

Effect of CASA, Fee-Based Income, and Intellectual Capital Towards Profitability of Islamic Banking in Indonesia

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Submitted: 16 February 2023; Revised: 27 September 2023; Accepted: 30 September 2023

Abstract

The increase in value of the Current Account Saving Account (CASA) and fee-based income (FBI) in Islamic banking industry is indicative of the optimal use of intellectual capital. This increase in the value of CASA and FBI does not enhance Islamic banking profitability in Indonesia. Therefore, this study aimed to measure and analyze the influence of CASA, FBI, and intellectual capital on profitability of Islamic banks. The populations of this study are all commercial Islamic banks from 2017 to 2020, from which a sample of 13 was selected using the purposive sampling method. Secondary data were collected from quarterly reports of the financial statements of the 13 Islamic banks from 2017 to 2020. This study adopted the panel data regression with a value-added method for the variable intellectual capital (VAIC). The results showed that CASA and intellectual capital had a significant positive effect on Islamic banking profitability, while FBI had no significant effect. It was recommended that in order to enhance banking profitability, the management of Islamic banks needed to improve CASA and intellectual capital by increasing the quantity of CASA funding and optimizing intellectual capital from human resources and technology.

Keywords: CASA, fee-based income, intellectual capital, profitability, VAIC

INTRODUCTION

Islamic-based economic system (Islamic economy) is a part of the world economic order since 1992. The rapid growth of Islamic financial industry has made Islamic economy an important component in non-Muslim countries (Kholis, 2017). Furthermore, the evolution of Islamic finance from 2012 to 2019 can be seen through the development of Islamic finance which has increased from various financial sectors.

The growth of Islamic financial assets has shown an increasing trend. According to Islamic Finance Development Report (ICD, 2020), global Islamic financial assets increased from USD 1.77 billion in 2012 to USD 2.87 billion in 2019. There was a slowdown in 2020-2021 caused by the outbreak of the COVID-19 pandemic as a result of lockdowns and recessions in Islamic countries (S&P Global, 2021). The optimistic prediction of assets in 2024 is anticipated to reach USD 3.69 billion, assuming a Compound Annual Growth Rate (CAGR) of 5.5 percent (ICD, 2020).

The main factor influencing the progress of Islamic economic system in the world is the religiosity of Muslims. One of the bases of problems in financial institutions operating today is the ban on interest-based transactions (*usury*) in Islam (Pepinsky, 2012). Therefore, Islamic financial industry is obliged to develop in the current era and become an alternative solution to the financial system for all mankind, specifically the Muslim community (Bangsawan, 2017).

Some of the major sectors have become absorbent of Islamic financial assets in the world including Islamic banks (72%), *Sukuk* (22.3%), Islamic funds (4.2%), and *Takaful* (1.1%) (IFSB, 2020). Based on this percentage, it is evident that Islamic banking sector is the largest absorbent sector in the world today. The total Islamic banking assets in Indonesia reached IDR 608 trillion, with the market share in October 2020 recorded at 6.18 percent (OJK, 2020). This achievement is based on the principle of trust both in raising and channeling funds. The factors of this trust that influence the community to save their money in Islamic banks include an existing Dewan Pengawas Syariah (DPS), profitability, and promotion (Wijayani, 2017). Furthermore, the process of raising funds in Islamic banking is the main source of capital that determines the level of income and sustainability of banking company (Istifadah et al., 2008). Funds that are successfully collected by Islamic banks are called third-party funds (DPK).

The collection of DPK is carried out through two channels, namely the flow of cheap and expensive funds. The flow of cheap funds comes from savings and Giro funds known as current and savings accounts (CASA) funds. On the other hand, the flow of expensive funds comes from deposits. It is called an economical source of funding, as banks do not incur

substantial expenses to obtain both types of third-party funds, unlike deposits which are expensive (Khabibah et al., 2020). A previous study showed that an increase in low-cost funds reduces the cost of a bank to encourage efficiency and maintain stability (Khairunnisaa et al., 2020). Therefore, the strategy of increasing CASA in Islamic banks should be promoted intensively to maximize profit (OJK, 2019).

The role of Islamic banking as a fundraiser, distributor, and transaction service provider had a significant impact on profitability of consumers in Indonesia (Marimin et al., 2015). This is because almost every economic transaction of the community and industry includes many third parties, such as banks. The available service facilities are in the form of bank services that support and facilitate the functions of banking (Cahyo, 2015). Some of these service delivery activities include transfers, collection, clearing, safe deposit boxes, bank cards, notes, receiving deposits, serving payments, and others (Karlina et al., 2020). This effort is one of the service product innovations that provide additional income for Islamic banking in the form of fees (*ujrah*). Income is known as fee-based income (FBI), constituting a non-margin Islamic banking revenue source (Amaliyah & Setyowati, 2019). At Bank Syariah Indonesia (BSI), the breakdown of revenue is dominated by ATM administration costs of IDR 149.79 billion, followed by mobile banking services of IDR 47.62 billion, remittance services of IDR17.23 billion, and an increase in payments of IDR25.4 billion (Hutauruk, 2021).

The potential for increasing profits through FBI sector in the future has become evident since the onset of the digitalization era. According to the Indonesian Internet Services Association (Buletin APJII, 2020), there were 196.7 million internet users in Indonesia as of November 2020, an increase of 25.5 million from 2019. A total of 80% of these internet users carry out economic activities based on applications and websites (e-commerce) (Putri & Zakaria, 2020).

The sustainable increase of digital transformation has become a good opportunity for the development of Islamic banking. The primary strategy of contemporary companies is the application of technology in every product and service. In addition, the development of work methods and environment must be maintained (Salam, 2018). The importance of this capability is affirmed in the Statement of Financial Accounting Standards (PSAK) No. 19 (revised 2010) which stated that knowledge, information technology, human resources, studies, and marketing are classified as intangible assets.

The science of knowledge in companies is reflected through intellectual capital (IC) (Manalu & Hutabarat, 2020). According to Suroso et al., (2017), intellectual capital is the knowledge contributed by each individual as the human resources of the organization, thereby

Making it an added value to the company. Companies with IC advantages in the field of knowledge and technology will become reliable competitors. Therefore, Islamic banking must maximize this potential to achieve the primary goal of establishment, namely to prevent Muslims from *usury*. Based on the description, it can be concluded that the asset structure consisting of CASA, FBI, and intellectual capital plays an important role in increasing the level of Islamic banking profitability in Indonesia.

During the era of digitalization, Islamic banks began to recognize the importance of altering digital-based management patterns. This is because banks must maximize the full potential of tangible and intangible assets (Faza & Hidayah, 2014). Based on *Islamic Finance Development Report* (ICD, 2020), Indonesia occupied the 2nd position after Malaysia, benefiting from the advantage of knowledge within Islamic financial sector. Islamic banking started its steps through the improvement of digital-based services. The digitalization process of products and services of banks added intellectual capital value (Manalu & Hutabarat, 2020). One of the factors to increase CASA and FBI is easy access to banking services (Renjani, 2020). This is supported by the positive trend of the e-commerce sector, which also contributes to the increase in revenue. Based on the news quoted from Pebrianto (2017), “the nominal expenditure of the Indonesian people at the time of the massive discount party on December 12, 2017, reached IDR 4.7 trillion”. During that period, e-commerce continued to increase until the Covid-19 pandemic. This is also a potential in Islamic banking to increase profits through the payment methods used.

The potential to increase Islamic banking income through FBI sector is expected to continue in the future due to the increasing demand for digital-based financial services. Currently, online transactions in e-commerce are more widely chosen by the public. In addition to having advantages due to its high flexibility, online transactions are considered safer to use in critical conditions, specifically due to the lockdown during the Covid-19 Pandemic. The increase in the value of CASA and FBI in Islamic banking is stated in Table 1.

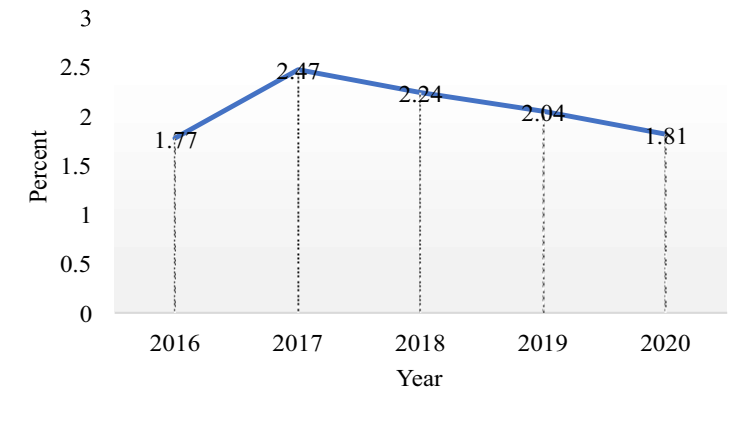
Table 1. CASA value and FBI of Islamic banking in Indonesia (in billion rupiah)

Indicator	2017	2018	2019	2020
HOUSE	101.04	115.599	142.735	170.673
FBI	1.555	1.532	1.743	1.964

Source: Financial Services Authority (2020, processed)

The trend of increasing CASA value and FBI had no significant impact on Islamic banking in Indonesia. This is because profitability of Islamic banking as evident in the value of

Return On Assets (ROA) has continued to decline since 2017. Islamic banking statistics report is presented in Figure 2 below:



Source: Financial Services Authority (2020, processed)

Figure 1. ROA value of Islamic banking in 2016-2020

Based on Figure 1, ROA in Islamic banking increased in 2016, before the boom in online transactions, and subsequently decreased from 2017 to 2020. OJK (2021) reported that this slowdown was caused by the slow condition of the economy due to the diversion of public funds into other investment instruments. In addition, there is competition in terms of providing storage and paid services through various online platforms and financial technology in the current era of globalization and digitalization. A million fintech companies registered as members in 2020 reached 362 companies with a proportion of digital innovations and payments of 24% and 17%, respectively (Walfajri, 2020).

Studies related to assets have been widely carried out both at home and abroad. According to Marimin et al., (2015), the ability to grow the assets of a bank had a significant impact on the subsequent management process. In banking companies, assets are an internal factor that influences the determination of banking profitability level. According to Athanasoglou et al. (2006), internal factors determine banking profitability in Southeastern Europe from 1988 to 2002. Studies related to the influence of internal factors on banking profitability in Pakistan reported assets as one of its variables (Javaid et al. 2011). However, there are limited studies conducted specifically on CASA, FBI, and intellectual capital. Based on the above, this study aimed to analyze effect of CASA, FBI, and intellectual capital on profitability of Islamic Banking in Indonesia. The novelty of this study is in the combination of the three independent variables and the use of panel data analysis methods with VAIC method to thirteen Islamic commercial banks in Indonesia from 2017 to 2020.

METHOD

This study used secondary data with panel data structures, which combine time series and cross-section data. Data were collected from the quarterly reports of selected commercial Sharia banks in Indonesia. The population of this study includes all commercial Sharia banking in Indonesia, from which 13 were selected using a purposive sampling method. The samples include Bank Muamalat Indonesia, BRI Syariah, Bank Syariah Mandiri, Bank Mega Syariah, BNI Syariah, Bank Syariah Bukopin, BJB Syariah, BCA Syariah, Bank Victoria Syariah, Maybank Syariah, BTPN Syariah, Bank Aceh Syariah, and Bank NTB Syariah. The inclusion criteria of this sample are a commercial Sharia bank in Indonesia and the quarterly report data that have been registered with the OJK from 2017 to 2020.

The analysis method in this study is quantitative, which consists of descriptive and panel data regression analysis. Data were analyzed using Microsoft Excel 2016 and E-views 10. Descriptive analysis provides an overview of the data that has been collected (Muhson, 2006). A quantitative analysis of inference is applied through the regression of panel data. The process results in a decision explaining effect of the independent variable on the dependent.

The dependent variable in this study is ROA as a projection of profitability of Islamic banking. On the other hand, the independent variables include Current Account Saving Account (CASA), FBI, and Intellectual Capital (VAIC). The variables Net Operating Margin (NOM), Net Reward (NI), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Minimum Capital Provision Obligation (KPMM) were used as control variables. The resulting mathematical equation is as follows:

$$ROA_{it} = \alpha_i + \beta CASA_{it} + \beta FBI_{it} + \beta VAIC_{it} + \beta NOM + \beta NI + \beta NPF + \beta FDR + \beta KPMM + \epsilon_{it}$$

Information:

I	= N Islamic banking (unit cross-section)
t	= T Time priode (unit time series)
α	= intersep coefficient
β	= slope coefficient
ROA_{it}	= Dependent Variable (Return On Asset)
$CASA_{it}$	= Independent Variable (Current Account Saving Account)
FBI_{it}	= Independent Variable (FBI)
$VAIC_{it}$	= Independent Variable (Intellectual Capital)
NOM_{it}	= Control Variable (Net Operating Margin)
NI_{it}	= Control Variable (Net Rewards)

- NPF_{it} = Control Variable (Non-Performing Financing)
 FDR_{it} = Control Variable (Financing to Deposit Ratio)
 $KPMM_{it}$ = Control Variables (Minimum Capital Provision Obligation)
 ε_{it} = Residual

The detailed definition of the 9 variables used in this study is presented in Table 2 below:

Table 2. Operational definitions of variables

Variable	Information	Operational Definition
Dependent Variables		
ROA	A ratio that reflects profitability of Islamic banking based on the ability of assets owned to make a profit	$\frac{\text{Net Profit}}{\text{Total Asset}}$
Independent Variables		
CASA	It is a component of third-party funds in banks consisting of the sum of current accounts and savings funds.	Natural Logarithms $\text{Total Giro} + \text{Total Savings}$
FBI	Non-margin revenue sharing obtained for the provision of transaction services is in the form of fees/ <i>ujrah</i> /commissions or provisions.	Natural Logarithms Commission income Profit, fee, and administration
Intellectual capital	Capital of the intellect is included in the intangible assets. The components include human capital, structural capital, and capital employed	$VACA + VAHU + STVA$
Control Variables		
NOM	A ratio that reflects the ability of Islamic banks to generate net profit from their operational activities.	$\frac{\text{Disbursement revenue funds after revenue sharing} - \text{operating expenses}}{\text{Average productive assets}}$
NI	A ratio that reflects the ability of Islamic banking to generate net profit from its productive assets.	$\frac{\text{Revenue share} - \text{Rewards and Bonuses}}{\text{Average productive assets}}$
NPF	A ratio that reflects the risk of NPF in Islamic banking.	$\frac{\text{Non - performing Financing}}{\text{Total Financing}}$

FDR	A ratio that reflects the ability of Islamic banks to disburse financing from their deposits.	$\frac{\text{Total Financing}}{\text{Total DPK}}$
KPMM	Capital adequacy ratio that reflects the ability of	

Source: (Khabibah et al., 2020)

According to Bawono and Shina (2018), several methods can be used to estimate regression models on panel data, such as Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The process of selecting the best model was carried out by testing each estimation through the Chow, Hausman, and Lagrange Multiplier test.

RESULTS AND DISCUSSION

Descriptive Analysis

This study analyzed effect of CASA variables, FBI, and intellectual capital on profitability of Islamic commercial banks in Indonesia. The conditions of development of these variables are further described as follows.

ROA is profitability ratio in Islamic banking that reflects the ability of assets owned to generate profits. The goal of every banks, including the commercial banks in Indonesia, is a positive and increasing ROA. The development of ROA in Islamic commercial banks in Indonesia tended to experience positive growth from 2017 to 2020. The largest ROA was achieved in March 2020 at 1.88 percent (OJK, 2021). Some of the factors that support the growth of ROA include an increase in the capital sector and the distribution of financing funds despite a slowdown of 21.64% and 76.36%, respectively. Furthermore, rentability in Islamic commercial banks experienced a positive trend of 1.40% and a decrease in NPF to 1.57%.

CASA is a component of third-party funds that must be considered. This is related to its contribution to assets and capital in Islamic banking. CASA value is experiencing positive growth every year in Indonesia due to Islamic banking efforts that are steadily increasing their sources of cheap funds and have reached 45.64%.

FBI is generated from the provision of transaction services to customers of Islamic banks. It is one of the attractive sources of income that experiences an increase after the profit-sharing margin. This is attributed to the fact that FBI is not affected by the BI rate value, such as profit-sharing margin. FBI in Islamic commercial banks from 2017 to 2020 was volatile, but in general, it experienced positive growth. The lowest income experienced by Islamic banking in 2018 was Rp 1,532 million and there was a decrease of Rp23 million compared to 2017 of Rp 1,555 million.

The development of intellectual capital variables in this study is projected with VAIC values consisting of VAHU, STVA, and VACA. In Indonesia, the average value of intellectual capital is greater than 2, indicating that BUS in Indonesia is included in companies with good performance (good performers) in terms of its intellectual capital. This performance is supported by more than one VAHU number, signifying a significant contribution of Islamic banking human resources have to profitability in Indonesia. The STVA average value of 0.5 indicate that Islamic banking management has been able to manage its structural capital, such as the company system, and maintain a good culture in its organization. In the last order, the value-added contribution of intellectual capital is given by capital employed/physical capital, such as operational tools and other physical assets owned by Islamic banks.

The results of descriptive statistical analysis was presented in various outputs, such as graphs, tables, histograms, charts, and others. It provides a variety of information, including the calculation of mean, mode, median, and standard deviation (Sholikhah, 2016). Table 3 shows the descriptive statistical results in the form of a general distribution of ROA, CASA, FBI, and VAIC variables.

Table 3. Statistics *descriptive* ROA, CASA, FBI, and VAIC Islamic Commercial Banks in Indonesia

Indicator	Mean	Std. Dev.
ROA (%)	2.2	3.7
CASA (in million rupiah)	9,438,375	13,693,675
FBI (in million rupiah)	79.008	151.268
VAIC	2.18	1.55

Source: *Output Eviews* (2021)

Based on Table 3, the average ROA value of Islamic commercial banks in Indonesia from 2017 to 2020 is 2.2% with a standard deviation of 3.7. A standard deviation value higher than the average value indicates a significant variation between the maximum and minimum values. Based on the Bank Indonesia circular, the average income of Islamic banking in Indonesia was included in the very high-profit income as well as the maximum value. The average CASA value of Islamic commercial banks in Indonesia from 2017 to 2020 was IDR 9.43 trillion with a standard deviation value of IDR 13.69 trillion. The higher standard deviation indicates that CASA variable has a significant variation between the maximum and the minimum value.

The average variable value of FBI in Islamic commercial banks in Indonesia from 2017 to 2020 is IDR 79 billion with a standard deviation value of IDR 151 billion, indicating a high

variation between the maximum and minimum values. Furthermore, VAIC variable showed that intellectual capital in Islamic commercial banks in Indonesia from 2017 to 2020 had an average value of 2.18 with a standard deviation of 1.55, indicating a low variation between the maximum and the minimum value.

Best Model Selection

In panel data studies, estimation can be done with three models, namely, CEM, FEM and REM. The first stage of panel data regression estimation was carried out using the CEM method and the results showed an R^2 value of 0.812706, with a probability value ($f_{\text{statistic}}$) of 0.00000, which is smaller than $\alpha = 0.05$. Therefore, it was concluded that at least one variable affects BUS profitability in Indonesia with a 95% confidence interval.

The result, using the FEM method showed an R^2 value of 0.909642, indicating that FEM is better than CEM, and it has been proven by the Chow Test.

Table 4. Chow Test

Effect Test	Statistic	Prob. Value
<i>Cross-section F</i>	16.270655	0.0000
<i>Cross-section Chi-square</i>	147.965837	0.0000

Source: *Output Eviews* (2021) (processed)

Based on Table 4, the p-value in the Chi-square Cross-section is $0.0000 < \alpha = 0.05$, indicating the rejection of H_0 . Therefore, estimation using the FEM is better than the CEM method.

The estimation of panel data regression using REM showed an R^2 of 0.7807778, which is lower than FEM (0.909642). Therefore, it was concluded that FEM is better than REM method. The Hausman test was carried out to ensure this assumption.

Table 5. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
<i>Cross-section random</i>	182.03279	8	0.0000

Source: *Output Eviews* (2021) (processed)

The Hausman test results showed a probability value of $0.0000 < \alpha = 0.05$, indicating the rejection of H_0 . Therefore, FEM is better compared to the REM method.

Classic Assumption Test

The multicollinearity test identifies the value of the correlation coefficient between independent variables. According to Gujarati (2006), there is an indication of correlation when the value exceeds 0.8. In this study, by using Eviews-10 analysis, the correlation coefficient output results were less than 0.8. Therefore, it was concluded that the panel data regression model in this study did not contain a multicollinearity problem.

The heteroscedasticity test can identify differences variance of the residuals for all observations. Failure to fulfill this assumption can cause the observed data to be biased because

It does not meet the BLUE criteria. This study used a cross-sectional dependence test method to determine the presence of heteroscedasticity.

Table 6. Heteroscedasticity Test

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	220.3659	78	0.0000
Pesaran scaled LM	11.3984		0.0000
Bias-corrected scaled LM	10.96506		0.0000
Pesaran CD	2.538747		0.0007

Source: Output Eviews (2021)

Breusch-Pagan LM values were less than 0.05, which indicates that the model is experiencing a heteroscedasticity problem. Therefore, weighted least square method was used to solve this problem.

R Square

Estimation of the model with the FEM method, which is considered the best, incorporated weighted least square, resulting in an R^2 value of 0.948632. This result showed that the model is robust, indicating the ability of independent variables to explain 94.86% of the dependent variable. The remaining 5.14% percent was explained by other variables outside this study.

Panel Data Regression Estimation Results

Regression estimation results with the FEM method after being weighted least square are shown in Table 7.

Table 7. Panel Data Regression Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob. value
C	-2.21777	1.184255	-1.87272	0.0627
LCASA	0.309464	0.080471	3.845666	0.0002
LFBI	-0.05042	0.026522	-1.90092	0.0589
VAIC	0.316394	0.05181	6.106857	0.0000
NOM	0.339181	0.028176	12.03786	0.0000
NI	-0.03706	0.028595	-1.29597	0.1966
NPF	-0.06326	0.015634	-4.04623	0.0001
FDR	2.009885	5.053500	0.397721	0.6913
KPMM	-0.00817	0.006446	-1.26786	0.2065

Source: *Output* data panel regression analysis (2021)

The result in Table 7 showed that variables with probably value less than 0.05 include CASA, VAIC, NOM, and NPF. This indicates that the variables have a significant effect on ROA. On the other hand, the variables of FBI, financing deposit to ratio (FDR), and minimum capital adequacy (KPMM) have probability values greater than 0.05, indicating no meaning no significant effect on ROA.

Effect of Variable CASA on ROA

CASA variable had a positive and significant influence on ROA with a coefficient value of 0.309464. This implies that a 1% increase in CASA will increase ROA by 0.309464. Therefore, the greater CASA funds raised, the greater the profit of Islamic banking. This is because CASA is included in cheap funds, indicating that Islamic banking does not need to spend much (cost of funds) to raise these funds. A decreasing cost of funds will increase bank efficiency and increase profitability (ROA).

Several factors contribute to the increasing proportion of CASA funds in Islamic banking. These trends are driven by the deliberate shift in strategy by Islamic banks, as they gradually adjust their method to procure cost-effective funds. Islamic banking optimizes fundraising through customer transactions and opening new accounts (OJK 2019). A similar study by Renjani (2020) stated that the increase in CASA was influenced by the ongoing '*hijrah*' trend among Indonesian people. Therefore, Islamic banking is expected to remain consistent in maintaining the implemented strategy considering that CASA value in conventional banking is always above 54 percent of total third-party funds (KNKS, 2019).

Effect of Variable Fee-Based Income on ROA

The variable FBI had a negative and insignificant influence on ROA with a coefficient value of -0.05 04. Since the probability is greater than 0.05, the hypothesis is rejected, indicating that the contribution of FBI to profitability of Islamic banking is still smaller than the profit income from financing and expenditure. A similar study by Amaliyah and Setyowati (2019) suggests that FBI in Islamic banking cannot be considered as the main source of income.

The results of this study are consistent with the statement from Bank Indonesia (2020) that the transfer method to banks experienced negative growth in 2020. This is because electronic money is more widely used by people in making online payments, which currently has a market share of 42.1%. Even though the volume of online product shopping transactions in Indonesia cumulatively grew by 81.5%, it still did not have a significant impact on Islamic banking.

Effect of Intellectual Capital Variable on ROA

The projected intellectual capital variable with its value added (VAIC) has a positive and significant influence on ROA profitability with a coefficient value of 0.316394. This shows that every one-unit increase in intellectual capital will increase profitability of Islamic banking by 0.316394. It further showed that intellectual capital as an intangible assets also had an important role in profitability. This was due to an increase in knowledge, awareness, and governance indicators in Islamic banking (Bank Indonesia, 2020).

According to Nawaz et al., (2020), intellectual capital has important implications for governments and regulatory bodies, responsible for devising strategies and mechanisms that enable Islamic finance industries to compete effectively and also to maintain their competitive advantage. Therefore, entering the era of digitalization, intellectual capital in Islamic banking is a potential asset that is highly expected to maintain and improve the existence of Islamic banking at all levels of society.

CONCLUSION

In conclusion, this study analyzed the cost of CASA, FBI, and intellectual capital on profitability of Islamic banking in Indonesia. Data-panel regression analysis was used and the result showed that the development of ROA in Islamic Commercial Banks in Indonesia from 2017 to 2020 period tended to increase until before the COVID-19 pandemic in March 2020. This result was consistent with the condition of intellectual capital of Sharia Commercial Bank, which also experienced a decline in 2020. However, CASA variable and FBI consistently continued to have a positive trend from 2017 to 2020 despite the slowdown in 2020.

Both CASA and intellectual capital variables had a partial positive and significant effect on profitability (ROA). Meanwhile, FBI variable, as well as FDR and minimum capital adequacy (KPKMB) had no significant effect on profitability (ROA).

The increase in Islamic banking income through FBI sector was expected to continue, due to the increasing demand for digital-based financial services. Online transactions on e-commerce are more widely chosen currently by the public. In addition to having advantages due to its high flexibility, it was also considered safer to use digital-based financial services in critical conditions, such as during the COVID-19 lockdown. The 2017 to 2020 period was deliberately chosen to obtain an overview of the situation before and during the COVID-19 pandemic. The limitation of this study was the unavailability of literature that discussed this issue, specifically within the context of Islamic banking. The study also focused only on Islamic commercial banks (BUS). Therefore, it was suggested that future studies consider incorporating Islamic Business Unit (IUBU) and Sharia People Credit Bank (BPRS) in their scope of investigation. It was also recommended that Sharia Commercial Banks (BUS) in Indonesia increase CASA funds because they have not met the minimum limit of 54%. BUS must also be able to optimize its intellectual capital potential through improving the quality of human resources and the application of technology that will accelerate profitability.

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