

CHAPTER V

CONCLUSIONS

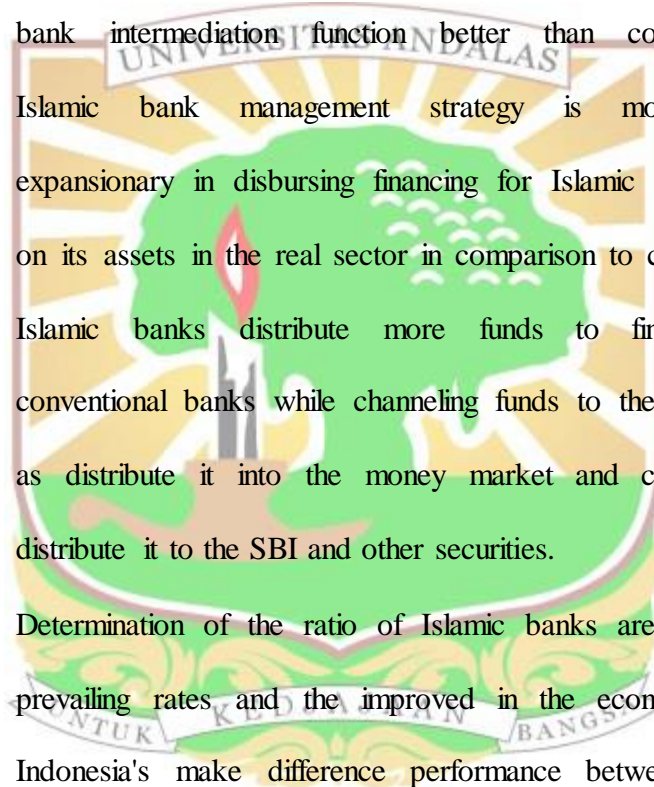
5.1 Conclusion

Based on the results of research and hypothesis testing has been done and based on the theory underlying this research, the author has taken some conclusions that will be described in this section. This research analyzes the development and financial performance differences Islamic bank with conventional banks from liquidity, profitability, efficiency and capital point of view. The sample of the bank in this study consisted of 2 Islamic banks and 4 conventional banks.

1. From the results of calculations and statistical tests have been conducted on Financing Loan Deposit Ratio (FDR / LDR), Return on Total Assets (ROA), Against Operating Expenses to Operating Income (BOPO), Capital Adequate Ratio (CAR) and the bank's performance during the January 2005 - December 2008 can be concluded that Islamic banks are relatively better than the conventional banks but have no significant difference. This could be caused by factors as follows:

- The cost of Capital conventional banks is high. Conventional banks treat their customers as lenders have an obligation to provide a return to customers adjusted to market interest rates prevailing at the time. It also can cause negative spreads to conventional banks, which means the return provided by the bank to their customers higher than what the bank earned.

- Sharia banks financing distribution is more aggressive expansive than conventional banks, it makes the profitability of Islamic banks is better than conventional banks. It can be seen from the average for Sharia bank FDR 91.4525%, while conventional banks LDR 63.1650%, it means the average LDR of sharia banks are relatively higher than average LDR conventional banks. In this case Sharia bank intermediation function better than conventional banks.



Islamic bank management strategy is more aggressive / expansionary in disbursing financing for Islamic banks focus more on its assets in the real sector in comparison to conventional banks. Islamic banks distribute more funds to finance other than conventional banks while channeling funds to the financing, as well as distribute it into the money market and capital market and distribute it to the SBI and other securities.

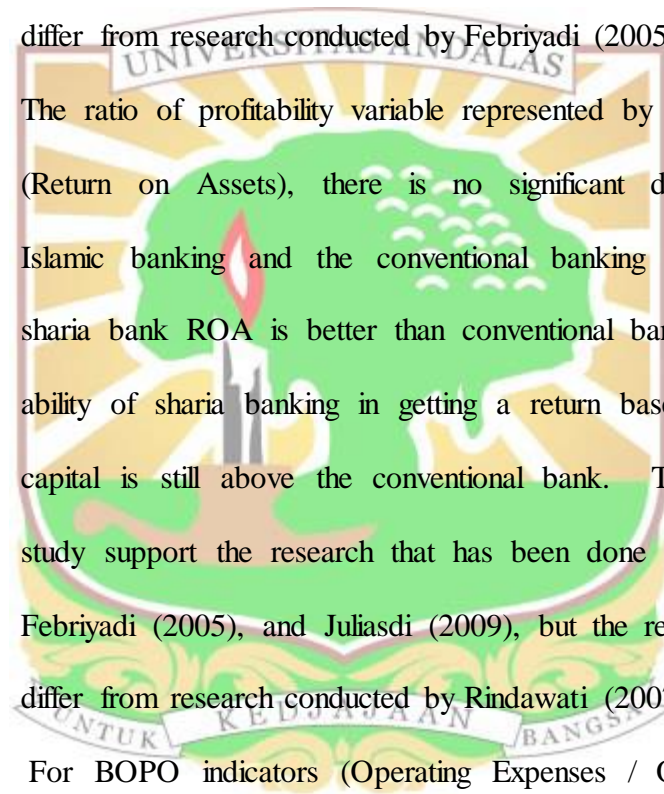
- Determination of the ratio of Islamic banks are usually based on prevailing rates and the improved in the economic condition of Indonesia's make difference performance between Islamic banks and conventional banks are not significant.

2. Results of the research for the differences performance between Islamic banks with conventional banks as a whole by using several indicators of financial ratios are as follows :

a) For CAR indicators, the financial performance of conventional banks is better than Islamic banks. The results of statistical tests of independent samples t-test showed the ratio of sharia banking CAR is not significantly different to conventional banking. The results of this study support the research that has been done by Adam (2006) Rindawati (2007), and Juliasdi (2009), but the results of this study differ from research conducted by Febriyadi (2005).

b) The ratio of profitability variable represented by the ratio of ROA (Return on Assets), there is no significant difference between Islamic banking and the conventional banking . The quality of sharia bank ROA is better than conventional banks, its means the ability of sharia banking in getting a return based on assets and capital is still above the conventional bank. The results of this study support the research that has been done by Adam (2006), Febriyadi (2005), and Juliasdi (2009), but the results of this study differ from research conducted by Rindawati (2007).

c) For BOPO indicators (Operating Expenses / Operating Income) which represent the ratio of the bank, operational efficiency showed there is no significant difference between Islamic banking and conventional banking. In this case, the performance of Islamic banking is better than conventional banking. The results of this study support the research that has been done by Rindawati (2007), and Juliasdi (2009).



d) The LDR variable that represents bank liquidity ratio shows that the average conventional banks LDR quality is better than Islamic banking. The results of statistical tests of independent samples t-test showed sharia banking LDR differ significantly from conventional banking. The results of this study support the research that has been done by Febriyadi (2005), Adam (2006), Rindawati (2007), and Juliasdi (2009).

e) In terms of overall bank, performance is represented by performance variable, there is no significant difference between Islamic banking and conventional banking. The results of this study support the research that has been done by Febriyadi (2005), Adam (2006), but the results of this study differ from research conducted by Rindawati (2007).

5.2 Implications

In general, Islamic banking performance differs than conventional banks, therefore, Islamic banks should maintain and improve the performance has been achieved. This can be achieved by means such as by maintaining and improving the distribution of financing in an expansive / aggressive way and can maintain intermediary function better, improving prudential (prudential principal), more innovative in developing products, improving service quality, expand the branch office by taking into account the potential of the region, increasing profitability by developing other operational services, a joint venture with strategic partners, develop a management information system and improvement of human resources.

Ratios that are still left with the conventional banking such as CAR can be enhanced by the addition of capital. This can be done with more attention to the needs of capital into credit expansion.

Conventional banks look less expansionary in the intermediation function. This can be improved by increasing the distribution of funding by more aggressive but also stay with prudence. Conventional banks may also consider to open a business unit of sharia, or convert into Islamic banks.

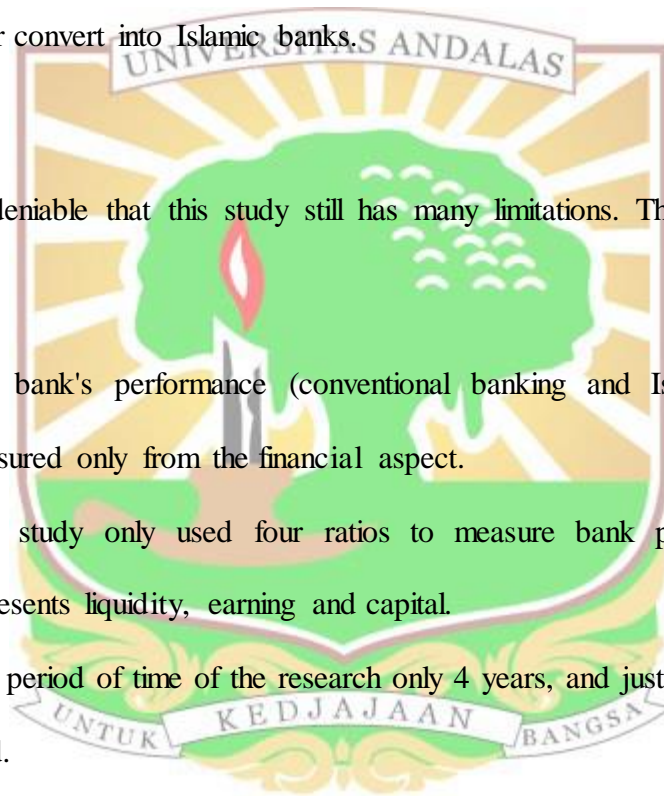
5.3 Limitations

It is undeniable that this study still has many limitations. These limitations are as follows:

1. The bank's performance (conventional banking and Islamic banking) is measured only from the financial aspect.
2. This study only used four ratios to measure bank performance which represents liquidity, earning and capital.
3. The period of time of the research only 4 years, and just a little sample are used.

5.4 Suggestions

1. In future research, the bank's performance is measured not only from the financial aspect but also non-financial performance. Because of the soundness of a bank is a reflection of financial performance and non-financial.



2. It is better for the future researchers to use more ratios to measure financial performance and also to use more samples and longer research period.

