Effect of Intellectual Capital, Islamicity Performance on Financial Performance in Causal Models: Empirical Study on Indonesian Islamic Banks

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Abstract: *This study aims to determine the effect of Intellectual capital, and Islamic performance index on financial performance. This research is a causal study with a population of Indonesian Islamic Commercial Banks. The number of samples taken is nine Indonesian Islamic Commercial Banks for the period 2013-2017. PLS is used as an analytical tool in this study. The research data used comes from financial reports collected by downloading on the official website of Bank Indonesia, the Financial Services Authority or the official website of the relevant Sharia Commercial Bank. The analysis period is from 2013 to 2017. The results of the analysis show that intellectual capital has a significant effect on financial performance, and Islamic performance index has a significant effect on financial performance.*

Keywords: intellectual capital, financial performance, causel, Bank Syariah Indonesia

1. Preliminary

The establishment of Islamic banks in Indonesia began with the establishment of three Sharia Rural Banks (BPRS) in Bandung in 1991 and PT BPRS Heraukat in Nangroe Aceh Darussalam. The establishment of Islamic banks was initiated by the Indonesian Ulema Council (MUI), which later formed a work team to establish Islamic banks in Indonesia so that PT Bank Muamalat Indonesia (BMI) was established on November 1, 1991 and began its operations on May 1, 1992. (Umam. 2016)

Bank Muamalat Indonesia (BMI) is the first Islamic bank established in Indonesia, although its development is rather slow when compared to other countries. In the 1992-1998 period there was only one Islamic bank unit, in 1999 Mandiri Islamic Bank was established and started operations on November 1, 1999. While in 2005 to date, the number of Islamic banks in Indonesia has increased. This shows that public interest in financial institutions based on sharia principles is increasing so that it can spur the growth of Islamic financial institutions. (Umam. 2016)

The development of the Sharia economy in Indonesia in the past decade has been quite rapid. But the sharia economy in Indonesia is still far behind compared to the development of conventional economies in Indonesia, as stated by Sri Rahayu Widodo, Deputy CommissionerOJK for Education and Consumer Protection. (Republika, April 12, 2015). Islamic banking banks that have not yet run a business in accordance with sharia principles are one of the problems that has caused the development of Islamic banking to slow down. (Kompas.com, August 13, 2012)

Indonesia, where the population is domiciled as Muslims, has a sharia economic ranking that is still far below other Muslim countries. Based on data obtained that the largest Islamic bank in Indonesia is currently only able to record assets of around US $ 415 billion so that no one has entered the ranks of 25 Islamic banks with the largest assets in the world. While the two Malaysian Islamic banks were able to enter the list. (Maris Strategies and The Banker, 2015).

Several studies in several countries have proven that there is a relationship between Intellectual Capital and Corporate Financial Performance. Chen et al. (2005) for example using the Pulic model (VAIC ™) to examine the relationship between Intellectual Capital and market value and the company's financial performance by using samples at public companies in Taiwan. The results show that Intellectual Capital has a positive effect on market value and corporate financial performance. Ting and Lean (2009) also examined the performance of Intellectual Capital and its relationship with financial performance in financial institutions in Malaysia. This study proves that there is a positive relationship between Intellectual Capital and financial performance (ROA). So that it becomes a recommendation to improve the quality of human capital in the company in order to improve the company's financial performance. Maditinos, et al (2011) examined the relationship between Intellectual Capital and market value and financial performance of 4 types of companies in Greece. The results showed that only HCE (Human Capital Efficiency) is a component of Intellectual Capital which has a significant relationship with ROE.

Islamic banking as a financial institution that moves based on sharia principles certainly has different characteristics from other companies in its performance orientation. Therefore, the performance of Islamic banking in addition to being measured by conventional methods, must also be measured by methods that are oriented towards sharia objectives. Hameed et. al. (2004) presents an alternative measurement of financial performance for Islamic banks, namely the Islamicity Performance Index. This index aims

to determine whether the Islamic banking financial performance has been carried out in accordance with sharia principles.

According to Algoud and Lewis (2001, in Falikhatun and Assegaf, 2012: 248) conclude that the main objectives of Islamic banking and finance from an Islamic perspective include: (1) elimination of interest and renewal of bank activities in accordance with Islamic principles; (2) reasonable distribution of income and wealth; and (3) achieving progress in economic development. Whereas in the stakeholder perspective, according to Dusuki (2008, in Falikhatun and Assegaf, 2012: 248) the aim of Islamic Bank is to maximize profits, contribute to social welfare, reduce poverty, promote sustainable development projects, minimize operating costs, improve the quality of products and services, provide decent and competitive financial products and promoting Islamic values and way of life through staff, clients and the general public.

Formulation of the problem

The formulation of the problems examined in this study are:
1) How much intellectual capital has a significant effect on financial performance?
2) How much does the Islamicity Performance Index have a significant effect on financial performance?
3) How much Efficiency Cost has a significant effect on financial performance?

Research purposes

From the formulation of the problem above, it can be concluded that the purpose of this study is as follows
1) To analyze and examine the magnitude of the influence of intellectual capital on financial performance
2) To analyze and examine the magnitude of the influence of Islamicity performance index on financial performance
3) To analyze and assess the magnitude of the effect of the Efficiency Cost on financial performance

Understanding Intellectual Capital

Intellectual capital is generally defined as the difference between a company's market value and the book value of the company's assets or from its financial capital. Intellectual capital is often the main determinant of the profitability of a company. A company can find out market valuations using the method of measuring Value Added Intellectual Capital (VAIC ™), namely by looking at the intellectual capabilities of the company and the value of the company.

The term intellectual capital was first put forward by economics John Kenneth Galbraith who wrote a letter addressed to his colleague, Michal Kalecki, in 1969. In his writing, Galbraith stated the following: "*I wonder if you realise how much those of us the world around have owed to the intellectual capital you have provided over these last decades*" (Hudson, 1993 in Bontis, 2000).

Until the end of 1990, references to intellectual capital in contemporary business publications were common. Intellectual capital management becomes the field of authority of the Chief Knowledge Officer (CKO).

Furthermore according to William (2015:30):*intellectual capital* is "*acknowledges the significance of socially and contextually embedded forms of knowledge and knowing as a source of value differing from the simple aggregation of the knowledge of a set of individuals*" (Nahapiet & Ghoshal, 1998, p. 246).

Whereas according to Stewart in Ulum (2016:74): Intellectual capital is intellectual material knowledge, information, intellectual property rights, experiences that can be used to create wealth.

Kardina, DKK (2013: 30) in her book entitled intellectual capital and public sector performance defines that:

Intellectual capital as knowledge that can be converted into value or intellectual material (knowledge, information, intellectual property and experience) to create economic wealth in organizations (Bontis, 2001; Skaikh, 2004).

In addition Thomas A (1999: 17) also defines: "intellectual capital is the main asset of a company in addition to physical and financial assets. So in managing physical and financial assets, it requires a reliable ability of intellectual capital itself, in addition to producing a valuable product, it requires the ability and thinking ability of employees, as well as how to manage the organization and establish relationships with external parties.

Measurement of Intellectual Capital

VAIC[TM] is a method developed by Pulic in 1997 that was designed to provide information about the value creation efficiency of tangible assets and intangible assets owned by the company. This model starts with the company's ability to create value added (VA). According to Pulic (1998), VA is the most objective indicator to assess business success and demonstrate the company's ability to create value (Ulum, 2016).

Based on the classification made by Kamath (2007), an industry will be included in the "top performers" group if it has a VAIC[TM] score above 5.00, 4.00 to 5.00, then it is categorized as "good performers", and "common performers" if the score is 2.5 to 4.00. While companies with a VAIC[TM] score below 2.5 fall into the category of "bad performers".

The main components of VAIC[TM] developed by Pulic can be seen from the company's resources, namely physical capital (VACA – Value Added Capital Employed),, human capital (VAHU - Value Added Human Capital), and structural capital (STVA – Structural Capital Value Added).

1) *Value Added Capital Employed* (VACA)

VACA is an indicator for value added created by one unit of physical capital towards the company's value added. VACA is a comparison between value added (VA) and a working physical model (CA). In the process of creating value, potential intellectuals represented in employee costs are not counted as costs (inputs). Pulic assumes that human capital (HC) indicates ability human capital to create value within the company (ratio of VA to HC).

2) *Structural Capital Value Added* **(STVA)**
STVA is an indicator of the efficiency of structural capital added value. STVA shows the contribution of structural capital (SC) in value creation. STVA measures the SC needed to produce 1 (one) rupiah from VA and is an indication of how successful the SC is in value creation. SC is not an independent measure as HC, it is dependent on the value creation process. In other words, the greater the HC contribution in value creation, the smaller the contribution of SC in this case will be. Furthermore, Pulic (1999) in Ulum (2016) states that SC is VA reduced by HC, which has been verified through empirical research in the traditional industrial sector (Pulic, 2000) in Chen et al (2005).

3) *Value Added Human Capital* **(VAHU)**
VAHU indicates how much Value Added (VA) can be generated with funds spent on employee labor (Tan et al., 2007: 79 in Ulum 2016). Human capital represents the company's ability to manage the capital of individual organizational knowledge presented by its employees as the company's strategic assets because of the knowledge they have. The relationship between VA and HC indicates HC to create value within the company.

Islamicity Performance Index
Islamicity Performance index is a performance measurement tool that is able to express the materialistic and spiritual values that exist in Islamic banks (Meilani, et al., 2016). In its application Islamicity performance index is only used at the academic level, which is limited to research on the performance of Islamic banking . Usage within the scope of practitioners, Islamic performance index has not been determined by regulators. In measuring Islamic financial performance using Islamicity index performance. One way to measure organizational performance is through an index. Although there are currently several indices arranged to measure organizational performance, there are not many indices that can be used to measure the performance of Islamic financial institutions. Hameed, et al (2004) has developed an Islamic city index, so that the performance of Islamic financial institutions can be truly measured. The measured indicator is profit sharing ratio, zakat performance ratio, equitable distribution ratio directors - employeeswelfare ratio, Islamic income vs. non Islamic income
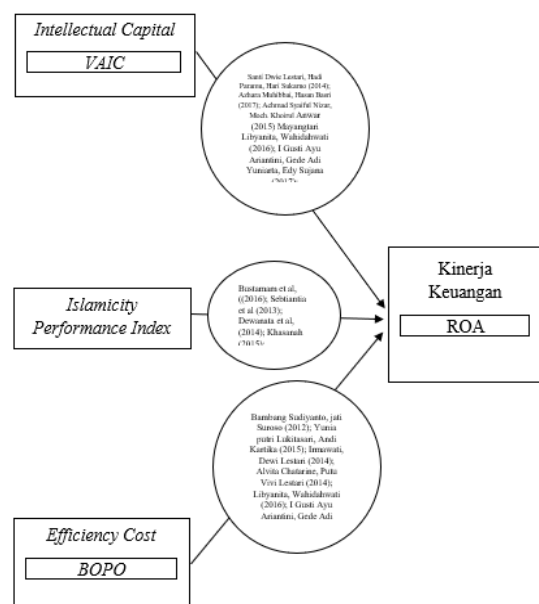
Financial performance
Financial performance is an analyzing activity to see how far the company has used the rules of financial implementation properly and correctly.The financial implementation in question is the activity of making financial statements that have met the standards of the applicable provisions. The correct financial implementation rules are in SAK (Financial Accounting Standards), GAAP (General Accepted Accounting Principle), or other rules. (Irham, 2012: 2)

Financial performance is an achievement achieved by a company in a certain period. The company's financial performance is one of the basic assessments of financial conditions that can be done based on the analysis of financial ratios. (Indonesian Minister of Finance No. 740 / KMK.00 / 1989)

According to Penning (2013: 6) Defining that financial performance is: *Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as ageneral measure of a firm's overall <u>financial health</u> over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or <u>sectors</u> in <u>aggregation.</u>*

In general, the size or ratio that is often used to measure financial performance is Return On Equity (ROE) and Return On Assets (ROA). Return On Assets (ROA) focuses on the company's ability to obtain earnings in its operations, while Return On Equity (ROE) only measures returns obtained from investment of company owners in the business.

2. Research Model

Gambar 2.1 Rerangka Pemikiran
Sumber: Data di olah sendiri

Hypothesis
Based on the above thinking framework, the researchers proposed the following hypothesis:
H1: There is an Influence of Intellectual Capital on Financial Performance
H2: There is an influence of the Islamicity Performance Indext on financial performance
H3: There is an Influence of Efficiency Cost on Financial Performance

3. Method

The type of research used in this study is causal research. This study empirically analyzes the effect of intellectual capital, and the Islamicity index performance on financial performance. Therefore, it is necessary to test the hypothesis that has been proposed. Submission of hypotheses is carried out according to research and analysis methods designed in accordance with the variables studied in order to obtain accurate results. The IntelCctual Capital manifest or indicator used is IB-VACA, IB-VAHU, IB-STVA. The

selection of the VAIC^{TM} model as protection for Inntellectual Capital refers to the research of Chen et al. (2005): and Ulum (2013).

The Islamicity Performance Index indicators used in this study are Profit sharring ratio, zakat performance ratio, equitable distribution ratio and Islamic income vs. non Islamic income

The financial performance indicators used in this study are ROA (Return On Asset).

The VAIC ™ calculation formulations are as follows:
1) Output (OUT) - Total sales and other income.
2) Input (IN) - Expenses and costs (other than employee expenses).
3) Value Added (VA) - Difference between Output and Input. (Pulic, 1998) $VA = OUT - IN$
4) Human Capital (HC) - Employee expenses.
5) Capital Employed (CE) - Available funds (equity, net income)
6) Structural Capital (SC) - VA - HC
7) Value Added Capital Employed (VACA) - Ratio of VA to CE. This ratio shows the contribution made by each unit of CE to the organization's value added. (Pulic, 1998)

$$VACA = {VA}/{CE}$$

1) Value Added Human Capital (VAHU) - Ratio of VA to HC. This ratio shows the contribution made by each rupiah invested in HC to the organization's value added, (Pulic, 1998)

$$VAHU = {VA}/{HC}$$

2) Structural Capital Value Added (STVA) - Ratio of SC to VA. This ratio measures the number of SCs needed to produce 1 rupiah from VA and is an indication of how SC successes in value creation: (Pulic, 1998)

$$STVA = {SC}/{VA}$$

3) Value Added Intellectual Coefficient (VAIC ™) - Indicates the intellectual ability of the organization. VAIC ™ can also be considered a BPI (Business Performance Indicator). (Pulic, 1998)

$$VAIV^{TM} = VACA + VAHU + STVA$$

The financial ratios used to measure the Islamic performance index are:

1) *Profit Sharing Ratio (PSR)*

$$PSR = \frac{Mudharabah + Musyarakah}{Total\ Financing}$$

2) *Zakat Performance Ratio (ZPR)*

$$ZPR = \frac{Zakat}{Nest\ Aset}$$

3) *Islamic Investment vs Non-Islamic Investment*

$$IH = \frac{Investasi\ Halal}{Investasi\ Hal + Inv.\ Non\ Hal}$$

4) *Islamic Income Vs Non-Islamic Income*

$$PH = \frac{Halal\ income}{Pend.\ Hal + Pend.\ Non\ Hal}$$

5) *Equitbale Distribution Ratio (EDR)*

$$EDR = \frac{Average\ Distribution\ For\ Each\ Staekholder}{Total\ Revenue}$$

ROA is a comparison between profit after tax (net income) and total assets in a period, the formula used to look for ROA is:

$$ROA = \frac{net\ profit\ after\ tax}{Total Assets}$$

Research Population and Samples
Population In this study is a Sharia Commercial Bank operating in Indonesia. Sampling in this study was conducted by purposive sampling, meaning that the sample selection method was chosen based on judgment (judgment sampling) which means that the selection of samples is not random with information obtained by certain considerations

Determination of the sample of this study was taken based on the following considerations: 1). The Sharia Commercial Bank (BUS) publishes its financial statements in full in the period 2013-2017, both through the website of Bank Indonesia (BI) and the Financial Services Authority (OJK). 2). There is data needed by the author to determine the variable 3). There are financial reports regarding zakat for the period 2013-2017.

By considering the above criteria, the number of samples obtained is as many as 9 BUSs that can be sampled. The following is a list of BUS that meet the criteria:

Table 3.4: List of BUS According to Criteria

No	Name of Sharia Commercial Banks
1	PT. Bank Muamalat Indonesia
2	PT. Bank Victoria Syariah
3	PT. Bank BRISyariah
4	PT. Bank BNI Syariah
5	PT. Bank Syariah Mandiri
6	PT. Bank Mega Syariah
7	PT. Bank Panin Dubai Syariah
8	PT. Bank Syariah Bukopin
9	PT. Bank Jabar Banten Syariah

Source: Secondary Data processed

Data collection technique
The types of data used in this study are documentary data, namely annual reports during 2013-2017 Islamic Commercial Banks in Indonesia. The data sources used in this study are secondary data, namely in the form of annual reports from 2013-2017.

4. Analysis Method

In this study data analysis used descriptive statistical techniques. The data analysis technique used in this study is the Partial Least Square (PLS) method. PLS is a method of solving structural equation modeling (SEM) which in this case (according to the purpose of the study) is more appropriate than other SEM techniques. The small number of samples, the potential distribution of abnormal variables, and the use of formative and reflective indicators make PLS more suitable to choose than for example maximum SEM (Anderson and Gerbing, 1988; Marsh et al., 1988; Chin and

Gopal, 1995; Chin, 1997; Cassel et al., 2000 as quoted by Tan et al., 2007).

5. Results and Discussion

Descriptive Statistics Analysis
Descriptive statistical analysis is used to explain the variables in the study, which include the dependent variable and the independent variable. Descriptive statistical analysis presents a numerical measure in the form of minimum and maximum values for each variable. The results of the processed data regarding descriptive statistics can be seen as follows:

Outer Model Test
Therefore, it is assumed that between variables are not mutually correlated, therefore internal measure of reliability consistency is not needed to test relibiality of formative constructs (Ghazali: 2016). This is different from the reflexic indicator which uses three criteria to assess the outer model, namely convergeent validaty, composite reliability, and discriminant validaty. Because the formative construct is basically a regression relationship from the indicator to the construct, then the way to evaluate it is to look at the regression coefficient value which is significant from the regression coefficient.

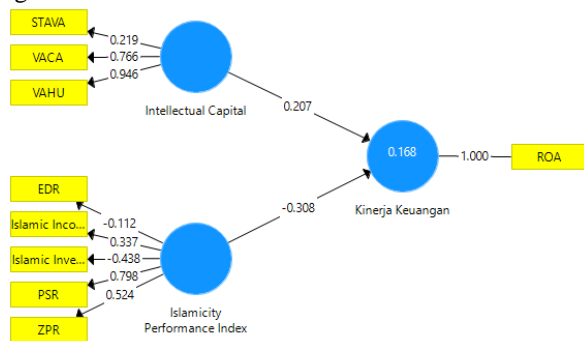Figure 4.1 below is the result of estimation calculations using PLS for data from 2013-2017

Figure 4.1: Outher Model Results
Information:
* significant at p <0.5 (1-tailed)

Based on the factor loading value, there is still a loading factor whose value is below 0.5 because it has a low convergent validation value, the indicators that have a loading factor below 0.5 must be dropped out, it is necessary to retest indicators that have a factor value loading above 0.5 by considering the results of the outher model test in figure 4.1. the results are presented in figure 4.2
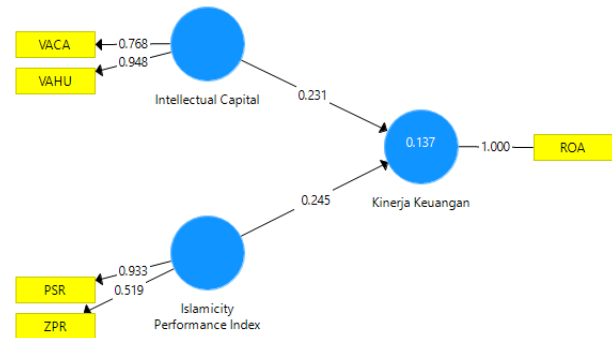

Figure 4.2

Outher Model (Recalcuate) Results
Information:
* significant at p <0.5 (1-tailed)

From Figure 4.2 it can be seen that all indicators are relatively consistent with a loading factor above 0.5, the results of VACA, VAHU, PSR, ZPR, and ROA, indicating that VACA has a weight = 0.768, and VAHU has a weight = 0.948. PSR has a value of weight = 0.933, ZPR has a value of weight = 0.519, and ROA has a value of weight = 1,000.

Inner Model Test
Inner model testing was conducted to see the relationship between extracts, significance values and R-square of the research model. Structural models were evaluated using R-square for dependent constructs, Stone-Geisser Q-square test for predictive relevance and t test and significance of structural path parameter coefficients.

Table 4.7: Value of R-Square

Variabel	R-Square
	2013-2017
VAIC^{TM}	-
Islamicity Performance Index	-
ROA	0.137

Source: Secondary Data though, 2018

Table 4.7 above explains that the R-square value of ROA in 2013-2017 is 0.156, meaning that the VAIC variable, and the Islamicity Performance Index are able to explain the ROA variable of 15.6 percent, the rest is influenced by other variables. The 2013-2017 R-square as presented in the table. The more R-square framework shows the greater the independent variable can explain the dependent variable, so the better the structural equation. In the study, a variable is said to be quite reliable if the variable has a construct reliability value greater than 0.6. The following is a table of results of reliability testing on each research variable.

Table 4.8: Pengujian Reliabilitas

Variable	Comosite Reliability	Cronbach Alpha
Intellectual Capital	0.852	0.688
Islamicity Performance Index	0.710	0.299
Kinerja Keuangan	1.000	1.000

Source: Secondary Data though, 2018

Based on the results of the output reliability above, it can be concluded that for the intellectual Capital variable, the Islamicity Performance Index, and Financial Performance

the comositereliability value is above 0.6 and Cronbacht Alpha is above 0.6. so that it can be concluded that the indicators used in each variable have good or capable reliability to measure the construct.

Testing the hypothesis in this study is based on the t-statistical value generated from the Smart PLS output then compared with the t-table value. The research hypothesis can be accepted if the value of t-statistic (t-statistic)> t-table at the error rate (α) 5% is 1.96.

Table 4.9 follows the estimated output for testing structural models.

Table 4.9: Value *Inner Weights*

Variabel	*Original Sample Estimate*	*T-Staistic*	*Standar Deviation*	Keterangan
Intelletual Captal => Kinerja Keuangan	0.231	1.972	0.215	Diterima
Islamicity Performance Index => Kinerja Keuangan	0.245	2.375	0.103	Diterima

*Description: * significant at p <0.05 (1-tailed)*

From table 4.9 above, it can be explained that H1 and H2 are accepted, meaning Intellectual Capital *(VAIC^{TM})* has a significant positive effect on financial performance (ROA) with t-statistics 1.972 greater than 0.05 t-table. and the Islamicity Performance Index has a significant positive effect on financial performance (ROA) with t-statistic 2.375 greater than 0.05 t-table.

6. Discussion

1) Effect of Intellectual Capital *(VAIC^{TM})* on Financial Performance (ROA)

From table 4.10 above it can be stated that Intellectual Capital (VAICTM) has a significant positive effect on financial performance (ROA). The rationalization that can be given to explain these results is:

First, in five years of observation, the biggest value added owned by Islamic banking companies in Indonesia is produced by the efficiency of human capital and structural capital. which can be explained that, Islamic banking companies in Indonesia have succeeded in utilizing and maximizing their expertise, knowledge, socialization, strategies, databases, employee routines to create value for their company. This condition is very beneficial for shareholders. Because the company has human capital and structural capital that both show that the company has management that is quite reliable in managing the organization.

Second, if viewed from the side of stakeholder theory, companies not only have stakeholders, but companies also have shareholders. The 'stake' groups are those of shareholders, employees, customers, suppliers, creditors, government, and society. In this context, employees have been successfully placed and placed themselves in the position as stakeholders of the company, so that they maximize their intellectualability to create value for the company. This is evidenced by the existence of value creation carried out by employees even with the acceptance of salaries, training costs, benefits and so on that are not optimal from the company.

Third, if seen from the payroll side in Indonesia, Gajih in Indonesia is still below the average of the salary. This also applies to salaries given to employees of Islamic Commercial Banks in Indonesia. Even a comparison between the salaries of Indonesian employees and foreign employees working in the country of Indonesia. The salary of foreign employees is much higher compared to the amount given to employees of Indonesian citizens. As the results of a survey by Managing Diretor Robert Waltres for Southeast Asia, Toby Fowlson explained that the average salary in Indonesia is still below Malaysia and Singapore, even for raising his salary Indonesia is still inferior to Vietnam. (Seconds. Finance: 2017).

The results of this study can be explained that Intellectual Capital (VAIC^{TM}) has an influence on financial performance, where these results support the findings of Tan et al (2007), Chen et al (2005) and Ihyaul ulum (2006). Which from the results of testing by Tan et al (2007) and Chen et al (2005) which states that, VACA, VAHU, and STAVA are statistically significant towards VAIC^{TM} and also significantly affect the company's financial performance in the future. Whereas the results of the ihyaul ulum (2006) study only VAHU which statistically significantly influence financial performance in the future. And only the ROA profitability indicator can statistically affect financial performance. Meanwhile the results of this study are only VACA and VAHU which have significant statistical values to explain VAIC^{TM} constructs and also significantly influence financial performance (ROA).

In general, the results of testing this study are relatively the same as the findings of ihyaul ulum (2006) for the case of conventional banking companies in Indonesia. The equation in question is where not all components of VAIC^{TM} have a significant effect on the company's financial performance.

While the results of this study indicate that only VACA and VAHU are statistically significant to explain the construct of VAIC^{TM}, and are significant for explaining the company's financial performance (ROA).

2) Effect of Islamicity Performance Index on Financial Performance (ROA)

From table 4.11 above it can be stated that the Islamicity Performance Index has a significant positive effect on financial performance (ROA). The rationalization that can be given to explain these results is:

First, in five years of observation, the largest financing owned by Islamic banking companies in Indonesia is generated by mudharabah and musyarakah financing. which can be explained that, Islamic banking companies in Indonesia have succeeded in utilizing and maximizing sharia principles, namely the principle of sharing business profits. Based on OJK Sharia Banking statistics, in December 2017 85.85% of Investment Funds owned by Islamic banks in

Indonesia were funded from Mudharabah. This can be interpreted that Islamic banking is quite successful in carrying out programs or principles for the results it has.

Second, if viewed from a community perspective, where the community or sharia banking customers already believe that Islamic banking has sharia principles for good results, customers dare to invest their money in Islamic banking. This is in line with the direction of sharia banking development policy in the direction of OJK wide policy in the year 2017-2022, which is to create a contributing financial service sector towards welfare distribution.

Third, as the principle of the Sharia Commercial Bank in which Islamic Commercial Banks have the principle of benefit, namely all forms of goodness and benefits that have worldly and religious, material and spiritual dimensions. So in addition to sharia banking has responsibility for the principle of elements of economic transactions, Islamic banking also has an obligation for the welfare of the community around the environment, where Islamic banking must have social religious funds including zakat.

From the results of the study, it can be explained that the Islamicity Performance Index has an influence on financial performance, which results support the findings of Pandu et al (2016), and Anita (2016). Which from the results of testing by Pandu et al (2016) which states that, only Profit sharing ratio and Zaka performance ratio that have a significant value on ROA While the results of Anita's study (2016) are only Profit Sharing ratio which statistically significantly influences financial performance (ROA). Meanwhile the results of this study are only Profit Sharing Ratio and Zakat Performance Ratio which have significant statistical values to explain the Islamicity Performance Index and also significantly influence financial performance (ROA).

In general, the results of testing, this study is relatively the same as the findings of Pandu et al (2016) for the case of Islamic banking companies in Indonesia. The intended equation is where not all components of the Islamicity Performance Index have a significant influence on the company's financial performance.

While the results of this study indicate that only the Profit Sharing Ratio and Zakat Performance ratio are statistically significant to explain the construct of the Islamicity Performance Index, and significantly to explain the company's financial performance (ROA).

7. Conclusion

Based on the formulation of the problem, testing the hypothesis and the discussion presented in the previous chapters, it can be concluded that:
1) Intellectual Capital has a positive and significant effect on financial performance. The size of intellectual capital owned will affect the quality of financial performance.
2) Islamicity performance index has a significant positive effect on financial performance. The size of the Islamicity performance index owned will affect the quality of financial performance.

8. Suggestion

Based on the conclusions described above, the author tries to give suggestions that will be given to the next researcher, namely:
1) To the company, it is expected to optimize the performance of Intellectual Capital in an effort to improve the quality of resources owned by the company, optimize the performance of the Islamicity Performance Index as a reference in carrying out sharia principles, and improve Efficiency Cost as a benchmark for the extent to which the banking industry operational activities.
2) The researcher can then add independent variables in the research model, so that more specific research results can be obtained.
3) Further researchers can conduct research not only in the Islamic banking industry sector, but in all sharia industry sectors.

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