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Islamic Banking Performance Analysis: Comparison in Indonesia, Malaysia, and Turkey

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Abstract: - The goal of this study is to evaluate and analyze the impact of Indonesian, Malaysian, and Turkish Islamic banking performance on the Capital Adequacy Ratio (CAR), the Financing to Deposit Ratio (FDR), and Non-Performing Financing (NPF). The Capital Adequacy Ratio (CAR), the Financing to Deposit Ratio (FDR), and the Non-Performing Financing (NPF) are independent variables in the quantitative study. The dependent variable, profitability (Y), will be analyzed using the panel data regression method (Eviews). The researchers processed the data from 187 annual reports of Islamic banking in Indonesia, Malaysia, and Turkey from 2008 to 2018 using a purposive sampling technique. According to the study's findings, the financing to deposit ratio (X2) and then capital adequacy ratio (X1) partially influence for profitability variable (Y) in Indonesia, Malaysia, and Turkey, but not in Malaysia. The profitability variable is only marginally significantly impacted by Non-Performing Financing/NPF (X3) (Y). The study's findings suggest that CAR, FDR, and NPF with variable profitability can enhance Islamic banking's performance in Indonesia, Malaysia, and Turkey.

Key-words: Profitability, CAR, FDR, NPF

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1. Introduction

Banks in Indonesia, Malaysia, and Turkey raised interest rates as a result of the financial crisis to combat inflation brought on by the drop in the value of the rupiah, ringgit, and lira relative to the US dollar. Conventional banking has responded massively to the increase in interest rates, but it is different from the increase in interest rates in Islamic banking which has no direct effect. The buying and selling system (bai') in Islamic banking, where margin banking is based on a fixed rate where the provisions are based on a contract cannot change at any time such as only with interest. However, for profit-sharing products, it is possible that this financial crisis will affect Islamic banking returns because the financial crisis will affect customer profit-sharing to obtain optimal profits. A rise in interest rates makes saving money in traditional banking more alluring, but investors will find this rise in interest rates unappealing because they will incur greater interest costs. The public's desire to save money in Islamic banking will decrease with a rise in interest rates because the margin rate is lower than deposit interest rates in conventional banking. Islamic banks are less profitable than traditional banks, yet banks will still be more beneficial for investors, [27].

Countries with Muslim majority populations have great opportunities for Indonesia, Malaysia and Turkey in developing 3 sharia banking. As a global financial organization, the IMF-World Bank Group seeks to expand international monetary cooperation in order to further advance the growth of the Islamic banking sector worldwide, strengthen financial stability, encourage international trade. The World Islamic Banking Competitiveness Report displays country outlook data on Islamic banking from other countries.

Table 1. Portrait of a Number of Countries Actively Developing Islamic Banking (as of 2018)

Countries	Population	Moslem %	Islamic Banking Assets (USD Bil)	Sharia Banking Share (%)
Qatar	2.685.053	77,5	97	6
Indonesia	268.074.000	87,2	28	34
Saudi Arabia	33.413.660	97,1	390	16
Malaysia	32.328.000	61,4	214	38
UAE	9.400.000	67	194	26
Turkey	80.810.525	98,6	39	5

Source: Global Islamic Finance Landscape, IFDI, 2019

Expanding Islamic banking industry in Indonesia, Malaysia and Turkey can certainly challenge for conventional banking that existed beforehand. With the existence of Islamic banking, it will certainly be in the spotlight, namely the banking performance. The performance and health condition of a bank is important for related parties, such as .

bank owners or managers, the public, the International Monetary Fund (IMF), As a global financial organization, the World Bank Group seeks to strengthen global monetary cooperation, strengthen financial stability, encourage international trade . In this case it is supported by survey results which show Islamic banking assets globally

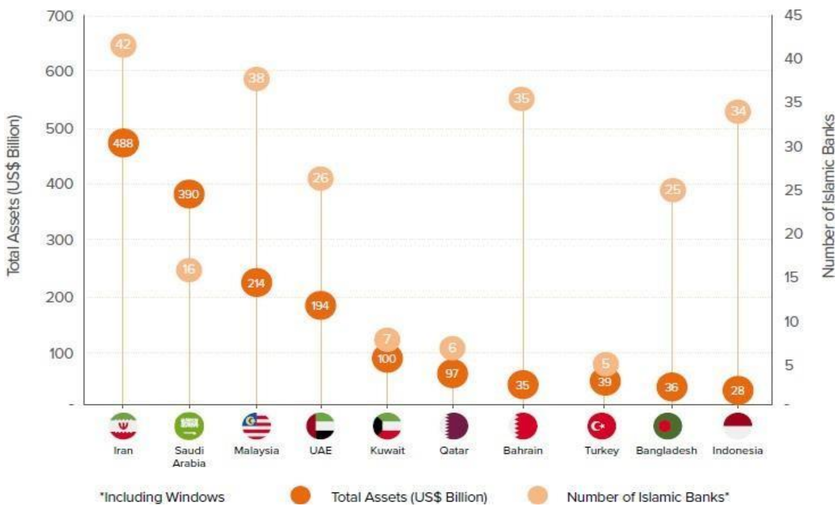

Figure 1. 2018's Top Nations for Islamic Banking Assets (US$ Billion)

The illustration above shows how the rapidly expanding Islamic banking sector appears to be highly promising. Islamic banking assets reached US$ 1,760 in 2018 and encouraged asset growth in Indonesia by 28%, Malaysia by 214%, and Turkey by 39%. The impacts that will occur when Islamic banking assets are high then the market develops, including: Balancing the sustainability of the world economy and shifting trade towards the east and GDP growth, An overview of financial rules, Reform and regime changes in a number of emerging countries, and the use of the internet and mobile technology for banking solutions.

The banking industry is crucial to a nation's economy. This important aspect is contained in the analysis of banking performance measurement by analyzing the strengths and weaknesses of a bank and evaluating bank performance and predicting bank performance in the future, [12]. Thus, related parties can evaluate banking performance while still applying the precautionary principle, complying with regulations and implementing risk management. Paying close attention to the high ratios of One of the performance indicators of Islamic banking may be found in the Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), and Non Performing Financing (NPF).

2. Literature Review

2.1. Islamic Banking Theory

Islamic banks, based on [26], are intermediary organizations and providers of financial services that operate in accordance with Islamic principles, particularly those that are devoid of interest, free from ghara components, founded on the principles of justice, and solely finance halal businesses. Sharia banking, according to Law (UU) Number 21 of 2008, performs its commercial activities in accordance with sharia principles, economic democracy, and prudential principles. Islamic banking aspires to aid in implementing national development within the context of fostering people's justice, cohesion, and equity. In contrast to conventional banks which use the principle of interest, Islamic banks adhere to the profit-sharing philosophy, based on the premise that Islamic law regarding the prohibition of usury, which is contained in (Q.S Ali Imran Verse 130). From the definition of Islamic banks above, It may be said that Islamic banks are institutions that conduct for fundraising and channeling of funds in accordance with sharia principles to finance halal activities.

2.2. Sharia Banking Financial Performance Theory

A company's financial performance is the end result it achieves through time, regardless of whether it is a profit- or non-oriented organization. A separate evaluation of a performance is made since banking is an entity that serves as a bridge between people with extra funds and others who lack them.

Stages in Analyzing Financial Performance
In order to analyze a company's financial performance generally, there are 5 (five) stages to go through, including:

a. Reviewing financial report data.
b. Do the calculations.
c. Do a comparison of the results obtained.
d. Perform interpretation of the various problems found.
e. Seeking and providing solutions to various problems found.

2.3. Sharia Banking Performance Theory

Global bank performance serves as an example of the bank's operational successes in terms of marketing, finance, distribution, and fundraising as well as in terms of technology and human resources. A bank's financial performance provides an overview of its state of affairs financially over a specific time period, including how it raised and channeled resources. These factors are typically quantified by measures of adequate capital, liquidity, and bank profitability (Jumingan, 2006). Evaluating Islamic banking's profitability likes a number of ratios are utilized. In this instance, the Return on Assets (ROA) measures Islamic banking's success using profitability.

2.4. Profitability

Profitability is the capacity attained by the business in a specific time frame. The balance sheet and profit and loss statements of the business serve as the foundation for evaluating profitability. The success of the bank is dependent on quantitative analysis of profitability as determined by ratios, one of which is the ratio of profits compared to business volume over the previous 12 months (Return on Assets, or ROA), [13]. According to the Basel III agreement, a bank must maintain a minimum Return On Assets (ROA) ratio of 1.5% in order to be considered "healthy" or to have a good degree of profitability.

$$\text{ROA} = \frac{\text{Earning Before Tax } (\textit{Net Profit})}{\text{Average Total Asset } (\textit{Total Asset})} \; x100\%$$

Note: Profit Before Tax is profit for the year before tax and is annualized.

2.5. Capital Adequacy Ratio (CAR)

A bank's capacity to hold appropriate capital is gauged by the capital adequacy ratio (CAR) as well as its management's capacity to recognize, quantify, track, and manage risks that could have an impact on the amount of capital that the bank has on hand, [13].

$$\textit{Capital Adequacy Ratio } (\text{CAR}) = \frac{\text{Capital}}{\text{ATMR}} \; x \; 100\%$$

$$FDR = \frac{\text{Total Credit/Financing}}{\text{Third-party fund}} x\ 100\%$$

Information: = Total Equity
Bank Capital = ATMR Credit Risk +
Total ATMR ATMR Market Risk + ATMR Operational

2.6. The correlation of Profitability and Capital Adequacy Ratio (CAR)

For banking directors, success is determined by Islamic banking performance. To determine how well for bank's capital can anticipate a decline in assets; the measure used is the capital adequacy ratio. If more profit a bank makes, the lower the risk it takes, [13]. From this explanation it can be said that capital can be used to increase existing assets. A bank's profit increases with the quantity of capital it has since it can grow lending with more capital. Capital that is too small will not only limit the ability of bank expansion, but will also affect the valuation, especially of depositors, debtors and shareholders.

Furthermore, the profit generated can be reused as core capital in the following year, or what is more often heard as retained earnings. Theoretically a bank having a high Capital Adequacy Ratio is very good because this bank is able to bear the risks that may arise. There is sufficient capital provided by the owner so that credit becomes wider and there is a small risk so that all of this will have a positive effect on profitability. More stability is indicated by a higher capital adequacy ratio.

2.7. Financing To Deposit Ratio (FDR)

Comparing the third party funds and the bank's funding that the bank was able to collect is known as the Comparable to the Loan to Deposit Ratio in traditional banks, Financing to Deposit Ratio (FDR). The lower the FDR, the less efficient the bank is in making loans. If the Bank Indonesia-established standard for the FDR or LDR ratio for the majority of BUS is less than 100%. Consequently, the bank's profit will increase (assuming the bank is able to extend its credit effectively). Since profit is one of the components that makes up Return On Assets (ROA), rising earnings will also result in an increase in ROA, [19].

2.8. The Relationship of Non-Performing Financing to Profitability

The performance of Islamic banking has a management tendency to submit a good annual report to the market regarding the condition of the company, so that information is certainly spread and everyone knows the truth. A low level of NPF (non-performing loans) indicates that a bank can manage its productive assets effectively so that the company's profits are high and its profitability is maximum, this is a positive banking performance for the company.

By dividing non-current funding by total finance, NPF is determined. The bank will make more money if the NPF is lower; but, the bank will experience losses if the NPF level is high due to the volume of subpar funding.. NPF therefore correlates negatively with the profitability of Islamic banking.

3. Research Method

This study falls under the category of quantitative research that is intended to analyze the influence and comparison between hypothesized variables according to the formulation brought by the researcher. With the independent variables Capital Adequacy Ratio/CAR (X1), Financing to Deposit Ratio/FDR (X2), Non Performing Financing/NPF (X3), with Profitability (Y). Purposive sampling was utilized as the sample method in this investigation of 187 annual reports. The purposive sampling used is related to the criteria to be examined to determine clearly and precisely the research objectives for the annual report of Islamic banking, so the sample requirements are used, namely Islamic banking registered with the IFSB (Isamic Financial Service Board), the year of banking establishment before the year 2008 and ongoing 2018. This research was conducted on Islamic Financial Service Board, World Islamic Banking Competitiveness Report, and Islamic Finance Development Report for 2008–2018, all by EY. The data analysis method used is the Panel Data Regression method, with the following equation analysis model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon_x \textbf{(N)}$$

or

$$BP^1_{it} = \beta_0 + \beta_1 BP^1_{it-1} + \beta_2 CAR_{it} + \beta_3 FDR_{it} + \beta_4 NPF_{it} + \varepsilon_{it}$$

Where:

$BP1_{it}$	= Profitability/ ROA (Y)	t	= Time
CAR_{it}	= Capital Adequacy Ratio (X1)	β_0	= Constant
FDR_{it}	= Financing to Deposit Ratio (X2)	β_1-β_6	= Koefisien Regresi
NPF_{it}	= Non Performing Financing (X3)	ε_{it}	= Eror Term
i	= Index		

Table 2. Description Composite Rating of each variable

CAR Composite Rating Classification

Composite Rating	Weight (%)	Information
PK 1	> 12	Very Healthy
PK 2	9 – 12	Healthy
PK 3	8 – 9	Healthy Enough
PK 4	6 – 8	Less Healthy
PK 5	< 6	Not Healthy

FDR Composite Rating Classification

Composite Rating	Weight (%)	Information
PK 1	70 - <85	Very Healthy
PK 2	60 – <70	Healthy
PK 3	85 – <100	Healthy Enough
PK 4	100 – 120	Less Healthy
PK 5	<120 : <60	Not Healthy

NPF Composite Rating Classification

Composite Rating	Weight (%)	Information
PK 1	> 2	Very Healthy
PK 2	2 – 3,5	Healthy
PK 3	3,5 – 5	Healthy Enough
PK 4	5 – 8	Less Healthy
PK 5	< 8	Not Healthy

Source: [3], Basel III deal

4. Result and Discussion

4.1. The Result of Selection of Panel Regression Estimation Method

The following is a discussion of the model estimation method test and the results of hypothesis testing carried out in this study:

Table 3. Model Estimation Method Test

Countries	Common Effect Models	Fixed Effect Models	Random Effect Models
Indonesia			√
Malaysia		√	
Turkey		√	

Table 4. Hypothesis Testing Results

Independent Variables	Indonesia		Malaysia		Turkey	
	Prob.	Coefficient	Prob.	Coefficient	Prob.	Coefficient
CAR	0,0004	-0,128072	0,5977	0,007887	0,1961	0,055174
FDR	0,0081	-0,023821	0,9173	-0,000115	0,0000	0,059131
NPF	0,1119	-0,157738	0,3277	0,024578	0,9176	0,010330
R-Square	0,335498		0,483563		0,438876	
F-Statistic	6,731806		7,405631		4,823174	
Prob (F-Statistic)	0,000877		0,000000		0,000999	

It has been determined from the results of testing the aforementioned hypothesis that the coefficient of determination (R2), model feasibility test (F), and partial test (t test). The significant value used was <0.05 for FDR and NPF but for CAR it was <0.08.

4.2. Discussion of Analysis Results.

1) **The Effect of Capital Adequacy Ratio (CAR) on Sharia Banking Performance in Indonesia, Malaysia and Turkey**

The World Islamic Banking Competitiveness Report, the Islamic Financial Service Board, and the Islamic Finance Development Report 2008-2018, which are all included in the EY analysis of Islamic banking performance in Turkey and Indonesia, demonstrate a significant impact of the Capital Adequacy Ratio on profitability (ROA). Malaysia, however, shows no significant impact. These findings reveal that the significance level of CAR for Malaysia is 0.5977 > 0.05 and that the significance levels for Indonesia and Turkey are respectively 0.0004 0.08 and 0.1961. Therefore, it can be said that Malaysia does not have a big impact on Islamic Banking Performance (ROA), but Indonesia and Turkey do. The Islamic Banking Performance (ROA) in Malaysia is significantly impacted by the Capital Adequacy Ratio (CAR).

2) **The Impact of Finance to Deposit Ratio (FDR) on Islamic Banking Performance in Indonesia, Malaysia and Turkey**

The results of the study looking at how the Finance to Deposit Ratio affects profitability (ROA) have a substantial influence on the examination of Islamic banking performance in Indonesia and Turkey, no significant effect in Malaysia which is listed on the IFSB (Islamic Financial Service Board), World Islamic Banking Competitiveness Report, and Islamic Finance Development Report by EY 2008-2018. These results show that the significance level for Indonesia is 0.0081 <0.08 and Turkey is 0.0000 which indicates that the significance level for FDR for Malaysia is 0.9173 > 0.05. Therefore, it can be claimed that Indonesia and Turkey's Finance to Deposit Ratio (FDR) has a significant influence on Islamic Banking Performance whereas Malaysia's Finance to Deposit Ratio (FDR) has a negligible impact (ROA).

3) **The Effect of Non Performing Financing (NPF) on the Performance of Islamic Banking in Indonesia, Malaysia and Turkey**

The findings of the experiment testing the impact of non-performing financing on profitability have not had a significant impact on the analysis of the performance of Islamic banking in Indonesia, Malaysia, and Turkey, which is listed on the World Islamic Banking Competitiveness Report, the Islamic Financial Service Board, and the Islamic Finance Development Report for 2008–2018. (ROA). These results show that non-performing financing (NPF) in Indonesia, Malaysia, and Turkey has no appreciable effect on Islamic banking performance (ROA). The significance levels for these three countries are 0.1119, 0.3277, and 0.9167, respectively.

4) Comparison of Capital Adequacy Ratio (CAR) on Sharia Banking Performance in Indonesia, Malaysia and Turkey.

The results of a comparison of the three countries using the Capital Adequacy Ratio (CAR) ratio obtained the results in 2008-2018 as follows:

Table 5. Comparative Summary of CAR Ratings in 2008-2018

Countries	Sharia Banking Name	CAR (%)	Composite	Desc
Indonesia	Bank Muamalat Indonesia	15,86	1	Very healthy
	Bank Mandiri Syariah (BSM)			
	Bank Rakyat Indonesia (BRI) Syariah			
	Bank Countries Indonesia (BNI) Syariah			
Malaysia	Affin *Islamic* Bank Berhad	13,78	1	Very healthy
	Al Rajhi *Banking and Investment Corporation* (Malaysia) Berhad			
	Bank Islam Malaysia Berhad			
	CIMB Group Holding Berhad			
	Hong Leong *Islamic Bank*			
	Kuwait *Finance House* (Malaysia) Berhad			
	Maybank *Islamic* Berhad			
	OCBC Al-Amin Bank Berhad			
	RHB *Islamic Bank* Berhad			
TURKEY	Albaraka Turk *Participation Bank*	17,77	1	Very healthy
	Kuwait Turkish *Participation Bank*			
	Turkiye Finans Katilim Bankasi			
	Ziraat Bank Turkey			

The results of the comparison of CAR assessments show that Turkey has the best ratio compared to Islamic banking in other countries studied, for example, the highest CAR ratio is 17.77%, while Indonesia is ranked "very healthy" with a ratio of 15.86%. and finally Malaysia with a CAR ratio of 13.78%.

The high CAR variable in Islamic banking in Indonesia and Malaysia indicates a greater Risk Weighted Assets (RWA) compared to an increase in banking capital. One component of assets that contain risk is credit. Credit activities are the main activities of Islamic banking and are the main source of income received as a result of lending. But if credit grows beyond the growth of Islamic banking capital as happened in consequently, the profitability of Islamic banking in Turkey will keep rising.

5) Comparison of Finance to Deposit Ratio (FDR) on Sharia Banking Performance in Indonesia, Malaysia and Turkey

The results of a comparison of the three countries using the Finance to Deposit Ratio (FDR) ratio obtained the results in 2008-2018 as follows:

Table 6. Comparative Summary of FDR Ratings in 2008-2018

Countries	Sharia banking names	FDR (%)	Composite	Desc
Indonesia	Bank Muamalat Indonesia	89,88	3	Cukup Healthy
	Bank Mandiri Syariah (BSM)			
	Bank Rakyat Indonesia (BRI) Syariah			
	Bank Countries Indonesia (BNI) Syariah			

Malaysia	Affin *Islamic* Bank Berhad Al Rajhi *Banking and Investment Corporation* (Malaysia) Berhad Bank Islam Malaysia Berhad CIMB Group Holding Berhad Hong Leong *Islamic Bank* Kuwait *Finance House* (Malaysia) Berhad Maybank *Islamic* Berhad OCBC Al-Amin Bank Berhad RHB *Islamic Bank* Berhad	78,07	1	Very healthy
Turkey	Albaraka Turk *Participation Bank* Kuwait Turkish *Participation Bank* Turkiye Finans Katilim Bankasi Ziraat Bank Turkey	73,24	1	Very healthy

The results of the comparison of FDR assessments show that Malaysia and Turkey have the best ratios compared to Islamic banking in Indonesia, with FDR ratios of 78.07% and 73.24%. As for countries, Indonesia is rated "fairly healthy" with a ratio of 89.88%. The high FDR variable owned by Islamic banking in Indonesia indicates that deposit funds from the public embedded in loans are getting bigger, with these funds Islamic banking can expand credit to increase its income. With the greater investment of credit, under normal conditions it will lead to increased profits. This profit comes from the receipt of loan profit sharing from the loans disbursed. However, if Islamic banking reduces the amount of credit, as has been done by Islamic banking countries in Malaysia and Turkey, then Islamic banking's capacity to make profits, particularly from loan interest, will decline. This decrease will result in decreased profitability (ROA).

6) Comparison of Non Performing Financing (NPF) on Sharia Banking Performance in the Countries of Indonesia, Malaysia and Turkey

The comparison of the three nations' non-performing financing (NPF) ratio yielded the following findings between 2008 and 2018:

Table 7. Comparative Summary of NPF Ratings in 2008-2018

Countries	**Sharia banking names**	**NPF(%)**	**Composite**	**Desc**
Indonesia	Bank Muamalat Indonesia Bank Mandiri Syariah (BSM) Bank Rakyat Indonesia (BRI) Syariah Bank Countries Indonesia (BNI) Syariah	2,74	2	Healthy
Malaysia	Affin *Islamic* Bank Berhad Al Rajhi *Banking and Investment Corporation* (Malaysia) Berhad Bank Islam Malaysia Berhad CIMB Group Holding Berhad Hong Leong *Islamic Bank* Kuwait *Finance House* (Malaysia) Berhad Maybank *Islamic* Berhad OCBC Al-Amin Bank Berhad RHB *Islamic Bank* Berhad	2,57	2	Healthy
Turkey	Albaraka Turk *Participation Bank* Kuwait Turkish *Participation Bank* Turkiye Finans Katilim Bankasi Ziraat Bank Turkey	2,78	2	Healthy

The results of the comparison of the NPF assessments show that the three countries, Indonesia, Malaysia and Turkey, have the same good ratio with the title "Healthy". Islamic banking countries Malaysia 2.57%, Indonesia 2.74, and Turkey 2.78.

This can happen because according to the Basel III agreement which requires the NPF to exceed 5% it can indicate that the payment to Islamic banking is getting worse, such that it might hinder Islamic banking's ability to make money and have a detrimental impact on revenue (ROA). The amount of financing provided must be followed by good quality of financing as well. It is not impossible that large amounts of financing/credit will cause a loss if the credit being disbursed is found to be of poor quality and problematic.

5. Conclusion and Recommendations

5.1. Conclusion

Based on the results of the research and discussion given in the preceding chapter, several inferences in this study may be drawn, including:

1) Results of the examination of the impact of CAR, FDR, and NPF on the performance of Islamic banking from 2008 to 2018:
   a. The results of a research utilizing the Capital Adequacy Ratio (CAR) ratio to evaluate the performance of 17 Islamic banks in Indonesia (4), Malaysia (9) and Turkey (4). While it has no effect at all on the profitability of Islamic banking in Malaysia, sharia banking has a significant influence on profitability in Turkey and Indonesia to a lesser level.. As can be shown, bank profits are not always impacted by a high CAR. Capital is an asset that is used to cover losses on company activities, if a bank is unable to manage high capital properly, profitability will not increase.
   b. the results of a research utilizing the Financing to Deposit Ratio (FDR) ratio to evaluate the performance of 17 Islamic banks in Indonesia (4), Malaysia (9) and Turkey (4). While it has no effect at all on the profitability of Islamic banking in Malaysia, sharia banking has a significant influence on profitability in Turkey and Indonesia to a lesser level. It is evident for efficient credit distribution leads to high bank interest earnings and greater profitability.
   c. The results of a research that looked at 17 Islamic banks' performance using the Non Performing Financing (NPF) ratio in Indonesia (4), Malaysia (9) and Turkey (4). Islamic banking partially has no discernible impact on profitability in Indonesia, Malaysia, and Turkey. It can be seen that a low non-performing loan ratio indicates good credit quality, obtaining maximum credit interest so that profitability increases.
2) Comparison results of CAR, FDR and NPF on the performance of Islamic banking in Indonesia, Malaysia and Turkey are as follows:
   a. The CAR ratio is "Very healthy" when compared to the efficacy of Islamic banking in Malaysia, Turkey, and Indonesian countries, and the only difference lies in the ratio value, in which the ratio of countries Turkey has a high CAR value of 17.77%.
   b. When compared to the outcomes of Islamic banking in Malaysia and Turkey, the FDR ratio is "Very healthy." While being "Healthy Enough," the countries of Indonesia.
   c. A comparison of the NPF ratio to Islamic banking's performance in Indonesia, Malaysia, and Turkey reveals that "Healthy”.

5.2. Recommendations

Several recommendations that are anticipated to be beneficial to the business and other stakeholders can be made in light of the results drawn above. Regarding the recommendations made, among others:

1) For Company
   - The emergence of the variable Capital Adequacy Ratio to Profitability (ROA) of companies, especially Islamic

banking companies in Indonesia, should increase credit so that banks experience additional profits generated from income sourced from credit sharing.

- Increased third party funds should result from the variable Finance to Deposit Ratio to Profitability (ROA) of businesses, particularly Islamic banking in Indonesia, since this will allow Islamic banking to grow credit, which will boost profitability (ROA).
- The emergence of Non-Performing Financing variables on Profitability (ROA) of Islamic banking companies in Indonesia, Malaysia and Turkey, especially Islamic banking in Indonesia, should minimize the occurrence of bad loans to manage productivity assets effectively so that company profits are high and maximum profitability.

2) For Next Researcher

- This research only uses 3 samples of Islamic banking in Indonesia, Malaysia and Turkey, so it cannot reflect the condition of the banking sector as a whole. Therefore, future researchers are expected to use population samples in other countries.
- In order to produce more accurate results, future studies may also include additional variables that can affect profitability (ROA) in addition to capital adequacy ratio, financing to deposit ratio, and non-performing financing, such as net interest margin (NIM), good corporate governance (GCG), and others.

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