists of normality test, multicollinearity check, heteroscedasticity take a look at. The hypothesis test consists of a test of the coefficient of determination (R²), a partial test (t test).

4. RESULTS AND DISCUSSION

Tabel 4 Descriptive Statistical Test Results

Descriptif Statistic					
	N Statistic	Minimum Statistic	Maksimum Statistic	Mean Statistic	Standard Deviation Statistic
ROA	42	-7.337	12.210	1.71706	3.905132
ICG	42	84,444	93,333	90,31746	3,058062
Valid N	42				

Source: Data processed by SPSS 25, 2022

a. Descriptive Statistics Test Results

Primarily based on the consequences of descriptive statistical checks in table 4. The facts obtained are 42 data originating based the research period for 6 years based a sample of 7 Islamic banks. It could be seen that the average value of the financial performance of Islamic commercial banks for the 2016-2021 is 1.71706. The highest score for the financial performance of Islamic commercial banks is 12,210. The lowest value of the financial performance of Islamic commercial banks is -7.337. Meanwhile, the value of the standard deviation on the financial performance of Islamic commercial banks is 3.905132, the value is greater than the average value obtained, this indicates that the sample data tend not to cluster or vary. Then, the overall average value of Islamic Corporate Governance (ICG) obtained is 90.31746, the highest value is 93,333 and the lowest value is 84,444. While the standard deviation value obtained is 3.058062, it is shows that the preferred deviation fee is smaller than the common value. Which means that the sample data used tend to be clustered or varied.

b. Classic assumption test

This test was conducted to determine residual normality, multicollinearity, autocorrelation and heteroscedasticity were present or not, then the classical assumption test was used in the form of regression. This test is carried out with the aim of providing certainty that the regression equation obtained is fixed in the estimate, does not change and is not biased. (Gunawan, 2018)

Normality test

Tabel 5 One Sample Kolmogorov – Sminov Test

		Unstandarized Residual
N		42
Normal Parameter ^{ab}	Mean	0.0000000
	Std.Deviation	2.56756777
Most Extreme Differences	Absolute	0.118
	Positive	0.118
	Negative	-0.115
Test Statistic		0.118
Asymp. Sig. (2-tailed)		0.161 ^c

a. Test Distribution is regular

b. Calculated from statistics

c. Lilliefors Significance Correction

Source: Data processed by SPSS 25, 2022

c. Normality Test Results

Based on the table above, the Asymp.Sig method was utilized to evaluate the normality test outcomes. (2-tailed). It may be visible that the opportunity fee of the Kolmogrov-Smirnov Test is the Asymp Sig value. (2-tailed) of 0.161. Where $0.161 > 0.05$, then the residual value in this study is normally distributed.

Multicollinearity Test

Tabel 6 Multicollinearity Test Result

Coefficients ^a	Unstandarized Coefficient		standardized coefficient	t	Sig	correlation			Collinearity Statistic	
model										
	B	Std. Error	Beta			zero order	partial	part	tolerance	VIF
1 (constant)	-34,183	14,97		-2,283	0,02					
ICG	0,408	0,154	0,32	2,661	0,011	0,337	0,401	0,288	0,809	1,23

Source: Data processed by SPSS 25, 2022

d. Multicollinearity Test Results

Based on the table, the tolerance cost acquired for every variable indicates greater than 0.10 wherein the tolerance fee for the ICG variable is 0.809. Meanwhile, the VIF fee of the variable is much less than 10.00, where the VIF fee of the ICG variable is 1.237. Thing showed that no indication of multicollinearity was seen in this study.

Heteroscedasticity Test

Tabel 7 Heteroscedasticity Test Result

Coefficients ^a	Understandarized Coefficient		standarized coefficient	t	Sig	correlition			Collinearity Statistic	
model										
	B	Std. Error	Beta			zero order	partial	part	tolerance	VIF
1 (constant)	8,724	9.178		0,950	0,34					
ICG	-0,9	0,049	-0.019	-0.117	0,907	0,087	-0,01	-0,017	0,809	1,237

Source: Data processed by SPSS 25, 2022

e. Heteroscedasticity Test Results

Judging from the table above in this test there is no heteroscedasticity, because the value of Sig. ICG is 0.907 > 0.05. In cases where the absolute residual values between independent variables yield a Sig. value exceeding 0.05, this indicates the absence of heteroscedasticity issue.

Simple Regression Test

Tabel 8 Simple Liniear Regression Test Results

Coefficients ^a			
Model	Beta	Std. Error	Beta
1 (constants)	-34.183	14.976	
	0.408	0.154	0.320

Dependen Variable: ROA

Source: Data processed by SPSS 25, 2022

f. Simple Linear Regression Test Results

$$Y = -34.183 + 0.408 X + e$$

The table displayed above indicates the outcomes of the analysis, which suggest that of the analysis multiple for the independent variable ICG of 0.408. The equation for multiple linear regression described above can be explained in the following way:

- The constant value is -34.183 with a negative value. This shows that if the ICSR, ICG, IsIR and PSR variables are equal to zero, then the financial performance is -34,183.
- ICG variable regression (b1) is 0.408 with a positive value. This shows that every 1% increase in ICG will have an impact on every increase in financial performance of 0.408.

Hypothesis testing

Tabel 9 Determination Coefficient Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Sts. Error of The Estimate	Durbin Watson
1	.753 ^a	0.568	0.521	2.702794	1.935

a. Predictors: (Constant), PSR, ICSR, IsIR, ICG

b. Dependent Variable: ROA

Source: Data processed by SPSS 25, 2022

g. Determination Coefficient Test Results

Based on the summarize of the Summary Model findings above which is the result of processing from the Determination Coefficient of R² test, the results of Adjusted R Square are 0.568 or 56%, which indicates the variable that is not influenced by other variables or factors (free) ICG is able to explain the influence of ICG on financial performance by 56%. Meanwhile, the remaining 44% is explained by other variables besides those used in this study. Therefore, the independent variables (free variables) in this study are only able to explain a small part or influence the dependent variable (bound).

Partial Test (t Test)

Tabel 10 Partial Test Results (t Test)

Coefficients ^a	Understandarized Coefficient		standarized coefficient	t	Sig	correllition			Collinearity Statistic	
model										
	B	Std. Error	Beta			zero order	partial	part	tolerance	VIF
1 (constant)	-34.183	14,976		2,283	0,02					
ICG	0.408	0,154	0,320	2,661	0,011	0,337	0,401	0,288	0,809	1,237

a. Dependent Variable: ROA

Source: Data processed by SPSS 25, 2022

The partial test's results (t-test) A partial test is a statistical procedure that expresses the degree of direct influence of the independent variable on the dependent variable. (Ghozali, 2018) The criteria in the t-test are:

1. If based on Tcount, the criteria include:
 - a. If Tcount is more than Ttable, In such a scenario, based on the findings, it can be inferred that the independent variable significantly affects the dependent variable.
 - b. If Tcount is less than Ttable, In such a situation, it can be inferred that the independent variable does not have a considerable influence at the dependent variable.
2. If based on the significant value of the output, among others:
 - a. If the profitability value less than 0.05 then have a significant effect.
 - b. If the profitability value above 0.05 have no significant effect.

The results of hypothesis testing (H1) state that ICG has a positive and significant effect on financial performance, with the partial test results of ICG obtained by Tcount of 2.661 which is greater than Ttable of 2.02269 and the value of Sig. ICG (profitability) of 0.01 is smaller than 0.05 and the beta value shows a positive relationship.

h. Discussion

Effect on financial performance, with the partial test results of ICG obtained by Tcount of 2.661 which is greater than Ttable of 2.02269 and the fee of Sig. ICG (profitability) of 0.01 is smaller than 0.05 and the beta value shows a positive relationship. This shows that the roles of the Board of Commissioners, Board of Directors, Sharia Supervisory Board and Audit Committee make good corporate governance and attract investors to invest. In addition, all forms of responsibility related to the company governance structure are carried out properly exercised, which is beneficial to stakeholders in assessing the credibility of financial information. As good the existence of an audit committee to monitor management behavior related to financial statements and can minimize management's efforts to manipulate data related to finance and fraud regarding company performance reports.

5. CONCLUSIONS AND RECOMMENDATIONS

a. Conclusions

Based on the results of research conducted with the aim of examines the influence of Islamic Corporate Governance (ICG) on the Financial Performance of Islamic Commercial Banks for the 2016-2021 period. With a survey sample size of up to 7 muslim commercial banks registered with OJK, with a research period of 6 years. So the partial test results show that Islamic Corporate Governance has a positive and significant effect on financial performance as proxy by ROA (Y) at muslim Commercial Banks.

b. Suggestion

Based on the findings and analysis presented earlier, there are several suggestions from researchers such as, Based on the Annual Report, it is hoped that in the future all ISR items will be disclosed in accordance with OJK regulations and the study's findings indicate that Islamic Corporate Governance (ICG) is an independent variable that has a positive and substantial impact on financial performance. It is recommended that future research explores additional independent variables that may influence financial performance and add other financial performance ratios for the dependent variable. In addition, to expand research by adding research periods and increasing the number of research samples such as Asian or International Islamic Banks, so that research results will be more accurate.

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