Analysis of The Impact of Covid-19 on Non Performing Finance, Digital Banking and Fintech on The Profitability of Sharia and Conventional Banks With Macro Economy as Moderation

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Abstract

This study was aimed to obtain empirical evidence regarding the influence of Non-performing Financing (NPL and NPF), Digital Banking (internet banking and mobile banking), and Fintech (peer to peer lending) on the profitability of Islamic Banks (Zakat) and Conventional Banks (ROA) with macroeconomic condition (GDP) as a moderating variable. The population in this study included Islamic Commercial Banks and Conventional Commercial Banks registered by Financial Services Authority (Otoritas Jasa Keuangan in Indonesian and it was abbreviated in English as FSA) and the sampling method was purposive sampling. The research data used were financial statements for the 2020 period with a total sample of 13 Islamic Commercial Banks and 45 Conventional Commercial Banks. The method of analysis was MRA which was processed by Eviews 11. The results showed that NPL and digital banking had an effect on the profitability (ROA) of conventional banks. Fintech had no effect on the profitability (ROA) of conventional banks. While the NPF affected the profitability (zakat) of Islamic banks. Digital banking had an effect on the profitability (zakat) of Islamic banks, and fin-tech had no effect on the profitability (zakat) of Islamic banks. Based on the MRA macroeconomic test (GDP it could moderate the effect of NPL on ROA and the effect of NPF on zakat. Meanwhile, macroeconomic (GDP) could not moderate the influence of Digital Banking and fin-tech on ROA and zakat.

Keywords: *Non Performing Financing, Digital Banking, Fintech, Profitability, Macro Economic Condition*

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INTRODUCTION

Indonesia's economic growth in the first quarter of 2020 could only be 2.3%. It was less than estimated which was 4.5 - 4.6%. This growth slowed if it was compared to the achievement of 2019 which increased to 5.07%. According to Sri Mulyani as Minister of Finance, it was due to the implementation of Work From Home (WFH) and Physical Distancing during the COVID-19 pandemic period. The implementation of the policy was intended to reduce people's activities outside the home to minimize the transmission of Corona Virus. She also did not deny that the second quarter was likely to be worse than the first quarter due to the Large-Scale Social Restrictions (PSBB) policy. (Thomas, 2020)

The Covid-19 pandemic had affected all sectors, ranging from tourism, manufacturing, transportation, social, and other sectors. The bad influence also included banking sectors, both Islamic and conventional banks. In addition, it also has an impact on all levels of society, from households enterprises, MSMEs, enterprises, to big corporations. Special Staff of Minister of SOEs, Prof Mohammad Ikhsan in the Maybank Indonesia Webinar with the theme of "Turning Pandemic Into Opportunity" stated that "The impact of the Covid-19 pandemic on bank income will be different for each customer segment. For the corporate customer segment, it is estimated to decrease by 7-10%, for the SME segment it is predicted to decrease by 7-11%, and for the micro customer segment it is predicted to decrease by 14-19%, and for retail customers it is estimated to decrease by 8-11%. (Adhitya, 2020)

The Ministry of Manpower recorded that the number of workers in Indonesia who were laid off due to the pandemic was 3.06 million people (CNNIndonesia, 2020b) and quoted from markets insiders, based on a Financial Times report, 46 giant companies with assets of 14 trillion filed for bankruptcy until August. In addition, in Jakarta 60 companies were threatened with bankruptcy (CNNIndonesia, 2020a). Many franchises enterprises with outlets in Indonesia filed for bankruptcy and closed their businesses.

Many bank customers, both corporate and household, have difficulty paying their obligations due to layoffs or their companies are threatened with bankruptcy. During the pandemic, several banks were estimated had increase in financing/non-performing loans and decrease in credit/financing growth (Sunaryo, 2020). Thus, to minimize the bad impact borne, Financial Services Authority (Otoritas Jasa Keuangan and it is abbreviated as OJK or FSA in

English) issued a credit/financing restructuring policy by extending the time period, reducing principal arrears, temporary equity participation, lowering interest rates, and others (Wiratmini, 2020) . Although the impact on Islamic banks and conventional banks could be different, it could be viewed from the characteristics of the both banks including their operational systems, financing policies and ways of obtaining profits. (Armila, 2020)

In addition to the financing/credit restructuring policy issued by FSO, Bank Indonesia (BI and It is abbreviated as IB in English) also issued a policy for new customers who wanted to open an account to also register for Internet Banking or Mobile Banking. It was intended to make it easier for customers to do transaction without having to queue at the bank office or ATMs except for cash withdrawals and cash deposits. The policy was expected to reduce crowds which might accelerate the transmission of the corona virus. Thus, several banks that previously did not have Internet Banking or Mobile Banking system had to start Digital Banking system.

However, not all business lines were negatively impacted by this pandemic. Fintech based on Peer to Peer Lending is one of the fastest growing business lines. Chairman of the Indonesian Joint Funding Fintech Association (AFPI), Adrian Gunadi in a Webinar stated that “P2P lending experienced a significant growth reaching 130% compared to the previous year”. (Novika, 2020)

Based on the gaps in previous research, digital banking, macroeconomics, and wanting research on the impact of Covid-19 on bank profitability as research developments based on current phenomena, a proceeding research was condidered to be important to do. In addition, most of the previous studies applied conventional measurement (ROA) to measure profitability in conventional and Islamic banks. So there were still less studies that applied zakat to measure profitability in Islamic banks. (Sulaiman Muhammed, 2017) And there are still few less studies which investigated Peer to Peer Lending-based Fintech in Banking.

Therefore, further research was conducted to find out how the influence of Non-performing Financing, Digital Banking, and Fintech based on Peer to Peer Lending on bank profitability, as well as viewing the effect on Islamic banks and conventional banks registered by FSO for the 2020 period with macroeconomics as the moderating variable.

LITERATURE REVIEW

Theoritical Review

Induced Technical Change Theory

This theory states that technological developments are caused by economic factors, namely: First, the demand drive because determinant factor of technological change is the amount of market demand for these technological advances. Second, economic growth. With stable economic conditions, rising wages, available labor and capital, innovations will emerge that are possible to increase productivity. Third, microeconomics situation. Because changes in the relative prices of factors of production encourage technological innovation that is directed at the use of factors that were previously more expensive to become economical, changes with these factors are driven in an economic environment where each company finds changes from themselves. (Wiratmo, 2015)

In the banking sector or financial intermediary institution, the existence of fin-tech and digital banking is an innovation created from the above factors. The presence of digital banking is intended to make it easier for banks and customers to make efficient and effective transaction. Meanwhile, the existence of fin-tech peer to peer lending is due to the low number of customers using credit cards and to be a solution that fills the gap in financing needs in Indonesia and opens access for people who are not covered by banking services. (CNNIndonesia, 2018)

Differences between Islamic Banks and Conventional Banks

Banks basically carry out the function of financial intermediation. They are collecting funds from the public and channeling them back public financing. In the Indonesian banking system, there are two types of banking operational systems, namely conventional banks and Islamic banks. Sharia Bank is a bank that carries out business activities based on sharia principles regulated in the fatwa of the Indonesian Ulama Assembly (Majelis Ulama Indonesia and it is abbreviated in English as IUA). Meanwhile, conventional banks are banks that carry out conventional business activities in providing banking services based on IB and FSO regulations. The following are the differences between Islamic banks and conventional banks (FSO, 2021b):

Table 2.1 Differences between Islamic and conventional banks

No.	Islamic Banks	Conventional Banks
1.	Only invest in halal businesses	Free investment as long as the effort is worth it
2.	Based on profit sharing system, margin, and fee	Implementing the interest system
3	The amount of profit sharing depends on business performance (fluctuative)	Fixed loan interest
4.	Profit and Falah Oriented	Profit Oriented
5.	Relationship with customers: • Partnership (musyarakah, mudharabah) • Seller – Buyer (istishna, salam, murabahah) • Rent (ijarah)	Relationships with customers are limited to Debtors – Creditors
6.	Supervised by Sharia Supervisory Board (DPS or it is abbreviated ing English as SSB)	Supervised by IB

Sumber: FSO, 2019

Non Performing Financing

The financing risk that occurs in Islamic banks is one of the business risks resulted from uncertainty in unpaid principal installments and/or profit sharing provided by banks to customers (Anggraini et al., 2019). in fulfilling basic obligations. They are classified as substandard, doubtful, and loss. In Islamic banking, to measure non-performing financing NPF ratio is applied. (Abdullah, 2014)

Non Performing Loan

Credit risk is caused by the increasing complexity of banking operations, which tends to result in higher NPLs. Thus, credit risk tends to increase. The smaller the NPL, the lower credit risk borne by the bank. (Theodorus & Artini, 2018). Loans that are classified as non-performing are substandard, doubtful and bad loans.

Digital Banking

Digital banking services are bank-owned banking services provided through digital/electronic media which allow customers/prospective customers to obtain information regarding account opening, registration, banking transactions, communicating, closing accounts, and other transactions or other information outside banking products, including: financial consulting, e-commerce transactions, and investment information. In addition, this service can be accessed independently by customers/ prospective customers. (FSA, 2016)

Fintech

Fintech is an innovation in the financial services industry that utilizes technology in carrying out financial transaction mechanisms. Fintech Peer-to-Peer Lending/Information Technology-Based Lending and Borrowing Services (Layanan Jasa Pinjam Meminjam Berbasis Teknologi Informasi or It is abbreviated in English as ITBLBS) is one of the innovations in the financial sector by utilizing technology where lenders and borrowers can do it without having to meet up personally. This service regulation is contained in the Financial Services Authority Regulation (FSAR) Number 77/POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services. (FSA, 2021a).

Macro Economic Factor

According to Mankiw (2006) Macroeconomics is the study of broad economic phenomena, including unemployment, inflation, and economic growth. A means to find out the economic condition of a country in a certain period, one of them is the Gross Domestic Product (GDP) data. In this study, the output GDP was used, which was the value of the output of goods and services produced in a certain area to be used as final consumption by households, non-profit institutions serving households, and the government plus investment (establishment of fixed capital). gross and changes in inventory), and net exports (exports minus imports). There are 2 kinds of prices in GDP, namely constant prices (real GDP) and current prices (nominal GDP).

GDP at constant prices is used to determine the rate of economic growth (consumption, investment and foreign trade) as a whole/each sector from year to year, by calculating the value added of goods and services using the prices prevailing in one year as a basis. Meanwhile, GDP at current prices can indicate the ability of economic resources to produce goods and services for consumption, investment and trade with foreign parties by a country, by calculating the added value of goods and services using prices that apply every year. (BPS, 2020)

Profitability

The ratio used to analyze the company's ability to seek profit/profit is the profitability ratio. (Yultiara, 2018) In this study, the indicators applied in Islamic banks are zakat and ROA in conventional banks.

ROA

ROA describes the profit earned from assets and reflects the bank's managerial ability to use its financial investments and the bank's real resources to generate profits. ROA can measure the overall assets available in the company. So, if this ratio is higher, then the condition of a company is getting better. (Abdullah, 2014) Many regulators agree that ROA is the best measure to assess bank efficiency. (Alsharari & Alhmoud, 2019).

Zakat

According to Imam HR. At-Tirmizi, Zakat means growing, increasing, purifying or cleaning. Based on previous research, conventional measurements were considered inappropriate for Islamic banks because of the nature of different business models. They were unable to assess asset returns using conventional measures. On the other hand, the profitability of Islamic banking should be measured by sharia approach, including the examination of Zakat. (Sulaiman Muhammed, 2017) Therefore, in this study, the Zakat ratio was used as an indicator for measuring the profitability of Islamic banks because of its dynamic ability to reflect the status of the bank's profitability which could be equated with ROA. In addition, based on research by Al-Tally, 2014, from 57 samples of companies in Saudi Arabia that he studied, he concluded that the increase in the company's income level was directly proportional to the increase in zakat in the company (Al-Tally, 2014).

Therefore, the more Islamic banks make a profit, the more they pay zakat. So, this ratio is a good indicator to reflect the financial health of Islamic banks as a company. Because basically zakat is the amount that is deducted every year from the bank's income.

Previous Research

The results of previous studies related to bank NPLs were still different where research of Arifati & Andini (2016) stated that NPL had no effect on ROA, but in research by Anggraini et al., (2019) stated that NPL had a positive but not significant effect on ROA. Based on research by (Purbaningsih & Fatimah, 2018) NPF had a negative effect on ROA in Islamic banking.

However, research by Pattiala (2018) had not found the effect of NPF on Zakat in Islamic banks.

For digital banking variables, there were also differences, (Yultiara, 2018) proving that internet banking had no significant effect on ROA, while Arofany & Tandika (2017) stated that internet banking has a positive and significant effect on ROA. And according to S. Dedeh Sri & S. Nana (2018) mobile banking had an insignificant negative effect on ROA.

The third variable, regarding Fintech based on per to per lending (Yudaruddin, 2019) concluded that Fintech based on peer to peer lending did not have a significant effect on ROA and only had a significant effect on ROA of small banks.

The moderating variable in this study was the macro economic condition which was measured using GDP, (Sulaiman Muhammed, 2017) stated that GDP had a significant positive effect on ROA and had no effect on Zakat. Research conducted by Effendi et al. (2017) concluded that GDP had a positive and significant effect on the NPF of Islamic banks. Tjaru (2021) atated that GDP had a positive effect on credit growth.

Research Hypothesis

The Influence of Non Performing Financing and Loans on Profitability

One of the main activities of banks is to distributing credit to people who lack of funds, (consumer credit, working capital credit, musyarakah financing, mudharabah, and other financing provided by the bank). The distribution of these funds is spread across various sectors of public life, both private and corporate sectors. Even before providing funding to bank customers, they were careful. Banks can still bear possible losses on non-refundable or delayed refunds. The criteria for a healthy NPL and NPF ratio set by Indonesian Bank is less than 5%. (Arofany & Tandika, 2017)

Credit distribution in financing or non-performing loans is a condition where customers are unable to return the loans/financing they took during the period agreed upon in the agreement. Based on research (Anggraini et al., 2019) NPL had no significant positive effect while in research (Purbaningsih & Fatimah, 2018) NPF had a negative effect on profitability (ROA). And in research by Pattiala (2018) the effect of NPF on Zakat in Islamic banks had not been found.

From several underlying arguments above, the following hypothesis could be formulated:

H_1 = NPL influences ROA during the Covid-19 pandemic in 2020.
H_2 = NPF influences Zakat during the Covid-19 pandemic in 2020.

The Influence of Digital Banking on Profitability

The application of Digital Banking is one way for banks to improve quality in service and performance by expanding product range, increasing bank market share, reducing transaction costs and bank overhead costs, as well as expanding geographical reach (Arofany & Tandika, 2017). There are five types of digital banking. But, only Internet Banking and Mobile Banking were examined in this study.

Previous researchers such as (Arofany & Tandika, 2017) stated that internet banking had a positive and significant effect on ROA. According to S. Dedeh Sri & S. Nana (2018) mobile banking had an insignificant negative effect on ROA. Judging from previous research which was still inconsistent, it was necessary to re-examine and because there was no digital banking research on zakat yet, it was examined by this research.

From the discussion above, the following hypothesis formulated were:

H_3 = Digital Banking influences ROA during the Covid-19 pandemic in 2020.

H_4 = Digital Banking influences Zakat during the Covid-19 pandemic in 2020.

The Influences of Fintech on Profitability

As an innovation in financial technology, peer to peer lending is able to provide loan services like bank loans but with an easier process, even offer loans without collateral. So that its presence as a competitor may cause reducing or even eliminating the bank's market share so that the bank's profitability is reduced later. In addition, the impact of these innovations had a greater effect on small banks than large banks. (Yudaruddin, 2019)

From the discussion above, the following hypothesis could be formulated:

H_5 = Fintech based on P2P Lending influences ROA during the Covid-19 pandemic in 2020.

H_6 = Fintech based on P2P Lending influences Zakat during the Covid-19 pandemic in 2020.

The Influences of GDP on Non-Performing Financing, Digital Banking, Fintech, and Profitability

Banking as an intermediary institution has an important role in encouraging the economic growth of a country. The increasing application for bank credit (both consumer credit, investment and working capital) will encourage purchasing power, increase investment and business growth.

GDP is one of the indicators used to determine the economic condition of a country. If the economic conditions increases, people's incomes will also increase so that people's ability to save also increases and people who have loans can pay their obligations on time. It will affect the profitability of the bank. (Setiawati, 2016)

In a study conducted by (Keeton & Morris, 1987) found the fact that most of the causes of NPL and NPF increased from poor local economic conditions. During periods of economic expansion overall demand increases which leads to increased credit growth and leverage levels. The higher level of GDP in a country, the level of NPL/NPF will decrease. (Ginting, 2016)

In addition to affecting non-performing financing, the stability of economic conditions will make people use digital banking more intensively because they will transact more frequently because they tend to be more consumptive. However, when the economy worsens, people rarely use digital banking because they prefer to save and prioritize what is needed. In addition, the development of the business sector can not be separated from the contribution of financing either through banks or other financing institutions.

As well as stable economic conditions that are able to have a positive impact on economic growth and credit growth. When viewed from the banking side, in peaceful economic environment, banks will be able to analyze the results of potential projects more easily so that they can distribute funds to projects that are able to guarantee loan repayments and interest.

Under stable macroeconomic conditions, the business sector can develop better without worrying about the risk of exchange rate volatility or inflation or other macroeconomic instruments. However, even in bad economic conditions, people still need financing to encourage their businesses to keep running. With online loans, it is very helpful for the unbanked community to receive financing for their business easily and quickly. The reesearch of Tjaru (2021) stated that GDP had a positive effect on credit growth. Therefore, in this study, the growth of fintech peer to peer lending was be equated with credit growth.

From this discussion, the following hypothesis could be formulated:

H_7 = GDP moderates the influence of NPL on ROA during the Covid-19 pandemic in 2020.

H_8 = GDP moderates the influence of NPF on Zakat during the Covid-19 pandemic in 2020.

H_9 = GDP moderates the influence of Digital Banking on ROA during the Covid-19 pandemic in 2020.

H_{10} = GDP moderates the influence of Digital Banking on Zakat during the Covid-19 pandemic in 2020.

H_{11} = GDP moderates the influence of P2P Lending-based Fintech on ROA during the Covid-19 pandemic in 2020.

H_{12} = GDP moderates the influence of P2P Lending-based Fintech on Zakat during the Covid-19 pandemic in 2020.

RESEARCH METHOD

Population

The population studied in this study were all Islamic Commercial Banks and Conventional Banks in Indonesia registered with the Financial Services Authority. As well as Financial Technology (Fintech) registered with the Financial Services Authority too.

Sample and Sampling Technique

Sampling techniques applied was Purposive Sampling based on the consideration of the object of research and certain criteria according to the research. Thus, the samples were 13 Islamic banks and 45 conventional banks registered with Financial Services Authority during 2020 period.

The criteria set for Islamic Banks and Conventional Banks as the samples of this research were:

- Islamic Banks and Conventional Banks registered with the Financial Services Authority during 2020 period.

- Islamic Banks and Conventional Banks that published full 2020 Annual Report.
- Islamic Banks and Conventional Banks that had complete data regarding the variables needed in the research (NPL, NPF, ROA, Zakat, Digital Banking).

Research Variable

Independent Variable

The variables examined were Non performing Financing (NPL and NPF), and Digital Banking (Internet Banking and Mobile Banking, and Fintech (Peer to Peer Lending).

Non Performing Loan (NPL)

NPL is a credit that has obstacles caused by both from the bank in analyzing and the customer who does not fulfill their obligations, either intentionally or not. Based on SEBI No13/24/DPNP dated October 25, 2011, the NPL ratio is calculated by the formula: (Dini Purwanto, 2018)

$$\text{NPL Ratio} = \frac{\text{NPL}}{\text{Total Credits Disbursed}} \times 100\%$$

Non Performing Finance (NPF)

NPF is a financing that is classified into three qualities. They are financing with substandard quality, doubtful financing and non-performing financing. NPF is measured by the formula below (Hamzah, 2018)

$$\text{NPF Ratio} = \frac{\text{NPF}}{\text{Total Financing}} \times 100\%$$

Digital Banking

Internet Banking

Internet Banking is a banking service that utilizes internet technology as a medium for transacting and obtaining other information through the bank's website. (Financial Services Authority, 2017). Internet Banking was measured using a dummy variable. In this case, banks that did not yet implement Internet Banking were given a value of 0, and a value of 1 if they were already using Internet Banking. (S. Dedeh Sri & S. Nana, 2018)

Mobile Banking

Mobile banking is a banking service that can be used to obtain information and make transactions available through applications that can be downloaded on smartphones. (Financial Services Authority, 2017) Mobile Banking was measured using a dummy variable. Banks that did not yet have Mobile Banking were given a value of 0, and a value of 1 if they were already using Mobile Banking. (S. Dedeh Sri & S. Nana, 2018).

Fintech

Fintech is a technological innovation in financial sector that provides new business models, processes, applications, or products related to the provision of financial services and financial institutions. (Muhammad & Sari, 2020). P2P Lending is one type of Fintech, which can be measured by the formula: (Kohardinata et al., 2020).

Accumulation Growth of Disbursed Loans

Moderating Variable

The variable examined was the Macro economy which is reflected by the Gross Domestic Product (GDP).

Gross Domestic Product (GDP)

GDP is the number of products (goods and services) resulted by production units within the boundaries of a country for one year. (Central Bureau of Statistics, 2020). GDP is obtained by the formula:

$$\mathrm{GDP} = \mathrm{C} + \mathrm{I} + \mathrm{G} + (\mathrm{X} - \mathrm{i})$$

Dependent Variable

The variables examined were Profitability and it was reflected by Return On Assets (ROA) for conventional banks and Zakat for Islamic banks.

Bank Profitability

Profitability in this study was interpreted by Return On Assets (ROA) and Zakat.

Return On Asset (ROA)

ROA is a tool used to measure the company's ability to generate profits with assets owned as a whole. (Imamah et al., 2021). Based on SEBI No. 6/23/DPNP dated May 31, 2004, ROA was measured by the formula :

$$\text{ROA} = \frac{\text{EBIT}}{\text{Average Total Assets}} \times 100\%$$

Zakat

Corporate zakat is zakat imposed on companies that in carrying out their business can act legally, have rights and obligations, and have their own wealth. (Puskas Baznas, 2017). The zakat ratio is measured by dividing the amount of zakat paid by the total bank assets. Zakat ratio is obtained by the formula: (Sulaiman Muhammed, 2017)

$$\text{Zakat} = \frac{\text{Total Zakat Paid}}{\text{Total Assets}} \times 100\%$$

Data Analysis Method

Multiple Linear Regression Analysis

Generally, Multiple Linear regression analysis is used to examine the effect of several independent variables (X) on the dependent variable (Y). Multiple linear regression equation was :

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + €$$

Information :

Y = Bank Profitability
α = Constant Value
β = Variable Coefficient Value
X1 = NPF/NPL
X2 = Digital Banking
X3 = Fintech
€ = *error*

From the regression equation above, then a test was carried out to determine if the regression coefficient obtained had a significant effect or not, either simultaneously or partially and to find out how significant the effect was.

Multiple Linear Regression Analysis with Moderating Effect

Moderating variables are independent variables that can strengthen or weaken the relationship between independent variables on the dependent variable. In this study, moderated regression analysis (MRA) was applied. Interaction Test is the application of multiple linear regression where the equation contains an interaction element (multiplication of two or more independent variables). In this study, the following equation formula was:

$$Y = \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X1\ X2\ X3 + €$$

Information :

Y = Bank Profitability
α = Constant Value
β = Variable Coefficient Value
X1 = NPF/NPL
X2 = Digital Banking
X3 = Fintech
X1X2X3 = Moderating
€ = error

Descriptive Statistical Analysis

Descriptive statistical analysis provides an overview or description of data from the average (mean), standard deviation, maximum, and minimum values (Ghozali, 2018). This analysis was implemented to determine the average value (mean), standard deviation, maximum, and minimum of each research variable.

Classic Assumption Test

Normality test

The normality test is aimed to test if in the regression model, the confounding variables or residuals are normally distributed or not. The t-test and F-test is based on the assumption that the residual value is inline with a normal distribution.

If this assumption is violated, the statistical test will be invalid. There are two ways to find out if the residuals are normally distributed or not. They are : (1) graphical analysis, if the data is spread out and inline with the direction of the diagonal line or the histogram graph shows if the pattern has been normally distributed. (2) statistical test Jarque-Bera Test with 1-sample.

If the data has a significance level less than 0.05 then the residual data is normally distributed.

Heteroscedasticity Test

The heteroscedasticity test was applied to test if the regression model has an inequality of variance from the residuals of one observation to another observation. If the residual variance from one observation to another observation remains, homoscedasticity is detected and if it is different, heteroscedasticity is detected. A good regression model is homoscedasticity or without heteroscedasticity. To find out the presence of symptoms of heteroscedasticity, it can be indicated from the presence or absence of certain patterns on the scatterplot graph between SRESID and ZPRED (Ghozali, 2018).

Basic analysis for heteroscedasticity is:

1. If a certain pattern is found, such as dots that form a certain pattern (wavy, widened and then narrowed), it indicates the occurrence of heteroscedasticity.
2. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity.

Multicollinearity Test

Multicollinearity test is applied to test the regression model if there is a correlation between the independent variables (independent) or not. A good regression model is that there is no correlation between the independent variables. If the independent variables are correlated with each other, then this variable is not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is equal to zero. One way to find out the presence of correlation in the regression model is by viewing the correlation coefficient between the independent variables. If the correlation coefficient is less than 0.80, it can be concluden that multi collinearity is not detected.

Coefficient of Determination

The coefficient of determination (R2) is implemented to measure how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is ranging from zero to one. In general, the coefficient of determination for cross-sectional data is relatively low due to the large variation between each observation, while for time series data it usually has a high coefficient of determination.

Model Fit Test (F Statistics Test)

The F test was carried out to find out if all the independent variables included in the model are eligible (Ghozali, 2018). We muast determine the calculated F and F table with a confidence level of 5% or a significance of 5% (a = 0.05%). The basis of conclusion is:

1. If the significance level is more than 0.05 then H0 is accepted and Hα is rejected. It means means that the regression model is not eligible or cannot be used to predict Bank Profitability.
2. If the level of significance is less than 0.05 then H0 is rejected and Hα is accepted. It means means that the regression model is eligible to predict Bank Profitability.

Individual Significance Test (Test Statistical t)

The t-statistical test is carried out to determine the influence of the independent variables individually on the dependent variable (Ghozali, 2018). The test was carried out on the t test with a significant level (α) of 5%. It meant that the confidence level was 95% (100%-5%), and the degrees of freedom is from 1 to 15. With the following conditions:

1. If the significance level is more than 5% then H0 is accepted and Hα is rejected. This means that the Non-performing Financing, Digital Banking, Peer To Peer Lending variables have no effect on Bank Profitability.
2. If the significance level is less than 5%, then H0 is rejected and Hα is accepted. It meant that the Non-performing Financing, Digital Banking, Peer To Peer Lending variables affect the Bank's Profitability.

RESULTS

Description of Research Object

The population in this study was 132 conventional banks and 15 Islamic banks registered by Financial Services Authority during 2020. Based on the results of the sample selection in chapter 3, it was known that the number of banks that could be selected were 45 conventional banks and 13 Islamic banks.

Descriptive statistics

Table 4.1 Results of Descriptive Statistical Analysis of Conventional Banks

Variable	Min	Max	Mean	SD
NPL	0.890	22.270	3.882	3.307
Digital Banking	0.000	1.000	0.855	0.294
Fintech	0.880	0.950	0.912	0.013
Profitability	- 4.880	3.770	1.390	1.390
Macro Economics	7.010	7.220	7.183	0.031

Source: Data processed, 2021

Based on table 4.1, non-performing loan (NPL) was interpreted as having a minimum value of 0.890, which meant the lowest NPL value was 89%. The lowest NPL value was owned by the International Business Bank. Meanwhile, the maximum NPL value was 22.270, which meant that the highest NPL value at Conventional Commercial Banks was 2.227% and it was owned by Bank Banten. The average value of NPL was 3,882 with a standard deviation of 3.307, which meant that NPL value at Conventional Commercial Banks had an average value of 388.2% and there was a deviation from the average value of 3,307.

The digital banking variable which was interpreted with mobile banking and internet banking at conventional banks had a minimum value of 0.000 which meant the lowest digital banking value was 0%. Meanwhile, the maximum digital banking value was 1,000, which meant that the highest digital banking value at Conventional Commercial Banks was 100%. The average value of digital banking was 0.855 with a standard deviation of 0.294, which meant that the digital banking value at Conventional Commercial Banks had an average value of 85.5% and there was a deviation from the average value of 0.294.

The Fintech variable which was interpreted as peer to peer lending and it had a minimum value of 0.880. Meanwhile, the maximum Fintech value was 0.950. The average value of Fintech was 0.912 with a standard deviation of 0.013.

Macroeconomic interpreted by GDP had a minimum value of 7.010. Meanwhile, the maximum GDP value was 7,220. The average value of GDP was 7.183 with a standard deviation of 0.031.

The profitability variable in conventional banks was interpreted as the ROA ratio and it had a minimum value of -4.880 and it was owned by Bank Banten. Meanwhile, the maximum ROA value was 3,770 and it was owned by the International Business Bank. The average ROA value was 1.390 with a standard deviation of 1.390 The minimum value was 0.001

Table 4.2 Results of Descriptive Statistical Analysis of Islamic Banks

Variable	Min	Max	Mean	SD
NPF	0.500	7.490	3.114	2.168
Digital Banking	0.000	1.000	0.692	0.325
Fintech	0.880	0.950	0.916	0.020
Profitabily	1.753	4.640	3.372	0.972
Macro Economics	7.010	7.210	7.167	0.056

Source: Data processed, 2021

Based on table 4.2 the non-performing financing which was interpreted as Non-Performing Financing (NPF) had a minimum value of 0.500, which meant the lowest NPF value was 50%. The lowest NPF value was owned by Bank BCA Syariah. Meanwhile, the maximum NPF value was 7.490, which meant that the highest NPF value at Islamic Commercial Banks was 74.9% and it was owned by Bukopin Syariah Bank. The average NPF value was 3.114 with a standard deviation of 2.168, which meant that the NPF value at Islamic Commercial Banks had an average value of 311.4% and there was a deviation from the average value of 2.168.

The digital banking variable which was interpreted with mobile banking and internet banking in Islamic banks had a minimum value of 0.000 which meant the lowest digital banking value was 0%. Meanwhile, the maximum digital banking value was 1,000, which meant that the highest digital banking value at Islamic Commercial Banks was 100%. The average value of digital banking was 0.692 with a standard deviation of 0.325, which meant that the digital banking value at Islamic Commercial Banks had an average value of 69.2% and there was a deviation from the average value of 0.325.

The Fintech variable which was interpreted as peer to peer lending had a minimum value of 0.880. Meanwhile, the maximum Fintech value was 0.950. The average value of Fintech was 0.916 with a standard deviation of 0.020.

The impact of covid-19 which was interpreted as GDP had a minimum value of 7.010. Meanwhile, the maximum GDP value was 7,210. The average value of GDP was 7.167 with a standard deviation of 0.056.

The profitability variable which was interpreted with Zakat had a minimum value of 1.753, which emant that the lowest zakat value was 17.5%. The lowest NPF value was owned by Bank Syariah Bukopin. Meanwhile, the maximum zakat value was 4.640, which meant that the highest zakat value in Islamic Commercial Banks was 46.4% and it was owned by Bank Syariah Mandiri. The average value of zakat was 3.372 with a standard deviation of 0.972.

Classic Assumption Test
Normality test

Table 4.3 Jarque-Bera Test . Normality Test Results

	Residuals
N	45
Jarque-Bera Test	0.882
Probability	0.643

Source: Data processed, 2021

The results of the normality test of the conventional bank data sample through the Jarque-Bera Test showed a probability value of 0.643. This value was more than 0.05 which meant that the data was normally distributed.

Table 4.4 Jarque-Bera Test. Normality Test Results

	Residuals
N	13
Jarque-Bera Test	0.809
Probability	0.667

Source: Data processed, 2021

The results of the normality test of the Islamic bank data sample showed a probability value of 0.667. This value was greater than 0.05 which means that the data was normally distributed.

Multi Collinearity Test

The multicollinearity test was carried out by calculating the correlation coefficient between the independent variables. If the correlation coefficient is below 0.80, it can be concluden that multicollinearity is not detected.

Table 4.5 Multicollinearity Test Results

Variable	NPL	Digital Banking	Fintech
NPL	1.000		
Digital Banking	-0.282	1.000	
Fintech	0.011	0.207	1.000

Source: Data processed, 2021

Based on the results of the multicollinearity test on the sample of Islamic banks above, it shows the correlation coefficient value of all variables < 0.80. So it can be concluded that there is no multicollinearity between the independent variables.

Table 4.6 Multicollinearity Test Results

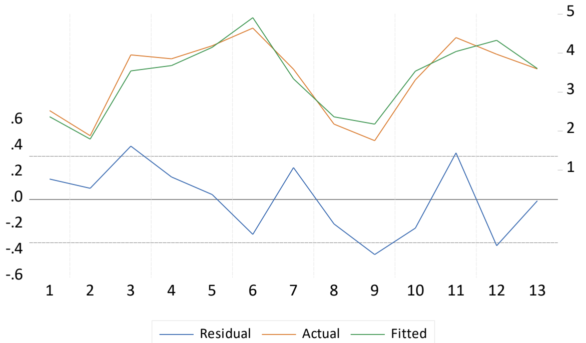
Variable	NPF	Digital Banking	Fintech
NPF	1.000		
Digital Banking	0.247	1.000	
Fintech	0.208	0.095	1.000

Source: Data processed, 2021

Based on the results of the multicollinearity test on the conventional bank sample above, it showed that the correlation coefficient value of all variables were less than 0.80. So it could be concluded that there was no multi collinearity among the independent variables.

Heteroscedasticity Test

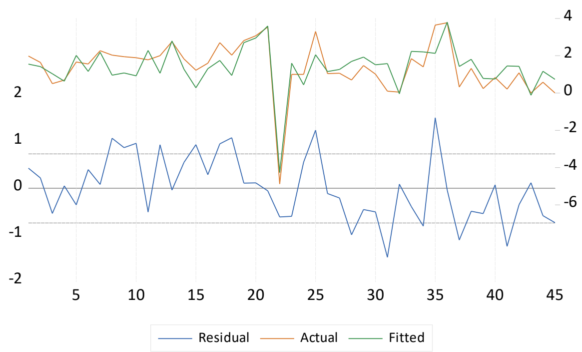
Figure 4.1 Heteroscedasticity Test Results Graphic Method



Source: Data processed, 2021

The results from the graph of the Islamic bank data above showed that there was no certain pattern and the line spread above and below the number 0 on the Y axis, it could be concluded that there was no heteroscedasticity.

Figure 4.2 Graph of Heteroscedasticity Test Results Graphic Method



Source: Data processed, 2021

The results of the graph from conventional bank data below show that there was no certain pattern and the line spread above and below the number 0 on the Y axis, so it could be concluded that there was no heteroscedasticity.

Multiple Linear Regression Analysis

Table 4.7 Multiple Linear Regression Analysis Results

Model	Coefficient	Std. Error
Constant	7.297	7.362
NPL	-0.375	0.034
Digital Banking	-1.445	0.400
Peer to peer Lending	-3.519	8.147

Source: Data processed, 2021

From the table of the results of the regression analysis above, it could be obtained the following multiple linear regression equation :

Y = 7.297 - 0.375X1 - 1.445X2 - 3.519X3 + e......... Model equation

The regression equation above, could be statistically translated as follows :

1. The value of the constant was positive when all changes in X1, X2, and X3 were zero. This meant that the average Profitability value was 7,297 when there was no additional NPL, digital banking, and peer to peer lending.
2. The influence of the Non performing Loans variable X1 on Profitability obtained a coefficient of -0.375 and had a negative value. These results indicated that a high level of NPL tended to lower the ROA.
3. The effect of digital banking X2 on profitability was obtained by a coefficient of -1.445 and it had a negative value. These results indicated that the higher the costs spent on digital banking, the lower the ROA.
4. The influence of the X3 fintech variable on profitability obtained a coefficient of -3,519 and it was negative. These results indicate that high fintech growth rates tend to reduce ROA.

Table 4.8 Multiple Linear Regression Analysis Results

Model	Coefficient	Std. Error
Constant	-6.316	7.971
NPF	-0.370	0.085
Digital Banking	1.402	0.558
Peer to peer Lending	10.766	8.755

Source: Data processed, 2021

From the table of the results of the regression analysis above, it could be obtained the following multiple linear regression equation :

Y = -6.316 - 0.370X1 + 1.402X2 + 10.766X3 + e......... Model equation

The regression equation above could be statistically interpreted as :

1. The value of the constant was positive when all changes in X1, X2, and X3 were zero. This meant that the average Profitability value was -6,316 when there was no additional NPF, digital banking, and peer to peer lending.
2. The effect of the Problem Financing variable X1 on Profitability obtained a coefficient of -0.370 and it had a negative value. These results indicated that a high level of NPF tended to reduce the ratio of Zakat.

3. The influence of the digital banking X2 variable on profitability obtained a coefficient of 1,402 and it was positive. These results indicated that the higher the level of use of digital banking tended to increase the ratio of Zakat.
4. The influence of the X3 fintech variable on profitability obtained a coefficient of 10,766 and it was positive. These results indicated that a high fintech growth rate tended to increase the Zakat ratio.

Coefficient of Determination (R^{2})

Based on the results of conventional bank data analysis, the coefficient of determination adjusted R2 was 0.723 and it indicated that variations in the profitability of conventional banks could be explained by non-performing loans, digital banking, and fintech by 72%, while the remaining 28% was explained by other variables outside this research model.

Table 4.9 Results of the Coefficient of Determination Analysis

Model	R-squared	Adjusted R Square
1	0.741	0.723

Source: Data processed, 2021

Based on the results of the analysis of Islamic bank data, the adjusted R2 coefficient of determination was 0.607. this indicates that the variation in the profitability of Islamic banks can be explained by non-performing financing, digital banking, and fintech by 60%, while the remaining 40% is explained by other variables outside this research model.

Table 4.10 Results of the Coefficient of Determination Analysis

Model	R-squared	Adjusted R Square
1	0.705	0.607

Source: Data processed, 2021

Model Fit Test (F Test)

Table 4.11 F Test Results

Model	F-statistic	Prob(F-statistic)
1	39.291	0.000

Source: Data processed, 2021

The F-count value was 39.29 with a significance probability value of 0.00. It proven that the model in this study was fit with the data and it could be concluded that the model in this study was eligible to use to explain the effect of non-performing loans, digital banking, fintech and profitability on conventional banks.

Tabel 4.12 F Test Results

Model	F-statistic	Prob(F-statistic)
1	7.183	0.009

Source: Data processed, 2021

The F-count value was 7.18 with a significance probability value of 0.00 <0.05. It proven that the model in this study was fit with the data, and it could be concluded that the model in this study was eligible to be used to explain the effect of non-performing financing, digital banking, fintech and profitability on Islamic banks.

Hypothesis Test

Table 4.13 Individual Significance Test Results (t)

Model	T-statistic	Probability
(Constant)	0.991	0.327
NPL	-10.758	0.000
Digital Banking	-3.608	0.000
Peer to Peer Lending	-0.432	0.668

Source: Data processed, 2021

The results of the t-statistical test that was carried out with a sample of conventional banks indicated that non-performing loans (NPLs) had an effect on the profitability of conventional banks. It was proven by a probability value of 0.000 which meant that H0 was rejected and Hα was accepted. Hypothesis (H1) stated that NPL had an effect on ROA during the Covid-19 pandemic in 2020. The results of this study showed the same effect as H1 indicated by the regression coefficient value of -0.375. If there was an increase in the value of NPL, there would be a decrease in the value of ROA so that profitability was low.

The results of the t-statistical test found that digital banking (X2) had an effect on the profitability of conventional banks. It was evidenced by the value of sig 0.000 and it meant that H0 was rejected and Hα was accepted. Hypothesis (H3) stated that Digital Banking had an effect on ROA during the Covid-19 pandemic in 2020. The results of this study supported the hypothesis and it had negative direction. It indicated by the regression coefficient value of -1.445. It meant that changes in the value of digital banking would affect the profitability of conventional banks.

Based on the t-statistical test that had been carried out, the results obtained found that peer to peer lending (X3) had no effect on the profitability of conventional banks. It was proven by the sig value of 0.668 > 0.05, which meant that H0 was accepted and Hα was rejected. Hypothesis (H5) stated that P2P Lending-based Fintech had an effect on ROA during the Covid-19 pandemic in 2020 and the results of this study did not support this hypothesis. It meant that changes in the value of peer to peer lending did not affect the level of profitability of conventional banks.

Table 4.14 Individual Significance Test Results (t)

Model	T-statistic	Probability
(Constant)	-0.792	0.448
NPF	-4.345	0.001
Digital Banking	2.508	0.033
Peer to Peer Lending	1.229	0.250

Source: Data processed, 2021

The results of the t-statistical test carried out with a sample of Islamic banks showed that non-performing financing (X1) had an effect on the profitability of Islamic banks. It was proven by the probability value of 0.001 which meant that H0 was rejected and Hα was accepted. Hypothesis (H2) stated that NPF had an effect on Zakat during the Covid-19 pandemic in 2020. The results of this study showed the same effect as H1 indicated by the regression coefficient value of -0.370. An increase in the NPF value would a decrease in the value of zakat so that profitability was low.

The results of the t-statistical test found that digital banking (X2) had an effect on the profitability of Islamic banks. It was proven by the probability value of 0.033 < 0.05, which meanr that H0 was rejected and Hα was accepted. Hypothesis (H4) stated that Digital Banking had an effect on Zakat during the Covid-19 pandemic in 2020. The results of this study supported the hypothesis and had a positive direction. It is indicated by the regression coefficient value of 1,402. It meant that changes in the value of digital banking would affect the profitability of Islamic banks.

Based on the t-statistical test that had been carried out, the results found that peer to peer lending (X3) had no effect on the profitability of Islamic banks. It was proven by the probability value of 0.250 > 0.05 which meant that H0 was accepted and Hα was rejected. Hypothesis (H6) stated that P2P Lending-based Fintech had an effect on Zakat during the Covid-19 pandemic in 2020 and the results of this study did not support this hypothesis. Changes in the value of peer to peer lending did not affect the level of profitability of Islamic banks.

Based on the results of the regression analysis above, it was known that H1, H2, H3, and H4 were accepted because the probability value is less than 0.05. While H5 and H6 were rejected with a probability value more than 0.05.

Interaction Test (MRA)

Table 4.15 MRA Test Results

Model	Adjusted R-squared	T-statistic	Probability
NPL	0.671	2.392	0.021
Digital Banking	-0.041	0.542	0.590
Peer to Peer Lending	-0.031	0.797	0.429

Source: Data processed, 2021

Based on the results of the MRA test carried out with a sample of conventional banks, the results showed that GDP could moderate the effect of non-performing loans (NPL) on the profitability of conventional banks. It was proven by the probability value of 0.021 < 0.05, which meant that H0 was rejected and Hα was accepted. Hypothesis (H7) stated that GDP moderated the effect of NPL on ROA during the Covid-19 pandemic in 2020. The results of this study supported this hypothesis, and GDP could strengthen the effect of NPL on profitability with an Adjusted R-squared value of 0.671761 > 0.641900.

The results of the MRA test found that GDP could not moderate the effect of digital banking (X2) on the profitability of conventional banks. It was proven by the probability value of 0.590 which meant that H0 was accepted and Hα was rejected. Hypothesis (H9) stated that GDP moderated the influence of Digital Banking on ROA during the Covid-19 pandemic in 2020. The results of this study did not support this hypothesis.

Based on the MRA test that had been carried out, the results obtained found that GDP could not moderate the effect of peer to peer lending (X3) on the profitability of conventional banks. It was proven by the value of sig 0.429 > 0.05, which meant that H0 was accepted and Hα was rejected. Hypothesis (H11) stated that GDP moderated the influence of P2P Lending-based Fintech on ROA during the Covid-19 pandemic in 2020. The results of this study did not support this hypothesis.

Table 4.16 MRA Test Results

Model	Adjusted R-squared	T-statistic	Probability
NPF	0.786	-2.681	0.025
Digital Banking	0.295	0.915	0.383
Peer to Peer Lending	0.344	-0.418	0.685

Source: Data processed, 2021

Based on the results of the MRA test that had been carried out with a sample of Islamic banks, the results showed that GDP could moderate the effect of non-performing financing (NPF) on the profitability of Islamic banks. It was proven by the probability value of 0.025 which meant that H0 was rejected and Hα was accepted. Hypothesis (H8) stated that GDP moderated the effect of NPF on Zakat during the Covid-19 pandemic in 2020. The results of this study supported the hypothesis, that GDP could moderate the effect of NPF on profitability with an Adjusted R-squared value of 0.786174.

The results of the MRA test found that GDP could not moderate the effect of digital banking (X2) on the profitability of Islamic banks. It was proven by the probability value of 0.383 > 0.05 which meant that H0 was accepted and Hα was rejected. Hypothesis (H10) stated that GDP could moderate the influence of Digital Banking on Zakat during the Covid-19 pandemic in 2020. The results of this study did not support this hypothesis.

Based on the MRA test carried out, the results obtained found that GDP could not moderate the effect of peer to peer lending (X3) on the profitability of Islamic banks. It was proven by the sig value of 0.685 > 0.05, which meant that H0 was accepted and Hα was rejected. Hypothesis (H12) stated that GDP moderated the influence of P2P Lending-based Fintech on Zakat during the Covid-19 pandemic in 2020. The results of this study did not support this hypothesis.

Based on the results of the MRA analysis above, it was known that H1 and H2 were accepted because the probability value was less than 0.05. Meanwhile, H3, H4, H5 and H6 were rejected with a probability value more than 0.05

DiSCUSSIONS

This study discusses the influence of non-performing financing, digital banking, and peer to peer lending on profitability, as well as macroeconomics as moderating variables.

Hypothesis 1: NPL influences ROA

The results of this study indicate that H1 was **accepted**. Credit activity is the main activity of banks aimed at earning income, so credit risk is the main source of bank losses. NPL is a loan that has difficulty in payment and/ or repayment caused by internal and external factors of the debtor. The higher the NPL ratio allows the bank to bear losses / delays in income that should be received from the loan. (Apriani & Mansoni, 2019). So, the greater the NPL value can reduce the level of profit to be obtained. It was in line with research by (Peling & Sedana, 2018), (Arofany & Tandika, 2017), and (Marwansyah, 2018) that NPL had a significant negative effect on ROA.

Hypothesis 2: NPF influences Zakat

The results of this study indicated that H2 is **accepted**. NPF is the ratio between non-performing financing and total financing disbursed by banks. Based on Indonesian Bank regulation, the healthy NPF ratio is less than 5%. The greater the problem financing, the less profit will be received by the bank,. So it will affect the amount of zakat issued eventhough legally corporate zakat is not mentioned in the Qur'an and Al-Hadith, but scholars agree that corporate zakat is the same as zakat. business, amounting to 2.5%

of the company's revenue. This study was different from research (Pattiala, 2018) which stated that NPF had no influence on Islamic bank zakat.

Hypothesis 3: Digital Banking influences ROA

The results of this study indicated that H3 was accepted. In 2020, of the 45 samples of conventional banks studied, there were only 4 banks that had not implemented mobile banking and 8 banks that had not applied internet banking. The use of this service is expected to generate income for the bank and make it easier for customers to transact without having to come directly to the bank. However, due to its incomplete use, the income is not commensurate with the costs incurred for its long-term operations and maintenance, causing digital banking to reduce profits at conventional banks. The results of this study were different from studies of Yultiara (2018) and (Imamah et al., 2021) which stated that the use of mobile banking had a positive and insignificant effect on ROA and research of S. Dedeh Sri & S. Nana (2018) which stated that it has no effect. significant to ROA.

Hypothesis 4: Digital Banking influences Zakat

The results of this study indicated that H4 was accepted. Although the service was still relatively new to Islamic banks, the progress of digital banking transactions at Islamic banks showed a positive and significant impact. It showed that the provision of this service was quite attractive to Islamic bank customers. It would increase the value of the digital banking transaction. In one of the Islamic banks, the growth of digital banking users grew up to 45% and the transaction growth was 87% compared to the previous year (Rini & Alfi, 2020). With the high transaction value on these services, it could increase the profitability of Islamic banks (Arofany & Tandika, 2017).

Hypothesis 5: Peer to Peer Lending influences ROA

The results of this study indicated that H5 was rejected. The growth of online loans since its inception had continued to increase (Situmorang, 2021). Due to the convenience of applying for loans, many people prefer to use these services rather than conventional banks. So that it can reduce the profitability of conventional banks. It did not have a significant effect, because the market share of online loans was smaller than banking only in the SME segment, micro customers, retail, or individuals. As well as the security of the online loan platform which was still lacking compared to banking. (Pusparisa, 2021). These results were in line with research of (Yudaruddin, 2019) which stated that peer to peer lending did not have a significant effect. Only small banks were affected.

Hypothesis 5: Peer to Peer Lending influences Zakat

The results of this study indicated that H6 was rejected. With the presence of online loans, it could increase the profitability of Islamic banks. Itwas because several Islamic banks cooperatee with Islamic online loan platforms in distributing their financing, so that the profits of Islamic banks would increase if the growth of partner platforms also increases and the zakat paid would be high. However, it did not have a significant effect, because Islamic bank products were diverse, and most of the Islamic bank's income still came from buying and selling financing. (Sari & T. Rahmawati, 2020).

Hypothesis 7 : GDP moderates inluences of NPL on ROA

The results of this study indicated that H7 was accepted. The GDP variable was able to moderate the effect of NPL on ROA. If the value of GDP increases, it indicates that the macroeconomic conditions of a country are getting better, so it can reduce the NPL ratio because people can pay their loans. However, during the pandemic period, most banks bore an increase in NPL, in book bank 1 the NPL rose to 3.9% and 4.04% in book bank 2 as of May 2020. From this situation, it could be concluded that macroeconomic conditions could affect the level of NPL. Bank profitability would increase along with reduced non-performing loans, and vice versa. (Kontan.co.id, 2020)

Hypothesis 8: GDP moderates the influence of NPF on Zakat

The results of this study indicated that H8 was accepted. Every year Islamic banks are obliged to pay company zakat. During the pandemic, the awareness of companies in paying zakat remained high so that the amount of zakat collection in 2020 would increase by 30% (Baznas, 2020). This showed that even though the economic conditions were bad, banks still paid zakat according to their income. In addition, the increase in NPF in Islamic banks was not as high as conventional banks, which was up to 3.3%. So it could be concluded that if macroeconomic conditions improved, the bank's income would also increase and the company's zakat payable was also high. (Walfajri & Laoli, 2020)

Hypothesis 9 : GDP moderates the influence of Digital Banking on ROA

The results of this study indicated that H9 was rejected. During the pandemic, most banks began to encourage their customers to have internet banking/mobile banking and required new customers to have these services. It was aimed to facilitate customers in financial transactions. However, it had not been matched by an even distribution of network infrastructure which was still in the planning process even though economic conditions support the growth of digital banking usage. It had no significant effect so that the macroeconomic conditions described by GDP could not moderate digital banking on ROA. (Prasetyo, 2020).

Hypothesis 10: GDP moderates the effect of Digital Banking on Zakat

The results of this study indicated that H10 was rejected. One of the important points in the roadmap for the development of Islamic banks by the OJK in 2020-2024 was the digitalization of Islamic banking. This change was expected to speed up and facilitate transactions. Although the pandemic period was the right momentum for Islamic banking digital banking services to grow, this growth was not solely caused by the current pandemic conditions, because along with the development of the digitalization era, it was necessary to increase the efficiency of Islamic banks in order to compete with conventional banks. Therefore, macroeconomic conditions could bot moderate the influence of Digital Banking on the profitability of Islamic banks. (Kompasiana, 2020)

Hypothesis 11: GDP moderates the influence of P2P Lending-based Fintech on ROA

The results of this study indicate that H11 was rejected. With the current deteriorating economic conditions, almost all sectors got a decline in profits. However, in this condition, online loans bore an increase in financing to Rp. 113 T. This was due to the ease of credit processing on online loan platforms. And since its inception, online loans have been intended to encourage the economy of people who have not been able to reach banking services. So that online loans were one of the factors that could accelerate economic growth. However, the GDP research had not been able to moderate the influence of fintech on bank profitability, because even though online loans were currently starting to grow, their existence was still not stable, one of which was in terms of security which needs to be further improved and related to the licensing of online loan companies. (Laucereno S, 2020)

Hypothesis 12: GDP moderates the influence of P2P Lending-based Fintech on Zakat

The results of this study indicate that H12 was rejected. During the pandemic the number of online loan financing grew rapidly. Online loans were one of the factors that could encourage the growth of the digital economy, but in this study GDP could not moderate the influence of fin-tech on the profitability of Islamic banks. Because the development of fin-tech was still not stable when compared to banks regardless of the economic conditions that occur (Despian, 2021).

CONCLUSION

Based on the results of the discussion the conclusions were: Simultaneously non-performing financing (NPL, NPF), digital banking (internet banking, mobile banking) and fintech (peer to peer lending) had a significant effect on bank profitability (ROA, Zakat). Non-performing loans (NPL) affected the ROA of conventional banks because NPLs could reduce the bank's income that should be received. Digital banking affected ROA because its use was still not comprehensive, the income was not commensurate with the costs incurred for its operations and maintenance long term. Peer to peer Lending had no effect on ROA because the market share of online loans was smaller than banking, namely only in the SME, micro, retail, or individual customer segments. As well as the security of online loan platforms which are still lacking compared to banking so that there are still many people who are hesitant to use them. Non-performing financing (NPF) affects the Zakat of Islamic banks because the greater the non-performing financing, it will result in reduced profits to be received by the bank, so it will affect the amount of zakat issued. Digital banking has an effect on Zakat because the provision of this service is quite attractive to Islamic bank customers. So that it will increase the value of digital banking transactions which will increase profits and the value of zakat will be high. Peer to peer lending has no effect on zakat because several Islamic banks cooperate with Islamic online lending platforms for financing, but most of the income of Islamic banks still comes from buying and selling financing, not from the financing.

Furtheremore, GDP can moderate the effect of non-performing loans (NPL) on conventional bank ROA because if the value of GDP increases, it indicates improving macroeconomic conditions of a country, so it can reduce the NPL ratio because people can pay their loans and bank profits will increase. (i) GDP cannot moderate the influence of Digital banking on ROA because it has not been balanced with equitable distribution of network infrastructure. (j) GDP cannot moderate the influence of Peer to peer Lending on ROA because even though online loans are currently starting to grow, their existence is still not stable, one of which is in terms of security which needs to be further improved and related to the licensing of online loan companies. (k) GDP can moderate the effect of Non-performing Financing (NPF) on the Zakat of Islamic banks because if macroeconomic conditions improve, the bank's income will also increase and the company's zakat paid will also be high. (l) GDP cannot moderate the influence of Digital banking on Zakat because the growth of digital banking is not solely caused by the current pandemic conditions, because along with the development of the digitalization era, it is necessary to increase the efficiency of Islamic banks in order to compete with conventional banks. can moderate the influence of Peer to peer Lending on Zakat because the development of fintech is still not stable when compared to banking regardless of the economic conditions that occur.

LIMITATION

The limitation in this study was the sample in conventional banks which was still less than 50% of the existing bank population, due to the availability of the required financial statements, and this study only examined conditions in 2020 only. In addition, in representing macroeconomic conditions, this study only used GDP. And this study only viewed the effect of the impact of covid-19 on each bank and it had not made a comparison of the impact of covid-19 between Islamic banks and conventional banks.

So that suggestions for further researchers are expected in the selection of samples to use more than 50% of the conventional bank sample and the research period consisting of several years. In addition, We can add several research proxies for macroeconomic variables, such as inflation, currency exchange rates, HMD, and other macroeconomic proxies and it can do a comparative analysis of the impact of covid-19 between conventional banks and Islamic banks.

Suggestions for Islamic banks and conventional banks based on the results of the research above are: First, the decline in the NPL/NPF of banks will increase the profitability of conventional and Islamic banks, so that banks must maintain the quality of their financing. By increasing accuracy and being able to see business potential during the pandemic in the credit analysis stage. Likewise in the financing restructuring stage which is currently experiencing difficulties in payment. Second, the value of digital banking still has a negative effect on conventional banks because its use has not been maximized, so that the use of digital banking can be maximized, conventional banks must continue to encourage their customers to use these services and add network infrastructure throughout Indonesia. Although Islamic banks have had a positive effect, Islamic banks must continue to improve the quality of their digital banking for smooth and easy transactions so that customers can use them loyally. Third, to consider the profitability of Islamic banks, We can start using the level of the zakat ratio, because basically the calculation of company zakat is based on the profit of Islamic banks, therefore the zakat ratio can describe the real profitability of Islamic banks.

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