



Effect of SCnP Financial Performance on Third-Party Funds Growth in Indonesian Islamic Banks (2017-2023)

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ABSTRACT

This study aims to analyze the effect of Islamic banking financial performance on the growth of Third Party Funds (TPF) in Indonesia in the period 2017–2023 using the Sharia Conformity and Profitability (SCnP) approach. SCnP is an approach that measures the balance between compliance with sharia principles and the bank's ability to generate profits (profitability). This study uses a descriptive quantitative method with panel data and Fixed Effect Model (FEM) regression analysis. The research sample consisted of eight Islamic Commercial Banks in Indonesia selected using purposive sampling techniques. The results of the study show that the Islamic Investment Ratio (IIR) and Islamic Income Ratio (IsIR) do not have a significant effect on TPF growth. On the contrary, Return on Assets (ROA) has a positive and significant effect, indicating that profitability has a dominant role in attracting public funds compared to sharia compliance indicators. This study provides a scientific contribution by filling the gap in previous studies that rarely combine sharia and profitability aspects simultaneously in the analysis of TPF growth. This finding also has practical implications, namely that Islamic banks need to maintain operational efficiency while strengthening the structure of sharia investment in order to remain competitive and trusted by the public.

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ARTICLE INFO

Keywords:

Islamic banking; Return on Assets; Islamic Investment Ratio; Islamic Income Ratio; Third Party Fund growth.

Introduction

Banking is an important sector that exists in supporting the growth and development of a country's economy. Banks have a role to drive the economy through various fundraising from the community and in its distribution in the form of credit or investment, in addition banks also provide various other financial services, such as payments, foreign exchange, and financing. (Karini & Filianti, 2019). Islamic banking has

experienced significant growth globally, reflecting its role in providing financial alternatives that are in accordance with sharia principles. A study by (Ali, 2022) shows that the Islamic banking sector is growing rapidly in various countries, including in the Middle East, Asia, and even in Western countries such as the UK and the United States, indicating its global potential as an alternative financial force.

Table 1 Global Islamic Banking Growth

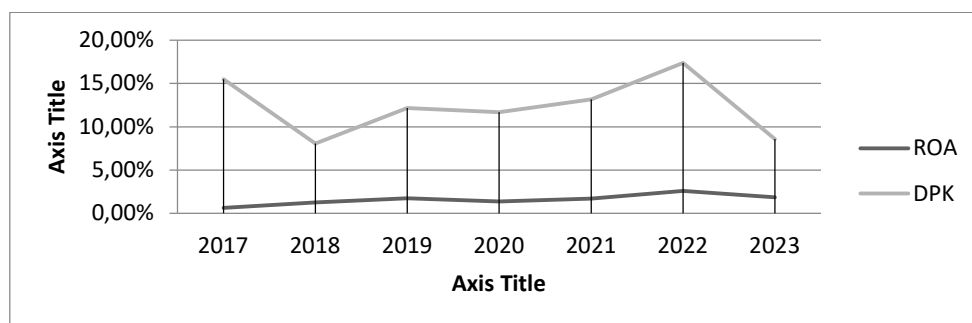
CAGR (2018Q4-2022Q4)		
Asset	Financing	Deposit
10.72%	9.89%	8.76%
YoY (2023Q4)		
7.21%	7.92%	5.97%

(Source: Islamic Financial Services Board, 2024)

The table above illustrates the growth of Islamic banking globally based on the Compound Annual Growth Rate (CAGR) for the period from the 4th quarter of 2018 to the 4th quarter of 2022, and Year on Year (YoY) in the 4th quarter of 2023. The indicators used in this table include assets, financing, and Third Party Funds.

Indonesia as a country with the largest Muslim population in the world has great potential for Islamic banking to develop and continue to contribute, according to the OJK (Financial Services Authority) Islamic banking has experienced rapid growth in Indonesia, since 1992 when Islamic banking was first introduced to the public until now, the total assets of Islamic banking as of June 2024 were IDR 872.124 trillion. (Ubaidillah, 2022)

Chart 1 TPF and ROA growth 2017-2023



Source: Processed data, (OJK (Financial Services Authority), 2023)

The graph above illustrates the growth of Return On Asset (ROA) and Third Party Funds of Islamic banking in Indonesia in the period 2017 to 2023. In this period, there is a gap from 2017 to 2018, where ROA increased, but on the other hand, the growth of Third Party Funds actually decreased, in addition, ROA tends to be more stable, fluctuating

slightly while Third Party Funds experience very fluctuating growth from year to year, which indicates a gap in fund management and the ability to generate profits. However, this condition changed in the period 2022 to 2023, where both variables showed more balanced growth. In the post-pandemic period, ROA and Third Party Fund growth both showed a relatively stable positive trend, indicating that Islamic banking has succeeded in overcoming previous imbalances and increasing efficiency in fund management and profitability simultaneously (M et al., 2023).

The growth of Third Party Funds is influenced by several factors such as the level of public trust in Islamic banking, innovation in banking products, the level of Islamic financial literacy, and economic policies and government regulations. These factors can influence customer decisions in placing their funds in Islamic banking, coupled with public awareness of literacy and community inclusion which has led to increased demand for products that comply with Islamic principles, by fulfilling this demand can also help increase the growth of Third Party Funds (Umar & Haryono, 2022).

The Sharia Conformity and Profitability (SCnP) method is one of the comprehensive approaches to measure how effective Islamic banks are not only in achieving profitability, but also in maintaining conformity with sharia principles. Conformity to sharia principles is not only a measuring tool, but also an important factor that influences customer trust which will clearly have an impact on the growth of Third Party Funds. (Baihaqi et al., 2023).

This study uses two indicators, namely the Islamic Investment Ratio (IIR) and the Islamic Income Ratio (IsIR). The Islamic Investment Ratio (IIR) measures the proportion of investments in accordance with sharia principles carried out by banks, which can directly affect the growth of Third Party Funds and ROA. While the Islamic Income Ratio (IsIR) measures the extent to which the income obtained by the bank comes from activities in accordance with sharia principles, which reflects the quality of the bank's income. These two ratios, together with ROA and growth in Third Party Funds, can provide a more comprehensive picture of the financial performance of Islamic banks.

Although a number of studies have discussed the profitability and growth of Third Party Funds, there are still few that combine sharia compliance with financial performance (profitability) simultaneously, therefore, the researcher aims to fill this gap and analyze in depth how financial performance as measured by the Sharia Conformity and Profitability (SCnP) method influences the growth of Third Party Funds. This study is expected to provide theoretical contributions in the development of a more comprehensive method for measuring the performance of Islamic banks and provide practical benefits for Islamic

bank management in increasing the growth of Third Party Funds through a balance between sharia compliance and profitability.

Literature review

Previous Research

Research conducted by(Harahap et al., 2022)entitled Analysis of the Influence of Financial Performance of Islamic Commercial Banks with the Sharia Conformity and Profitability (SCnP) Approach on the Growth of Third Party Funds (Study on Islamic Commercial Banks Registered with the OJK) shows that the variables of sharia income (IsIR), profit sharing (PSR), NPM, and ROA simultaneously have a positive and significant effect on the growth of Third Party Funds. The study was also conducted by(Musyarofah, 2023)entitled The Influence of Sharia Investment, Sharia Income, Profit Sharing, ROA, ROE, and NPM on Third Party Funds (Case Study of Sharia Banks Registered with the OJK in 2016-2020 proves that the Measurement of Bank Muamalat Indonesia's Financial Performance Using the Sharia Conformity and Profitability (SCnP) Method which uses the variables of sharia investment, sharia income, profit sharing, ROA, ROE, and NPM has a significant effect on the growth of Third Party Funds.

Research conducted by(Zaki, 2023)entitled The Influence of Sharia Conformity and Profitability (SCnP) Model on Third Party Fund Growth from 2017-2021 which provides results that sharia income, profit sharing, and ROA do not affect the growth of Third Party Funds, while NPM has a significant positive effect on the growth of Third Party Funds. Research related to analysis using the Sharia Confirmity and Profitability method was also conducted by(B et al., 2023)which shows that the average Islamic bank in Asia is in the URQ (Upper Right Quadrant).

Signaling Theory

(Brigham & Houston, 2019) in research(Baiq Rahayu Widhiani, 2019) states that signal theory describes the steps taken by management to convey to investors about how the company will develop in the future.*Signaling theory*help banks create relationships with shareholders through financial reports that contain an assessment of the bank's performance that can influence investors' decisions in investing their funds. The signal referred to in this theory is in the form of financial reports published by the company that can provide how the company is performing.

In the context of this study, signal theory is relevant to explain how Islamic banks provide signals to the public through their financial performance, such as ROA, as well as compliance with sharia principles through the IIR and ISIR ratios. Good performance and

high sharia compliance can be positive signals that encourage increased public trust, which ultimately has an impact on the growth of Third Party Funds.

Stakeholder Theory

Stakeholder theory first introduced by Freeman (1984) in research (Harahap et al., 2022) which states that basically the theory describes to which parties the company is responsible. According to this stakeholder theory, the company is not only responsible to shareholders, but also to all parties who have an interest in the company's activities such as customers, employees, government, and society. In the context of Islamic banking, this theory is very relevant because the operational principles of Islamic banks are not only seeking profit, but also implementing the values of social justice, and shared responsibility. The application of sharia principles in banking activities reflects a form of concern for stakeholders, especially customers.

In this study, stakeholder theory is used to explain that Islamic banks do not only aim to achieve profitability (such as through ROA), but are also responsible for maintaining sharia compliance (through IIR and ISIR), which reflects a commitment to the values expected by stakeholders. This contributes to increasing customer trust and loyalty, which is reflected in the growth of Third Party Funds.

Financial performance

According to the Indonesian Institute of Accountants (IAI), financial performance is the ability of a company to manage and control its resources effectively and efficiently. Financial performance provides a picture of the financial condition of a company obtained through analysis of financial statements. This analysis helps assess how the financial condition is, and reflects the work results or achievements of a company. (Aprida et al., 2023)

Islamic Banking

Banks are generally companies that have 3 basic functions including saving funds from customers, then providing loans to customers and serving fund transfers between customers. Islamic banking is different because its operating system is based on sharia principles or Islamic law. Islamic banks are divided into three types, namely Islamic Commercial Banks, Islamic Business Units and Islamic People's Financing Banks (BPRS) (Sucipto et al., 2023).

Sharia Conformity and Profitability (SCnP)

Sharia Conformity and Profitability (SCnP) Model is one of the financial performance assessment models in banking, especially in Islamic banking. (Evan Hamzah Muchtar &

Mohammad Rofi, 2020). SCnP measures the performance of Islamic banking through two approaches (variables), namely the sharia conformity variable using the Islamic Investment Ratio, Islamic Income Ratio, and Profit Sharing Ratio and the profitability variable using the ROA, ROE and NPM ratios.(Harahap et al., 2022).

Third Party Fund Growth

Third party funds are funds obtained from the community in the sense of the community as individuals, companies, governments, households, cooperatives, foundations, and others. The growth of Third Party Funds in the context of Islamic banking is an increase in the total amount of funds collected by banks from the community through products that are adjusted to Islamic principles.(Harahap et al., 2022).

Hypothesis Development

The Influence of IIR on Third Party Fund Growth

The research was conducted by Hafiz Aryo Ramadhani(Harahap et al., 2023)which concludes that the Islamic Investment Ratio (IIR) or Sharia Income variable has a positive and significant influence on growth.Third Party Funds. Based on this, the researcher proposed the first hypothesis, namely:

H1: Islamic Investment Ratio (IIR) has a significant positive influence on growthThird-party funds

The Influence of IsIR on the Growth of Third Party Funds

Previous research was conducted by Rahmat Daim Harahap et,el (2022), which shows that IsIR has a positive influence on stakeholder trust, which can indirectly encourage increased fundraising in Islamic banks, because when the bank's income comes from activities that are in accordance with sharia principles, this will affect public trust which has the potential to increase the amount of funds collected. Based on this, it can be concluded that the second hypothesis that researchers can propose is:

H2: Islamic Income Ratio (IsIR) has a positive and significant influence on growthThird-party funds

The Influence of ROA on Third Party Fund Growth

Research on ROA on the growth of Third Party Funds has also been conducted by(Musyarofah, 2023)which can be concluded from the results that ROA has a positive and significant influence on growth.Third Party Funds. ROA reflects the bank's ability to

generate profits from its total assets. The higher the ROA, the more efficient the asset management is, which can increase customer confidence in saving funds. Based on this, the researcher proposes the third hypothesis as follows:

H3: Return On Asset (ROA) has a positive and significant influence on growthThird-party funds.

Research methods

The type of research used is quantitative with a descriptive approach.(Prof. Dr. Sugiyono, 2021)The type of data used is secondary data, which comes from financial reports or annual reports for each sample bank.(Sucipto et al., 2023). In this study, researchers used the help of EvIEWS software version 13 for panel data regression analysis, and SPSS version 26 was used for SCnP graphic analysis. The population in this study were all Islamic Commercial Banks (BUS) in Indonesia, there were 14 populations in this study and 8 of them were selected using purposive sampling techniques.(Suharyadi & Purwanto, 2009). The reason for using purposive sampling is because only banks that meet certain criteria and have complete data during the research period can be analyzed thoroughly. This is important considering the limited data that is consistently available in bank financial reports, especially for variables that are the focus of the research such as the Sharia Conformity and Profitability (SCnP) indicator. Therefore, the sample selection is not random, but based on methodological considerations to ensure the validity and reliability of the data. The following are the criteria used along with the results:

1. It is a Sharia General Bank that is officially registered with the Financial Services Authority (OJK)
2. Banks that present complete financial reports in the research period, namely 2017-2023
3. Banks that have registered as BUS during the research period, namely 2017-2023
4. Banks that provide data in accordance with research variables through their financial reports.

Table 2 Research Population List

No.	BUS	1	2	3	4	Sample
1	Bank Syria Indonesia	*				
2	Bank Muamalat Indonesia	*	*	*	*	BMI
3	National Sharia Pension Savings	*	*	*	*	BTPNS

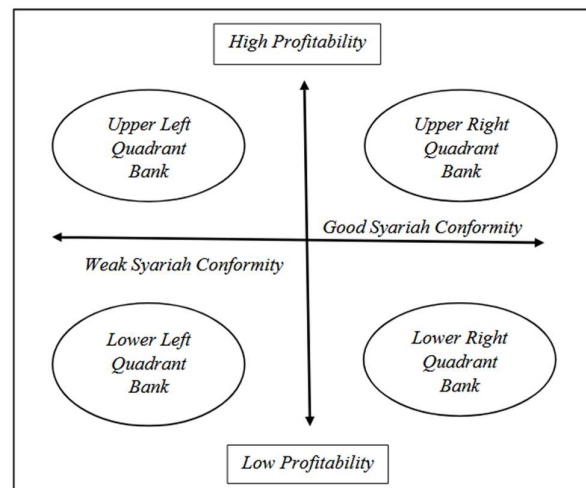
Bank						
4	Bank Central Asia Syariah	*	*	*	*	BCAS
5	Panin Dubai Islamic Bank	*	*	*	*	BPDS
6	Victoria Syariah Bank	*	*	*	*	BVS
7	Mega Syariah Bank	*	*	*	*	BMS
8	Aladin Islamic Bank	*	*			
9	KB Bukopin Syariah	*	*			
10	Nano Syariah Bank	*	*			
11	Bank Jabar Banten Sharia	*	*	*	*	BJBS
12	Bank Riau Kepri Syariah	*				
13	Bank Aceh Syariah	*	*	*	*	BASS
14	West Nusa Tenggara Sharia Bank	*				

Source: Processed data (OJK (Financial Services Authority), 2023)

In addition, the 2017-2023 research period was chosen because it includes the most relevant and complete data available for all variables analyzed. This period is also important because it covers important macroeconomic and regulatory changes that affect the Islamic banking industry in Indonesia, including the impact of the COVID-19 pandemic since 2019, so it can provide a more realistic picture of financial performance trends.

SCnP Model Specifications

Picture 1 Sharia Conformity and Profitability Model



Source:(Aprida et al., 2023)

The SCnP graph divides the graph into four quadrants, namely, URQ (Upper Right Quadrant), LRQ (Lower Right Quadrant), ULQ (Upper Left Quadrant), and LLQ (Lower

Left Quadrant). The right corner-URQ (Upper Right Quadrant) shows Islamic banks that have a high level of sharia compliance and profitability. The lower right quadrant-LRQ (Lower Right Quadrant) shows Islamic banks that have a high level of sharia compliance but have a low level of profitability. The upper left quadrant-ULQ (Upper Left Quadrant) shows Islamic banks that have a relatively low level of sharia compliance but have a high level of profitability. Meanwhile, the lower left quadrant-LLQ (Lower Left Quadrant) shows Islamic banks that have a lower level of sharia compliance and profitability.(Fatoni et al., 2021)

Measuring the financial performance of Islamic banks based on the SCnP model can be described in the following stages.:

1. Calculate the ratios contained in the SCnP variables.
2. Calculate the average of each variable, using the following formula:

$$X_{SC} = \frac{IIR + ISIR + PSR}{3}$$

$$X_P = \frac{ROA + ROE + NPM}{3}$$

Average X_{SC} will be used as a point on the X coordinate (Sharia Conformity) and the average X_P will be used as a point on the Y coordinate (Profitability).

3. Create SCnP graphs and interpret them according to theory.

The provisions for placing the position of the sample bank in the analysis of the results of the SCnP model research are determined as follows:

- a. If the accumulated results of the Sharia Conformity and Profitability indicators show positive results (> 0), then it is located in the URL quadrant (Upper Right Quadrant Bank).
- b. If the accumulated results of the Sharia Conformity and Profitability indicators are low, then it is located in the LRQ (Lower Right Quadrant Bank) quadrant.
- c. If the accumulated results of the Sharia Conformity indicators are low and Profitability is high, then it is located in the ULQ quadrant (Upper Left Quadrant Bank).

- d. If the accumulated results of the Sharia Conformity and Profitability indicators show negative results, then it is located in the LLQ (Lower Left Quadrant Bank) quadrant.

SCnP Indicator

This SCnP model uses two indicators, namely Sharia Conformity and Profitability. The Sharia Conformity variable is measured by the Islamic Investment Ratio (IIR), Islamic Income Ratio (IsIR), Profit Sharing Ratio (PSR), while Profitability will be measured using the Return On Asset (ROA), Return On Equity (ROE), and Net Profit Margin (NPM) ratios.(Evan Hamzah Muchtar & Mohammad Rofi, 2020)

Islamic Investment Ratio(IIR)

This IIR ratio is used to show the percentage of investment made by the bank in halal products, IIR is calculated using the formula:(Ubaidillah, 2022)

$$IIR = \frac{\text{Islamic Investment}}{\text{Islamic Investment} + \text{Non Islamic Investment.}}$$

Islamic Income Ratio(IsIR)

Islamic Income Ratio is a ratio that shows the profit sharing income obtained by Islamic banks from the financing distributed, with the hope that the financing will generate profits.(Amalia, 2022)IsIR can be calculated using the following formula:

$$IsIR = \frac{\text{Islamic Income}}{\text{Islamic Income} + \text{Non Islamic Income.}}$$

Profit Sharing Ratio(PSR)

Profit Sharing Ratio used to show how far Islamic banks can share their profits with investors.(Jayusma & Haridhi, 2020)PSR can be calculated using the formula below:

$$PSR = \frac{\text{Mudharabah} + \text{Musyarakah}}{\text{Total Pembiayaan}}$$

Return On Asset(ROA)

Return On Asset calculated by comparing net income with total assets, to show the bank's ability to generate profits using its assets.(Azizah & Widyananto, 2022)ROA can be calculated using the following formula:

$$ROA = \frac{\text{Laba bersih}}{\text{Total Aset}} \times 100$$

Return On Equity(ROE)

Return On Equity is an indicator that measures how much net profit a company generates compared to the capital invested by shareholders or investors. (Siregar & Shifa, 2021) ROE can be calculated using the formula below:

$$ROE = \frac{Laba\ bersih}{Total\ Ekuitas} \times 100$$

Net Profit Margin(NPM)

The NPM indicator shows the percentage of net profit generated from total sales. (Shufiah, 2023) NPM can be calculated using the following formula:

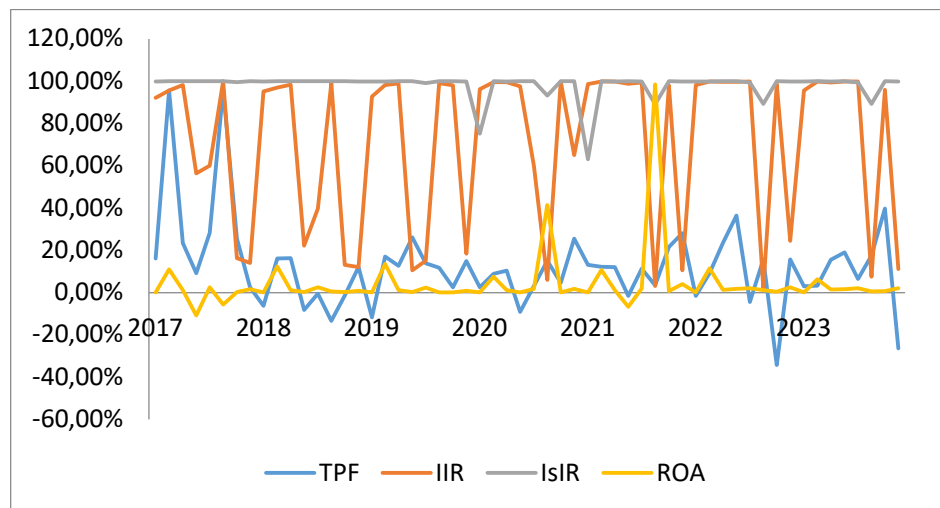
$$NPM = \frac{Laba\ bersih}{Total\ Pendapatan\ Operasional} \times 100$$

Research result

Descriptive Statistics

The figure below shows the growth of Third Party Funds (TPF), Islamic Investment Ratio (IIR), Islamic Income Ratio (IsIR) and Return on Assets (ROA) at Islamic Commercial Banks in Indonesia during the research period.

Chart 2 TPF, IIR, IsIR. and ROA Growth Trend



Source: Financial Report (Processed data)

Third Party Funds (TPF) generally show significant annual fluctuations, with some banks experiencing negative growth in certain years. This shows the dynamics of customer trust levels in placing their funds in Islamic banks, which can be influenced by external factors such as national economic conditions and internal bank policies.

The Islamic Investment Ratio (IIR) shows a stable trend and tends to be constant at a number close to 100%. This indicates that almost all investments made by Islamic banks have been reported socially, in accordance with the principles of transparency and accountability in Islamic finance.

The Islamic Income Ratio (ISIR) appears relatively high in most banks, even approaching 100% in almost all periods. This indicates that the bank's main source of income comes from activities that are in accordance with sharia principles. However, the sharp fluctuations seen from year to year indicate inconsistencies in sharia-based income management.

Return on Assets (ROA) has a relatively flat trend with small and fluctuating values. This shows that the profitability of Islamic banks in Indonesia during the 2017–2023 period has not shown a significant increase. Low ROA reflects that the efficiency of bank asset utilization still needs to be improved.

This study involved 8 Islamic commercial banks with the aim of analyzing and showing the maximum, average, and standard deviation values of each variable.

Table 3 Descriptive Statistical Test Results

	TPFG	IIR	ISIR	ROA
Mean	0.118961	0.782339	0.988198	0.019379
Median	0.121950	0.982000	0.999800	0.012000
Maximum	0.956600	0.999500	1,000,000	0.135800
Minimum	-0.342500	0.105400	0.631000	-0.107700
Std. Dev.	0.176888	0.338090	0.058880	0.039293

Source: Processed data, 2025

Panel Data Regression

The initial stage of testing was conducted to determine the most appropriate model to use in the study. Testing began with the Chow test to compare the Common Effect (CEM) and Fixed Effect (FEM) models.

Chow Test

Based on the results of the Chow test, the probability value is 0.0352, because the significance value is less than 0.05, the selected model is the Fixed Effect Model (FEM). The results of the Chow test can be seen in the following table:

Table 4 Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	2.096698	(6.46)	0.0718
Cross-section Chi-square	13.538290	6	0.0352

Source: Processed data, 2025

Hausman test

Next, a Hausman test was conducted to determine whether the best model was FEM or Random Effect Model (REM). Based on the test results, a probability value of 0.0178 was obtained. Because the significance value <0.05, the appropriate model to use in this study is the Fixed Effect Model (FEM). The results of the Hausman test are shown in table 5 below:

Table 5 Hausman Test Results			
Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross section	10.093204	3	0.0178

Source: Processed data, 2025

Based on the test results conducted through the Chow and Hausman tests, which are in tables 5 and 6, it was obtained that the most appropriate model to be used in this study is the Fixed Effect Model (FEM). This is based on the probability values of the two tests which show numbers below 0.05, which means that the FEM model is more appropriate than other models. After the FEM model was determined as the best model, a regression analysis was carried out with this approach and the results are shown as follows:

Table 6 Hausman Test Results				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.056521	0.396526	0.142540	0.8873
IIR	0.038425	0.071054	0.540781	0.5913
ISIR	0.002287	0.394271	0.005802	0.9954
ROA	1.554209	0.574661	2.704564	0.0096
R-squared	0.287839			
Adjusted R-squared	0.148504			
F-statistic	2.065797			
Prob(F-statistic)	0.052824			

Source: Processed data, 2025

Based on the table explained previously, the following panel data regression equation can be formulated:

$$\text{TPFG} = 0.0514413487109 + 0.0161263423468 \cdot \text{IIR} + 0.0292186707041 \cdot \text{ISIR} + 1.34319788764 \cdot \text{ROA}$$

Classical Assumption Test

Multicollinearity Test

Table 7 Multicollinearity Test Results

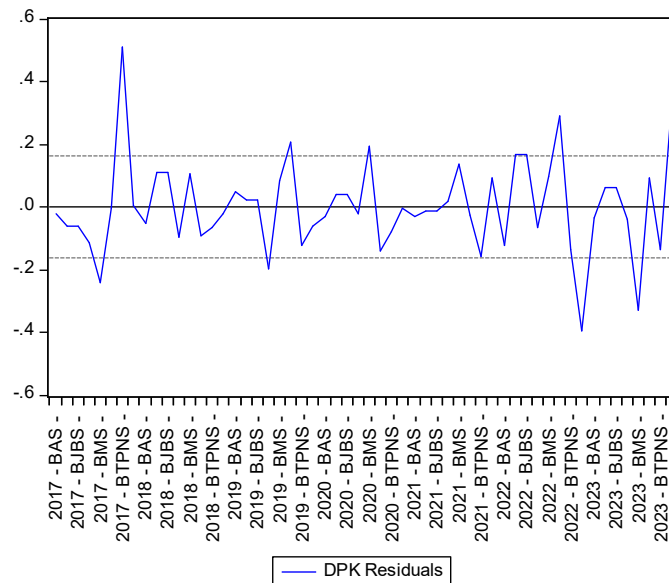
	IIR	ISIR	ROA
IIR	1,000,000	-0.103128	0.137468
ISIR	-0.103128	1,000,000	0.093028
ROA	0.137468	0.093028	1,000,000

Source: Processed data, 2025

Based on the results of the multicollinearity test in table 7, which is shown through the correlation value between independent variables, all values are below 0.80. This shows that there is no high correlation between the independent variables, so it can be concluded that the regression model does not experience multicollinearity problems.

Heteroscedasticity Test

Chart 3 Heteroscedasticity Test Results

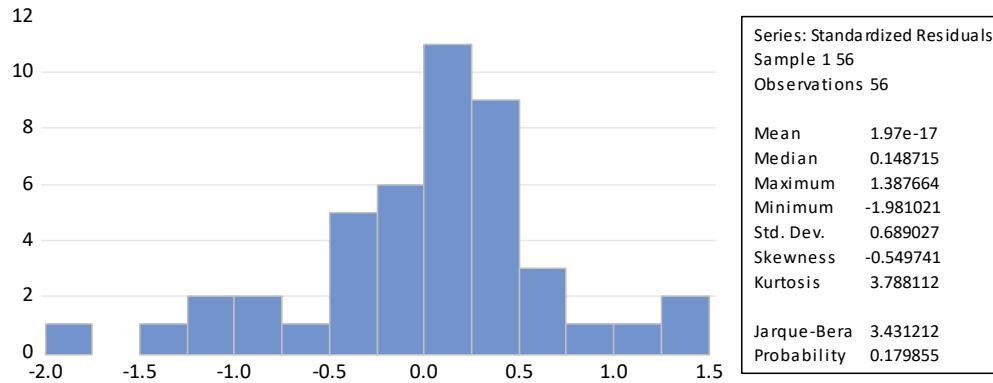


Source: Processed data, 2025

Based on the residual graph above, it can be seen that the distribution of residual values (Residuals Third Party Fund Growth) does not form a particular pattern and is spread randomly around the zero line, both above and below it. This indicates that there is no systematic pattern between residual values and time or observation objects (banks and years). (Ghozali, 2018)

Normality Test

Picture 2 Normality Test



Source: Data processed, 2025

Based on the normality test with the Jarque-Bera method, a probability value of 0.179855 (> 0.05) was obtained. This indicates that the residual data is normally distributed because the probability value is greater than the significance level of 0.05. Thus, the classical assumption of normality has been met. (Widarjono, 2016)

Coefficient of Determination (R^2)

Based on the regression results shown in the previous table, it is known that the Adjusted R-squared value is 0.1485. This means that around 14.85% of the variation in the growth of Third Party Funds can be explained by the independent variables in the model, namely the Islamic Investment Ratio (IIR), Islamic Income Ratio (IsIR), and Return on Assets (ROA). Thus, there is still around 85.15% of the variation in Third Party Funds that is influenced by other variables outside this model.

Discussion

The Influence of Islamic Investment Ratio (IIR) on the Growth of Third Party Funds

Based on the test results, it is known that the Islamic Investment Ratio (IIR) does not have a significant effect on the growth of Third Party Funds. This finding indicates that the level of sharia investment carried out by banks has not been able to increase public confidence in placing their funds. One of the causes is that people do not see a real difference between sharia investment and conventional investment in terms of the profits or returns received, so that information regarding the application of sharia principles in investment has not been a determining factor in their decision to place funds in the bank.

People today tend not to pay much attention to whether the investment made by the bank is sharia or not. The main factor that they pay more attention to is how much profit or return can be obtained from placing funds in the bank, therefore, even though the bank has a large portion of sharia investment (indicated by a high IIR), this is not necessarily the main attraction for people to save in the bank. This is supported by research (Maharani et al., 2021) shows that customer trust and perceptions about profits are the main factors in influencing interest in saving, not just the composition of the bank's investment portfolio, besides that, (Nurohmah & Purbayati, 2018) also found that Islamic financial literacy and public trust have a positive influence on the interest in saving in Islamic banks. This indicates that public perception of the security and credibility of banks is more important than a deep understanding of the Islamic investment system itself. This finding confirms that although banks have a high portion of Islamic investment, this has not been the main consideration for the public in placing funds.

Thus, although IIR reflects the portion of sharia-based investment made by banks, this does not necessarily affect DPK growth directly. This finding is consistent with research by (Zaki, 2023), which states that financial performance is not always significantly correlated with fundraising. The significance value of 0.5913 (greater than 5%) confirms that this variable has no statistical influence in the observation period.

The Influence of Islamic Income Ratio (IsIR) on the Growth of Third Party Funds

Based on the test results, it is known that the Islamic Income Ratio (IsIR) does not have a significant effect on the growth of Third Party Funds. This finding indicates that sharia-based income obtained by banks has not become the main factor influencing people's decisions in placing their funds in sharia banks. Most likely, people consider other factors such as how banks are able to provide large returns and have a good image or reputation, without considering whether the bank's source of income actually comes from activities that are in accordance with sharia principles.

This result is in line with research by (Wiranata, 2023) which shows that public perception of brand image, trust and profit sharing ratio are dominant factors in choosing sharia savings products.

The public does not really care whether the bank's income is truly derived purely from sharia contracts, but only looks at the end result in the form of large or small profits or profit sharing, they focus more on banks that are considered capable of providing returns and have a good reputation or image. This result is in line with research (Laksana,

2024) which states that the Islamic Income Ratio does not have a significant effect on DPK growth, because people have not made the composition of sharia income a primary consideration in their financial decisions. This result is reinforced by a significance value of 0.9954 which exceeds the significance limit of 5% ($\alpha = 0.05$), thus, it can be concluded that the Islamic Income Ratio (IsIR) variable does not have a significant effect on the growth of Third Party Funds of Islamic commercial banks in Indonesia during the period 2017–2023.

The Influence of Return On Asset (ROA) on the Growth of Third Party Funds

Based on the test results, it is known that Return on Assets (ROA) has a positive and significant effect on the growth of Third Party Funds. This finding shows that the level of bank profitability, as measured by ROA, is an important factor influencing people's decisions in placing their funds in Islamic banks. The higher the bank's ability to generate profits from its assets, the greater the public's trust in placing funds in the bank.

Conceptually, ROA reflects the effectiveness of management in managing assets to generate profits, when a bank shows a high ROA, this is an indicator that the bank is well managed, efficient, and has healthy financial performance. This condition provides a positive signal to the public that the bank is able to provide stable and potentially greater returns, and guarantees the security of funds deposited, therefore, customers are more interested in placing their funds in banks that show high profitability.

These results are in line with research conducted by (Musyarofah, 2023), which also found that ROA has a significant effect on the growth of third party funds. This finding is also supported by research (Yadav et al., 2021), which states that the higher the ROA ratio of a bank, the higher the public interest in saving funds in Islamic banks, because it is considered healthier and more profitable. In addition, it can be seen from the significance value of 0.0096, which is smaller than the significance level of 5% ($\alpha = 0.05$), so it can be concluded that Return on Assets (ROA) has a positive and significant effect on the growth of Third Party Funds in Islamic commercial banks in Indonesia during the period 2017–2023.

Financial Performance Analysis of Islamic Commercial Banks Based on the SCnP Method

Table 8 Results of SCnP Method Analysis 2017-2019

Bank	2017			2018			2019		
	SC	P	Q	SC	P	Q	SC	P	Q

BMI	78.15%	0.53%	URQ	79.36%	0.84%	LRQ	80.95%	0.19%	LRQ
BTPNS	65.20%	23.50%	ULQ	65.65%	23.69%	URQ	66.15%	25.35%	ULQ
BCAS	80.09%	5.09%	URQ	81.74%	5.65%	LRQ	84.40%	5.05%	LRQ
BPDS	79.46%	4.66%	URQ	70.95%	1.60%	LRQ	68.68%	1.04%	LLQ
BASS	56.00%	14.89%	URQ	49.75%	14.29%	ULQ	41.35%	14.86%	ULQ
BJBS	70.47%	-36.15%	LRQ	72.94%	1.78%	LRQ	74.15%	0.99%	LRQ
BVS	63.18%	1.76%	ULQ	53.34%	1.74%	LLQ	93.34%	0.32%	LRQ
BMS	42.33%	5.62%	ULQ	44.77%	3.50%	LLQ	49.76%	3.43%	LLQ

Source: Processed data, 2025

The 2017 SCnP data shows that most Islamic banks have a fairly good level of sharia compliance (SC). For example, BCAS and BPDS recorded SC above 79%, reflecting a high level of compliance with sharia principles. However, profitability (P) varies between banks. BTPNS recorded the highest profitability (23.50%) even though its SC level was moderate (65.20%), so this bank is included in the ULQ (Upper Left Quadrant), namely a bank with high profitability but the SC level is still not optimal. On the other hand, BJBS recorded a fairly good SC (70.47%) but experienced significant losses ($P = -36.15\%$), so it is in the LRQ (Lower Right Quadrant), namely a category of banks with a high SC level but low profitability. Banks such as BCAS and BPDS, which have high SC and positive profitability although moderate, are included in the URQ (Upper Right Quadrant), showing a fairly balanced performance between sharia compliance and profit.

In 2018, variations in SC levels between banks were still visible. BCAS recorded the highest SC (81.74%), while BMS recorded the lowest (44.77%). BTPNS maintained its position as the bank with the highest profitability (23.69%) and was in the URQ quadrant, because it had a combination of high profitability and fairly good SC. On the other hand, BMI ($P = 0.84\%$) and BVS ($P = 1.74\%$) showed low profitability even though their SC was above 50%, so they were included in the LRQ. BJBS, with still low profitability (1.78%) even though its SC increased, was also included in the LRQ. Meanwhile, BMS, which had low SC and profit, was included in the LLQ (Lower Left Quadrant), indicating that performance improvements in both sharia and financial aspects were still needed.

2019 showed a tendency for SC levels to remain high in several Islamic banks. BVS recorded the highest SC (93.34%), followed by BCAS (84.40%). However, profitability is not always in line. BTPNS, with the highest profitability (25.35%) and moderate SC (66.15%), is in the ULQ quadrant, namely high profit with moderate SC. Banks such as BMI and BJBS recorded SC above 74%, but their profitability was low (below 1%), so they were in the LRQ. Likewise, BCAS and BPDS, which have high SC but profitability below 6%, are

also classified as LRQ. Meanwhile, BMS remains in the LLQ, with a combination of SC and profitability that is still low, indicating the need for improvement in both dimensions.

Table 9 SCnP Method Analysis Results 2020-2021

Bank	2020			2021		
	SC	P	Q	SC	P	Q
BMI	74.42%	0.22%	LLQ	71.72%	0.18%	LLQ
BTPNS	66.54%	14.91%	ULQ	66.66%	21.86%	ULQ
BCAS	88.71%	4.90%	LRQ	90.98%	5.49%	LRQ
BPDS	96.88%	2.61%	LRQ	97.26%	21.83%	URQ
BASS	57.00%	10.72%	ULQ	71.49%	9.29%	LLQ
BJBS	74.62%	0.41%	LLQ	71.89%	10.01%	ULQ
BVS	93.61%	-0.02%	LRQ	90.43%	2.36%	LRQ
BMS	69.67%	8.68%	ULQ	57.61%	21.59%	ULQ

Source: Processed data, 2025

SCnP data in 2020 shows that most Islamic banks have a high level of sharia compliance (SC). BPDS and BVS recorded SC above 90%, indicating a high commitment to sharia principles. However, the highest profitability was achieved by BTPNS (14.91%) and BAS (10.72%) which had lower SC compared to several other banks. Based on the quadrant distribution, banks such as BPDS and BVS are included in the ULQ because they combine high SC with medium profitability. In contrast, BMI and BJBS are included in the LLQ because they recorded relatively low SC and profitability, so they still need improvement in both aspects.

The SC level in 2021 remained high in the majority of Islamic banks. BPDS recorded an SC of 97.26%, followed by BCAS at 90.98%. In terms of profitability, BTPNS and BPDS occupied the highest positions with 21.86% and 21.83% respectively. This places BPDS in the URQ quadrant, which is a combination of high sharia performance and profitability. BTPNS, with moderate SC (66.55%) but high profitability, is included in ULQ. On the other hand, BMI with high SC but very low profitability (0.18%) is included in LRQ. BAS, although it has quite good profitability (9.29%), still recorded an SC below 60%, so it is also in ULQ. Several other banks such as BMS and BJBS are also included in ULQ, showing room for improvement, especially in terms of sharia compliance.

Table 10 SCnP Method Analysis Results 2022-2023

Bank	2022			2023		
	SC	P	Q	SC	P	Q
BMI	85.96%	0.52%	LRQ	88.90%	0.24%	LRQ
BTPNS	66.78%	22.79%	ULQ	66.70%	12.72%	ULQ
BCAS	92.08%	6.67%	LRQ	91.42%	7.34%	LRQ
BPDS	98.10%	2.83%	URQ	98.10%	10.40%	URQ
BASS	75.16%	11.70%	ULQ	79.35%	10.90%	ULQ
BJBS	73.44%	7.09%	ULQ	76.55%	3.60%	ULQ
BVS	91.63%	2.37%	LRQ	86.49%	2.49%	LRQ
BMS	62.21%	12.22%	ULQ	57.19%	9.98%	ULQ

Source: Processed data, 2025

This year, sharia compliance of Islamic banks has increased, with BPDS (98.10%), BCAS (92.08%), and BVS (91.63%) recording the highest SC. However, the highest profitability was again achieved by BTPNS (22.79%) whose SC level is still around 67.38%. This places BTPNS in the ULQ quadrant. Meanwhile, banks such as BCAS, BVS, and BMI, despite having high SC, recorded lower profitability, so they are in the LRQ. In contrast, BAS, BJBS, and BMS are included in the ULQ, showing better profitability even though their SC levels have not reached the highest category.

The year 2023 reflects the consistency of most Islamic banks in maintaining a high SC level. BPDS recorded the highest SC of 98.10%, followed by BCAS (91.42%) and BMI (88.90%). The highest profitability was recorded by BAS (10.90%) and BPDS (10.40%). Banks such as BMI, BCAS, and BVS are in the LRQ quadrant, with high SC characteristics but still limited profitability. On the other hand, BTPNS, BAS, BJBS, and BMS are included in the ULQ, which means they recorded quite good profitability even though the SC level is not as high as other banks in the URQ group.

Conclusion

This study was conducted to analyze the effect of Islamic Investment Ratio (IIR), Islamic Income Ratio (IsIR), and Return on Assets (ROA) on the growth of Third Party Funds (TPF) in 14 Islamic commercial banks, with 8 banks as samples during the period 2017–2023. The results of the analysis show that only ROA has a positive and significant effect on TPF growth. This indicates that the higher the level of profitability of a bank, the greater the trust and interest of customers to collect funds at the bank. Meanwhile, the IIR

and IsIR variables do not show a significant effect on TPF growth, which indicates that although Islamic banks have carried out their investment and income activities in accordance with sharia principles, this aspect has not been the main consideration for the community in choosing a place to save funds. This finding may be caused by low financial literacy so that there is no public interest in sharia principles among customers, or the lack of effective information delivery from the bank regarding the contribution of sharia to their operational performance.

In addition, the results of the SCnP analysis show an imbalance between the level of sharia compliance and profitability in several banks, there are banks that have high sharia compliance but low profitability levels, and vice versa. This reflects that achieving good sharia performance is not always in line with high financial performance, so a managerial strategy is needed that is able to integrate both aspects sustainably.

This study has limitations in terms of the approach used, namely only relying on quantitative data based on financial ratios, without considering external factors such as macroeconomic conditions or customer behavior. The limited observation period of seven years and the number of samples covering only eight banks are also limitations in generalizing the findings, therefore, further research is recommended to add additional variables such as intervening or moderation to analyze more deeply, meanwhile, Islamic banks are also expected to be able to strengthen public communication strategies and transparency of information regarding their sharia performance, in order to increase public awareness and interest in participating in the development of Islamic banking.

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