International Journal of Business, Marketing, Economics & Leadership (IJBMEL)

E-ISSN: 3048-2887
P-ISSN: 3048-2879

Research Article

Comparative Analysis of Financial Performance of Indonesian Syariah Banks and Malaysian Syariah Banks Based On the GCG (Good Corporate Governance) Approach for the Period 2020-2023

Beti Sri Bakti[1]*, Mukhzarudfa[2], Muhammad Ridwan[3]

[1] Universitas Jambi,Indonesia
e-mail : betisribakti18@gmail.com
[2] Universitas Jambi,Indonesia
e-mail : betisribakti18@gmail.com
[3] Universitas Jambi,Indonesia
e-mail : betisribakti18@gmail.com

* Corresponding Author : Beti Sri Bakti

Abstract: Research This aiming For test and analyze difference performance Indonesian Islamic bank finance with Malaysian Islamic banks seen based on GCG (Good Corporate Governance). GCG (Good Corporate Governance) is assessed using the Board of Commissioners Independent , Ownership Institutional , Ownership Managerial , Foreign Ownership , Audit Committee , Board of Directors and Sharia Supervisory Board . Financial performance measured with Return on Assets (ROA) Ratio . Research This is study quantitative , and the sources of data obtained namely secondary data . Population study This is banking sharia in Indonesia and Malaysia. Research sample totaling 8 banks sharia , 4 Indonesian sharia banks and 4 Malaysian sharia banks with use report finance every year and have complete data with variables used during 2020-2023 . Retrieval sample research determined with purposive sampling technique . Variables dependent in study This is performance finance and variables its independence is is GCG (Good Corporate Governance). The method used is documentation and data analysis using analysis statistics descriptive . The test used is the Shapiro-Wilks normality test and the Mann-Whitney difference test using SPSS test tool . Based on the Mann-Whitney test shows that there is the difference in GCG (Good Corporate Governance) on the DPS (Sharia Supervisory Board) indicator and the ROA (Return on Asset) indicator of Malaysian Islamic banks is greater superior compared to with Islamic banks Indonesia . Research This conclude that GCG (Good Corporate Governance) can increase performance finance and banking ROA (Return on Asset) sharia in Indonesia and Malaysia.

Keywords : Good Corporate Governance; Islamic Banking; Return on Asset

Received: April,16,2025;
Revised: April,30,2025;
Accepted: May,18,2025;
Published: May,20,2025;
Curr. Ver.: May,20,2025;

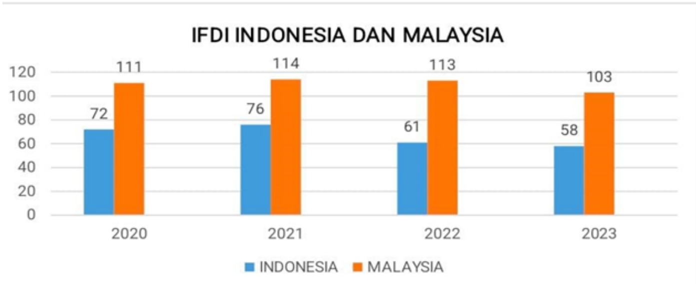
1. Introduction

Indonesia and Malaysia become two countries in the Southeast Asia region that are the mover development system banking and finance sharia , banking sharia as institution Islamic finance has more moral responsibility tall compared to with institution conventional other matter This because of there is values social and values justice that must be fulfilled by banking Sharia (Fauziyah & Wardana, 2022). Basis the existence of Islamic Banks in several countries such as Indonesia and Malaysia, Indonesia has resident Muslim largest in the ASEAN region with amount population of 237.6 million and Malaysia has 19.8 million resident muslim . Population Muslims in Indonesia are equivalent to 86.7% of the total population in Indonesia, while the number in Malaysia is reaching 61.3% of the total population in Malaysia. Population from Indonesia and Malaysia have enough difference significant if seen from existing data (Umar & Haryono, 2022).

Industry finance Indonesian sharia values its development Still under Malaysia but Indonesian values from 2016-2020 continues increase and show development positive in industry finance Indonesian (Puji Tri Wilyani & Sholahuddin, 2024)sharia . According to Hilman(Hilman, 2020) say that Bank Syariah Malaysia in 2020 in stage strengthening assets by 40%. Currently Indonesia can it is said capable compete with Malaysia in occupy position first banking market sharia in Southeast Asia which was previously always occupied by Malaysia. However , Indonesia's product and capital growth are slightly slow If compared to industry Malaysian Islamic banking . This is a contrast with fact that Indonesia's match as a big country with more from 270 million population and less more than 90% of they are Muslims while Malaysia has population around 30 million population and only 60% of they are Muslims (Natalia & Zunaidi , 2021).

During its evolutionary journey, Malaysia's Islamic financial institutions have consistently outperformed their Indonesian counterparts. According to findings released in the Development Assessment Framework for Islamic Finance (DAFIF) study conducted by the Private Sector Advancement Islamic Organization (PSAIO), Malaysia maintains a competitive edge in the Shariah-compliant banking sector, it can be seen that the Malaysian Islamic banking indicator is above the Indonesian Islamic banking indicator (LSEG & ICD, 2023).

Figure 1. Comparison Development of Islamic Banking in Indonesia and Malaysia 2020-2023



Source : Islamic Finance Development Indicator (IFDI) (ICD Refinitiv, 2023)

Figure 1.1 can seen that IFDI value in the sector banking Malaysian sharia always been on top of Indonesia since 2020 to 2023. IFDI sector indicators banking Indonesian and Malaysian sharia experience increase in 2021. Based on information the can known that sector banking Sharia in Indonesia begins experience quite a drop significant .

GIEI (Global Islamic Economic Indicator) Indonesia is still behind Malaysia and its position Malaysia is still in above Indonesia. The problem is, Indonesia has a Muslim population that is more many of the countries in Malaysia are ranked growth banking Indonesian sharia still low . The Future of World Religions & PEW Research Center , estimated that in 2050 the world's Muslims will reach 2.7 billion or 29.7% of the world's total population. Interestingly, 12.7% of the total number of Muslims in the world are Indonesian Muslims, which means that 1 in 10 Muslims in the world are Indonesian Muslims. This is become potential For finance Indonesian sharia for Can more superior in the future (Umar & Haryono, 2022).

The economic viability and fiscal health of banking institutions remains crucial for various stakeholders connected to these financial entities. Among these concerned groups are capital providers, lenders, clients, workforce members, regulatory authorities, and neighboring populations. Considering the extensive range of stakeholders involved, conducting thorough evaluations of banking institutions' operational effectiveness serves as an essential undertaking (Muchlish & Umardani, 2016). In assessing the financial performance of a bank, it can be calculated using several indicators using a risk-based approach. In the essence of GCG (Good Corporate Governance) This needed For bridge connection between investors and management . An effective GCG (Good Corporate Governance) system in a company company will make A management No abuse authority and work for the benefit of company (Destiana, 2022).

research has shown different results from several variables used, resulting in different results between one and another. study This will analyze comparison performance finance between Islamic banks in Indonesia and Malaysia, with focus on GCG (Good Corporate

Governance), research previous only focus on performance finance solely without notice aspect sustainability or impact Islamic banking social , so study moment This more consider aspect sustainability and comparing methodology as well as findings study previously (formerly) with further research new (now) so that researchers are interested in conducting further research on the comparison of the financial performance of Islamic banks in the two countries, namely Indonesia and Malaysia .

2. Preliminaries Work Or Literature Review

Definition of Islamic Bank

The regulatory framework established through Legislation No. 21 enacted in 2008 regarding Shariah-Compliant Financial Institutions provides comprehensive definitions encompassing the Islamic banking ecosystem. This legal foundation characterizes Islamic banking as an integrated system comprising all elements connected to Islamic financial institutions and Shariah Business Divisions, encompassing organizational structures, commercial operations, and methodological frameworks for conducting business in accordance with religious principles. Furthermore, the legislation conceptualizes Islamic banks specifically as financial entities that execute their commercial functions while adhering to faith-based guidelines and principles derived from Islamic jurisprudence and are classified according to their types, consisting of Islamic Commercial Banks and Islamic People's Credit Banks (Andrianto & Firmansyah, 2019) .

Islamic banking is part from Sharia entities that function as financial intermediary institutions are expected to be able to present themselves well compared to other banking systems, namely interest-based banking. A picture of the good and bad of a sharia bank can be recognized through its performance as reflected in the financial report. (Muyasaroh & Hayubi, 2022).

Islamic Banking in Indonesia

Banking began to be known in the era of trade that brought Europe to West Asia . Therefore, the existence of banking is not far from the development of trade, because the banking world is becoming increasingly well-known along with the growth of trade. The Dutch East Indies colonization made Indonesian banking more popular. At the time of Indonesian independence, there were ten banks, although during the colonial period there were only four. In the mid-1970s, the concept of creating an Islamic-compliant financial institution in Indonesia had previously surfaced in academic discourse. Academic conferences hosted by the Social Sciences Research Institute (LSIK) in collaboration with the Bhineka Tunggal Ika Foundation during the mid-1970s (specifically 1974 and 1976) explored this potential development. Nevertheless, the implementation of banking services aligned with Islamic principles faced numerous obstacles and impediments during this period:

1. The operations of Islamic banks that apply the profit sharing principle are not regulated and because they are not in line with the applicable Basic Banking Law, Law No. 14/1967. 172 JURIS Volume 14 Number 2 (July - December 2015) .
2. The concept of Islamic banking from an ideological perspective is part of or related to the concept of an Islamic state, so the government does not want it.
3. The establishment of a new bank from the Middle East is still pending due to several regulations that limit foreign banks that want to have offices in Indonesia. In addition, it is still being asked who will invest in this business.

Financial performance

Understanding Bank Financial Performance

Financial performance company is achievements that have been achieved company in period certain reflect level health company said . For evaluate the company has good quality so can seen from performance financial performance and non - financial performance (Hutabarat , 2020) .

The bank's financial performance is results from report finance company based on rules companies that have determined previously . That with analyze performance finance banking utilise tool analysis finance so that known condition finance company the in condition Good or bad as well as can describe bank performance in the period certain (Cashmere in (Sekarsari & Yuniningsih, 2023).

Objectives of Financial Performance Measurement

Financial performance measurement in corporations serves several critical functions as emphasized by contemporary research (Alif Al Ghifari Pulungan et al., 2023) namely for:

- Evaluate liquidity position - determining an organization's capacity to address immediate financial commitments when payment is requested
- Assess solvency capabilities - measuring an entity's ability to fulfill financial obligations should dissolution occur, encompassing both short-term and long-term financial responsibilities
- Gauge profitability metrics - analyzing the corporation's effectiveness in generating returns during specified timeframes through productive deployment of assets and capital resources
- Determine operational stability - evaluating the organization's capacity to sustain operational continuity while maintaining financial equilibrium, particularly demonstrated through the timely servicing of principal debt obligations and associated interest expenses (Andrianto & Firmansyah, 2019).

GCG (Good Corporate Governance)

(Sefiana) in (Wiji Astuti, 2023), GCG (Good Corporate Governance) constitutes a comprehensive framework that coordinates, directs, and oversees business operations with the dual purpose of enhancing shareholder value while demonstrating conscientious consideration for various interested parties, including workforce members and local communities. According to Bank Indonesia's Regulatory Standard Number 13/1/PBI/2011, assessment of GCG (Good Corporate Governance) elements involves evaluating the caliber of banking management's adherence to fundamental GCG (Good Corporate Governance) tenets. The foundational principles of GCG (Good Corporate Governance) and the evaluation emphasis regarding implementation of these principles are aligned with Bank Indonesia's established guidelines concerning GCG (Good Corporate Governance) implementation for commercial banking institutions, with appropriate consideration given to the distinctive characteristics and operational complexities specific to each banking entity.

Components of GCG (Good Corporate Governance)

GCG (good corporate governance) has two components , namely :

Structure Ownership

Sugiarto (2009) revealed that structure ownership is presentation as well as composition from owner the company which is also holder share company . Ownership ownership bias shares family , ownership managerial , ownership institution , ownership foreign , and ownership government , structure ownership in study This represented by three variable that is ownership managerial , ownership institutional and ownership foreign .

Company Management Structure

The implementation of GCG (Good Corporate Governance) requires structure management For make it easier supervisor . Structure management company in study This in proxy right with the board of directors , independent board of commissioners , audit committee , and supervisory board sharia .

3. Method

Types of research This is study Comparative with approach quantitative which has objective For analyze . According to Wiratha (2006) Research quantitative that is research conducted for testing hypothesis and emphasis his research on numerical data analysis and lean on conclusion the result on a probability . Praise Tri Wilyani & Sholahuddin (Puji Tri Wilyani & Sholahuddin, 2024) say comparative research which means comparing one condition with another condition such as referring to the financial performance of Islamic Banks in Malaysia with Islamic Banks in Indonesia as the population and using financial report data (annual report) of the bank used as a sample.

Study This use population in study This that is all public banks sharia in Indonesia and general banks sharia in Malaysia for the period 2020-2023, where including 18 Islamic banks in Indonesia and 16 Islamic banks in Malaysia. The following This served population from a public bank sharia in Indonesia and general banks Sharia in Malaysia. Retrieval technique sample used in study This is purposive sampling . Purposive sampling is technique taking sample that has consideration special or choice certain . Taking sample done in a way intentionally and appropriately with need as much as sample , so that the sample data obtained more representative (Ghozali , 2020). The sample consisted of 8 banks that met the requirements. criteria sample in study This with term time 4 years observation so that 32 samples were obtained .

Data collection techniques used in study This is technique documentation . The documentation method used For obtain secondary data . The data is in the form of report finance and reports annual period 2020-2023. Data collection was also carried out with gather information from books , journals accounting , and resources others . Secondary data obtained with access the official website http:/www.idx.co.id and annual report from the official website banking .

In research This independent variables and variables dependencies used is as following :

Financial Performance (Y)

Financial performance is assessed by financial ratio analysis. Financial ratio analysis is an activity to analyze financial reports by comparing One account with account other Which There is in report finance . The financial performance used is ROA (Return on Assets).

ROA (Return on Assets) used as measurement company in a way overall For produce profit from all available assets for company . If the ROA (Return on Assets) value more tall means company the more healthy (Masyitah & Harahap , 2018). ROA (Return on Assets) measured with method compare profit clean to total assets company (Fahmi, 2017).

$$\text{ROA}\ \frac{Laba\ Bersih}{Aset\ Total} \text{X } 100\%$$

Variables independent or free is variables that influence , explain or to explain other variables (Nurdin & Dra Sri Hartati, 2019).

GCG (Good Corporate Governance)

GCG (Good Corporate Governance) is linked to institutional ownership, managerial ownership, board of directors, foreign ownership, independent commissioners, audit committee , and supervisory board sharia .

Managerial Ownership

Managerial Ownership represents the equity stake held by executives who are integrated into the company's decision-making apparatus. This metric is operationalized in research by calculating the percentage of total company shares controlled by management personnel relative to the aggregate outstanding shares in circulation (Agatha et al., 2018).

Institutional Ownership

Institutional Ownership encompasses the shareholding positions established by organized financial entities including investment enterprises, banking corporations, insurance organizations, and comparable institutional market participants.

Foreign Ownership

Foreign ownership is the ownership of shares by individuals or companies located abroad.

Board of Directors

The Board of Directors is an important factor in establishing the implementation of GCG (Good Corporate Governance) because its existence determines the final results of the company.

Commissioner Independent

The presence of independent commissioners can be identified within the management structure section of corporate financial statements. For measurement purposes in this research, independent commissioners were quantified by calculating the ratio of independent board members to the total commissioner count within the organization (Agatha et al., 2018).

Audit Committee

A corporate governance structure requires professional and autonomous audit committees as they serve as a crucial safeguard for protecting both stakeholder interests and shareholder entitlements (Agatha et al., 2018). Within this investigation, the audit committee variable was operationalized by determining the total number of individuals serving on the audit committee within the corporate structure.

Sharia Supervisory Board

Supervisory Board (DPS) is agency in charge For supervise and evaluate compliance institution finance sharia , such as sharia banking , insurance sharia , and institutions finance sharia others . The Sharia Supervisory Board is measured by the total number of supervisory boards . sharia in banking .

4. Results And Discussion

Analysis Statistics Descriptive

Descriptive statistics are part from statistics that discuss method collection and presentation of data so easy For understood and produced useful information (Rinaldi dkk, 2020). Descriptive statistical analysis in this study analyzes data by explaining each financial ratio as a proxy for the financial performance of Islamic banks in two countries. The results of the analysis statistics descriptive using the SPSS program version 30.0. The results of the study proven in table 4.1

Table 1. Descriptive

Descriptive Statistics					
Indonesian Islamic Bank	**Variables**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
	DKI	0 ,500	1,000	0 ,67506	0 ,157759
	KI	0 ,047	4,072	1.04256	0 ,843655
	KM	0 ,000	0 ,049	0 ,00719	0 ,016861
	KA	0 ,000	0 ,874	0 ,14413	0 ,243852
	CoA	3	5	3.44	0 ,629
	DD	4	8	5.44	1,094
	DPS	2	3	2.44	0 ,512
	ROA	0 ,008	0 ,433	0 ,08356	0 ,114456
Islamic Bank Malaysia	**Variables**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
	DKI	0 ,500	0 ,750	0 ,60700	0 ,081394
	KI	0 ,016	4,876	1.24906	1.260042
	KM	0 ,000	0 ,005	0 ,00100	0 ,002000
	KA	0 ,000	0 ,364	0 ,08444	0 ,139408
	CoA	3	9	4.38	1,668
	DD	4	8	5.69	1,537
	DPS	3	7	5.31	1,014
	ROA	0 ,016	0 ,258	0 ,11381	0 ,097568

Source : SPSS Data Processing Results

Based on table 4.1 above results calculation statistics descriptive the seen that from 4 banks Indonesian sharia and 4 banks Malaysian sharia for 4 years observation (2020-2023).

ROA (Return on Asset) variable (Y) Indonesian Islamic financial institutions demonstrate a range from 0.008 (minimum) to 0.433 (maximum), with a mean value of 0.08356 and standard deviation reaching 0.114456. In contrast, their Malaysian counterparts exhibit values between 0.016 and 0.258, yielding a higher average of 0.11381 with standard deviation of 0.097568. This statistical evidence suggests Malaysian Islamic banking institutions maintain superior average profitability metrics compared to Indonesian entities.

GCG (Good Corporate Governance) Variable (X)

1. The Independent Board of Commissioners (DKI) metric for Indonesian Islamic financial institutions ranges from 0.500 to 1.000, yielding a mean of 0.67506 with 0.157759 standard deviation. Malaysian counterparts show values between 0.500 and 0.750, with an average of 0.60700 and 0.081394 standard deviation. The analysis reveals Indonesian institutions maintain higher average governance independence metrics compared to Malaysian entities.
2. Regarding Institutional Ownership (KI), Indonesian Islamic banking shows values between 0.047 and 4.072, producing a mean of 1.04256 with 0.843655 standard deviation. Malaysian institutions range from 0.016 to 4.876, resulting in a higher mean value of 1.24906 with 1.260042 standard deviation. This indicates Malaysian institutions typically maintain greater institutional ownership concentration than Indonesian counterparts.
3. For Management Ownership (KM), Indonesian Islamic banks exhibit values from 0.000 to 0.049, averaging 0.00719 with 0.016861 standard deviation. Malaysian institutions range between 0.000 and 0.005, with a lower average of 0.00100 and 0.002000 standard deviation. The evidence suggests Indonesian institutions maintain significantly higher management ownership participation compared to Malaysian entities.
4. The Foreign Ownership (KA) statistics for Indonesian Islamic institutions range from 0.000 to 0.874, averaging 0.14413 with 0.243852 standard deviation. Malaysian counterparts show values between 0.000 and 0.364, with a lower mean of 0.08444 and 0.139408 standard deviation. These figures demonstrate Indonesian institutions typically maintain higher levels of international ownership participation.
5. The Audit Committee (KoA) composition in Indonesian Islamic banks ranges from 3 to 5 members, averaging 3.44 with 0.629 standard deviation. Malaysian institutions show greater variation from 3 to 9 members, with a higher average of 4.38 and 1.668 standard deviation. This indicates Malaysian institutions typically implement more expansive audit oversight frameworks.
6. The Board of Directors (DD) size in Indonesian Islamic financial institutions ranges from 4 to 8 members, averaging 5.44 with 1.094 standard deviation. Malaysian counterparts also range from 4 to 8, but maintain a slightly higher average of 5.69 with 1.537 standard deviation. This demonstrates Malaysian institutions tend toward larger executive leadership structures.
7. The Supervisory Board (SSB) configuration in Indonesian Islamic banks ranges from 2 to 3 members, with a 2.44 average and 0.512 standard deviation. Malaysian institutions demonstrate significantly larger boards ranging from 3 to 7 members, averaging 5.31 with 1.014 standard deviation. This substantial difference reveals Malaysian institutions implement markedly more extensive Shariah supervision frameworks.

Normality Test

Statistical Package for Social Sciences) version 3.0.0 software . for windows . Determining whether or not the distribution of scores is normal is done by using the Shapiro-Wilks Test . The assumption used is if the significance value (sig .) > 0.05 means the data is normally distributed, conversely if the significance (sig .) < 0.05 then the data is not normally distributed. The results of the normality test using the test Shapiro-Wilks is presented in table 4.2 as follows:

Table 2.

Variables	*Kolmogorov-Smirnov* [a]			*Shapiro Wilk*		
	Statistics	df	Sig.	Statistics	df	Sig.
DKI	,170	32	,020	,852	32	<,001
KI	,273	32	<,001	,736	32	<,001
KM	,412	32	<,001	,376	32	<,001

KA	,321	32	<,001	,645	32	<,001
COA	,284	32	<,001	,709	32	<,001
DD	,259	32	<,001	,868	32	,001
DPS	,232	32	<,001	,870	32	,001
ROA	,239	32	<,001	,809	32	<,001

Source : SPSS Data Processing Results

Test of the data in table 4.2 above, it is known that the significance of the DKI , KI , KM, KA, KOA, DD, DPS, and ROA data is 0.0 01 each . The research data has an abnormal data distribution because it has a probability level (p value) smaller than 0.05, so the significance test uses the non-parametric Mann-Whitney test .

Mann Whitney Test

Decision making in testing this hypothesis uses the criteria if Sig. > 0 , 5 then H 1 and H 2 is accepted and H 0 is rejected, whereas if Sig. < 0 , 5 then Ho is accepted and H 1 and H 2 rejected . The results of the Mann-Whitney analysis are presented in table 3 as follows:

Table 3.Mann Whitney Test Results

Variables	Country	Sig. [a,b]	Conclusion
DKI	Indonesia Malaysia	0 ,254 [c]	There is no difference
KI	Indonesia Malaysia	0 ,897 [c]	There is no difference
KM	Indonesia Malaysia	0 ,956 [c]	There is no difference
KA	Indonesia Malaysia	0 ,752 [c]	There is no difference
COA	Indonesia Malaysia	0 ,119 [c]	There is no difference
DD	Indonesia Malaysia	0 ,809 [c]	There is no difference
DPS	Indonesia Malaysia	<,001 [c]	There is difference
ROA	Indonesia Malaysia	0 , 037 [c]	There is difference
a. The significance level is .050.			
b. Asymptotic significance is displayed.			
c. Exact significance is displayed for this test.			

Source : SPSS Data Processing Results

The results of the Mann Whitney test calculations above can outlined as following :

(1) Board of Commissioners Indicators Independent (DKI), based on results Mann Whitney test calculation is known that mark significant of 0.254 > Alpha 0.05. On the Board of Commissioners indicator Independent (DKI) no there is significant difference .

(2) Indicator Ownership Institutional (KI), based on results Mann Whitney test calculation known that mark significant of 0.897 > Alpha 0.05. On the indicator Ownership Institutional (KI) no there is significant difference .

(3) Indicator Ownership Managerial (KM), based on results Mann Whitney test calculation known that mark significant of 0.956 > Alpha 0.05. On the indicator Ownership Managerial (KM) no there is significant difference .

(4) Indicator Foreign Ownership (KA), based on results Mann Whitney test calculation known that mark significant of 0.752 > Alpha 0.05. On the indicator Foreign Ownership (KA) does not there is significant difference .

(5) Indicator Foreign Ownership (KOA), based on results Mann Whitney test calculation known that mark significant of 0.119 > Alpha 0.05. On the indicator Foreign Ownership (KOA) does not there is significant difference .

(6) Board of Directors (DD) indicators , based on results Mann Whitney test calculation known that mark significant of 0.809 > Alpha 0.05. In the Board of Directors (DD) indicator , there is no there is significant difference .

(7) Sharia Supervisory Board (DPS) indicators , based on results Mann Whitney test calculation known that mark significant equal to 0 , 001 < Alpha 0.05. But the Sharia Supervisory Board (DPS) indicators are there significant difference . then H0 is rejected

. so that can concluded that Hypothesis 1 is accepted because That there is significant difference seen from GCG (Good Corporate Governance) indicators .

(8) ROA (Return on Asset) indicator , based on results Mann Whitney test calculation is known that mark significant equal to 0 , 037 < Alpha 0.05 then H 0 is rejected so that can concluded that Hypothesis 2 is accepted . Therefore That there is difference performance significant financial seen from ROA (Return on Assets) indicator .

6. Results And Discussion

Based on results study discussed above , so that can obtained conclusion end from study related comparison performance banking sharia in Indonesia and Malaysia based on GCG (Good Corporate Governance) for the 2020-2023 period as following :

1. On the side of GCG (Good Corporate Governance) The first research hypothesis states that there is a difference between the GCG (Good Corporate Governance) indicators on the financial performance of Indonesian and Malaysian Islamic banks. Based on statistical testing, it shows that the first research hypothesis is proven. Based on the results of the Mann Whitney test which shows the significance of the DKI indicator 0.254 > 0.05 , on the KI indicator 0.897 > 0.05 , on the KM indicator 0.956 > 0.05 , on the KA indicator 0.752 > 0.05, on the KOA indicator 0.119 > 0.05, on the DD indicator 0.809 > 0.05, but on the DPS indicator the value significance 0.001 < 0.05 . that there were differences in GCG (Good Corporate Governance) between Indonesian Islamic banks and Malaysian Islamic banks .
2. the ROA (Return on Asset) side , the second research hypothesis states that There is a difference between the ROA (Return on Asset) indicator in the financial performance of Indonesian and Malaysian Islamic banks. Based on statistical testing, it shows that the second research hypothesis proven. Based on the results of the Mann Whitney test which shows the significance of the ROA (Return on Asset) indicator 0.037 < 0.05 that It was found that there was a difference in ROA (Return on Asset) between Indonesian Islamic banks and Malaysian Islamic banks.

Conclusion

Based on the research findings and discussions, it can be concluded that there are notable differences in the implementation of Good Corporate Governance (GCG) and Return on Assets (ROA) between Indonesian and Malaysian Islamic banks. Although the statistical analysis using the Mann-Whitney test shows no significant differences in most GCG indicators (DKI, KI, KM, KA, KOA, DD), a significant difference was found in the DPS (Dewan Pengawas Syariah) indicator. Furthermore, descriptive statistics indicate that Malaysian Islamic banks exhibit a higher average GCG score, suggesting better governance practices compared to their Indonesian counterparts. In terms of ROA, the Mann-Whitney test confirms significant differences between the two countries, with Malaysian Islamic banks showing a higher average ROA. This suggests that Malaysian Islamic banks are more effective in generating profits from their assets than Islamic banks in Indonesia.

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