

## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### 5.1 Conclusion

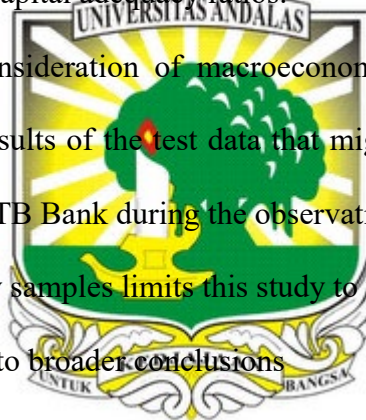
This study compares the financial performance of Aceh Bank and NTB Bank before and after the conversion. There are several financial ratio variables used in this study: return on assets, return on equity, operational efficiency ratio, non-performing loans, loan deposit ratios, and capital adequacy ratios. The study documents that:

1. Aceh Bank has better financial performance in terms of NPL and CAR after the conversion, while ROA, ROE, OER and LDR of Aceh Bank were better before conversion.
2. NTB Bank has better financial performance in terms of ROA, ROE, OER, and CAR after the conversion, while in terms of NPL and LDR were better before conversion
3. The comparison between Aceh Bank and NTB Bank after conversion only has the same conversion effect on the capital adequacy ratio. In term of LDR, it has difference of trend, however Aceh Bank and NTB Bank were experienced a decrease performance. Meanwhile, other variables has different conversion effects where Aceh Bank is superior in terms of NPL while NTB Bank is superior in terms of ROA, ROE, and OER.



## 5.2 Research Limitation

1. The objects of this research are Aceh Bank and NTB Bank as the first and second Regional Development Bank (BPD) in Indonesia that converts to sharia.
2. This study limits the time period used in Aceh Bank only 3 years before and after conversion while NTB Bank is only 1 year before and after conversion
3. This study only uses several financial ratio variables, namely return on assets, return on equity, operational efficiency ratio, non-performing loans, loan deposit ratio, and capital adequacy ratios.
4. There was no consideration of macroeconomic factors in analyzing and interpreting the results of the test data that might affect the performance of Aceh Bank and NTB Bank during the observation period.
5. The use of too few samples limits this study to using statistical tests so that it cannot be drawn to broader conclusions



## 5.3 Research Recommendation

This research is expected to encourage further, more comprehensive studies related to the comparison of the financial performance of Islamic and conventional banks using other variables. There are still many deficiencies in this study. Therefore, the authors provide the following suggestions :

1. Future researchers can replicate this research model and then comparing other Regional Development Banks that have also converted to the sharia system.

2. Further research is expected to use other measures in comparing the performance of conventional and Islamic banks, such as measuring operating efficiency, governance, leverage, or employment.

