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Comparative Study between Conventional and Islamic Banks during Pandemic Covid-19

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Abstract
The banking industry is one of the financial industries that plays a very important role in maintaining the stability of the Indonesian economy. Since the COVID-19 outbreak, economic activity has caused many individuals to wonder how Indonesia's banking sector is doing. The purpose of this study is to compare the credit resilience of Islamic and conventional banks. A dummy multiple regression analysis is the analysis technique utilized to compare the COVID-19 pandemic's pre and post-epidemic conditions. CAR, FDR/LDR, NPF/NPL, and COVID-19 pandemic as a dummy are the variables employed. Islamic and conventional banking firms listed on the Indonesian Stock Exchange make up the study's population. The COVID-19 pandemic dummy variable and the FDR variable, however, have a marginally minor effect on Islamic banking. The COVID-19 and CAR are having a major and favorable impact on conventional banking.
Keywords: credit resilience; covid 19; Islamic banks; conventional banks

Abstrak
Industri perbankan merupakan salah satu industri keuangan yang berperan sangat penting dalam menjaga stabilitas perekonomian Indonesia. Sejak wabah COVID-19 membuat banyak orang bertanya-tanya bagaimana kinerja sektor perbankan Indonesia. Tujuan dari penelitian ini adalah untuk membandingkan ketahanan kredit bank syariah dan konvensional. Analisis regresi berganda dummy adalah teknik analisis yang digunakan untuk membandingkan kondisi sebelum dan sesudah pandemi COVID-19. CAR, FDR/LDR, NPF/NPL, dan pandemi COVID-19 sebagai dummy adalah variabel yang digunakan. Perusahaan perbankan syariah dan konvensional yang terdaftar di Bursa Efek Indonesia merupakan populasi penelitian. Namun, variabel dummy pandemi COVID-19 dan variabel FDR memiliki pengaruh yang kecil terhadap perbankan syariah. COVID-19 dan CAR berdampak besar dan menguntungkan bagi perbankan konvensional.
Kata kunci: ketahanan kredit; covid-19; bank Islam; bank konvensional

INTRODUCTION

In terms of the economy, health, tourism, and other areas, Indonesia is one of the nations that has been impacted by the COVID-19 epidemic. There were 14,836 fatalities and 448,118 positive COVID-19 test results on November 11, 2020, according to the Task Force for Handling COVID-19 (2020). The economic sector is one of those most impacted, right after the health sector. Bambang Brodjonegoro, Minister of Research and Technology, reaffirmed this claim, saying that the COVID-19 epidemic had its greatest impact in September 2020, when the poverty rate was expected to climb and threaten to reach 26.42% (Machmudi, 2020).

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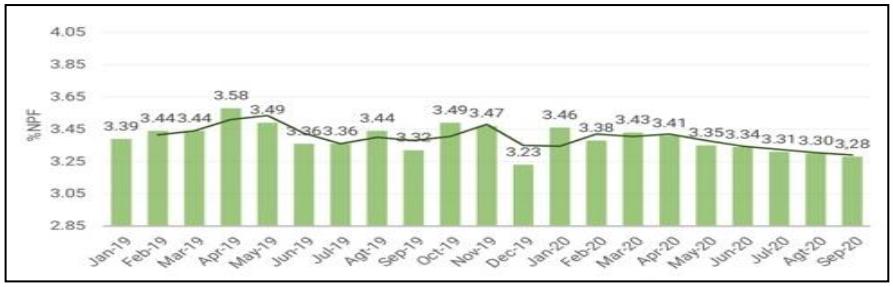
Krishnamurti and Lee (2014) argue that, given their importance, developing economies should be concerned about the resilience of the banking system, both Islamic and conventional. According to the Financial Services Authority (2017), the major job of Indonesian banking is to collect and channel public funds, as well as to support national development and its outcomes, national stability, and economic progress in order to improve people's lives. One of the vital industries that was impacted by the COVID-19 pandemic and led the government to support it is the financial sector, which is part of the banking industry. This is evidenced by the 2020 State Budget (APBN) and steps taken by Bank Indonesia (BI) with IDR 501.54 T or 42.81% of the IDR 695.20 T budgeted for business incentives, corporate financing, and MSMEs correlation for debt payments in banking. Meanwhile 29.32% for social protection, and 27.87% for health (Suhartoko, 2020). Through an analysis of bank credit resilience, it is possible to ascertain the state of Islamic or conventional banking, particularly during times of crisis. This is due to the fact that bank credit's resilience can be used as a benchmark in transactions in the banking industry, where this is associated with banking's primary function of serving as an intermediary institution for lending.

The Non-Performing Loan (NPL) percentage, a well-known phenomenon in banking today, is expected to rise significantly in 2020. Given the importance of the topic, the dependent variable in this study is Non-Performing Loan (NPL) (/) Non-Performing Funding (NPF). NPL (/) NPF can be used as a benchmark to determine the durability of bank credit, according to Yudistira's research from 2017. Because the public frequently deals with both conventional and Islamic banking, those two categories are chosen for this study. In order to gain insight into how the community uses financial services during crises—in this example, the COVID-19 pandemic—the research's findings should be put to good use.

LDR (Loan to Deposit Ratio) and Financing to Deposit Ratio (FDR) as independent variable, was chosen because it correlates with the dependent variable of this study, NPL (/) NPF. According to Faiz (2010), the appointment of the LDR (/) FDR is necessary to determine the NPL (/) NPF, which can lead to bank failure. In other ways, it is strengthened by the vulnerable nature of the LDR (/) FDR, where a high LDR (/) FDR carries a high risk of bad credit and a low LDR carries a high risk of an underdeveloped real sector. Meanwhile, the importance of increasing the CAR (Capital Adequacy Ratio) ratio as an independent variable stems from the fact that capital adequacy is an important support for banks in developing banking businesses and accommodating the risk of failure (Sutanto & Umam, 2013).

If the LDR (/) FDR, CAR, and NPL (/) NPF are not taken into account, the bank will fail to perform its function as a good intermediary institution. The table below shows Islamic banking financing in 2019-2020, as reflected in Non-Performing Finance (NPF) (SPSS, 2021).

Graph 1. NPF on Islamic Banks



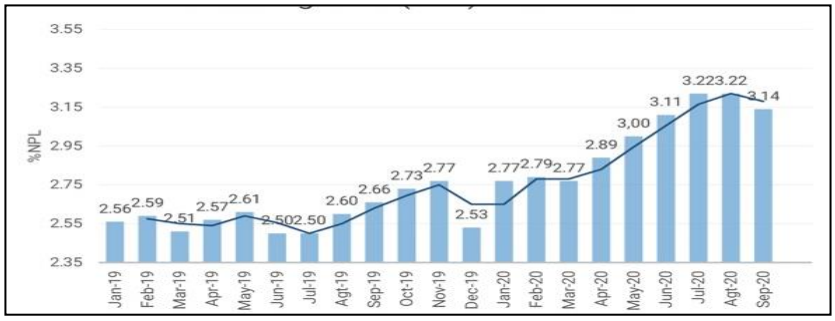
Source: Islamic Banking Statistics, (2020).

Based on the information from Sharia Banking Statistics (2020) mentioned above, it can be seen that the Non-Performing Finance (NPF) figures in Islamic banking are unbalanced between January 2019 and September 2020. In 2019, the highest NPF rate was 3.58% in April, implying that the credit situation is not favorable. Meanwhile, the finest NPF percentage was 3.23% in

December. The worst NPF in 2020 occurred in January, with 3.46%, while the best occurred in September, with 3.28%, but this best figure is still not better than the previous year. With a percentage of 5%, the lower the NPF number, the better.

In her study entitled Comparison of Credit Performance and Resilience between Conventional Banking and Islamic Banking, Elisa and Busneti (2015) explained that a high LDR indicates an increasingly risky bank liquidity. However, the lower the LDR, the less effective banks are at lending. Elisa and Busneti (2015) investigated bank credit resilience using LDR and CAR ratios as independent variables and NPL as the dependent variable. The ratio of conventional banking non-performing loans, as described by NPL in 2019-2020, is shown below, and it continues to rise, though it fluctuates, but it is still not in good shape.

Graph 2. Non-Performing Loan (NPL)



Source: Indonesian Banking Statistics (2020)

This graph demonstrates that the state of the credit quality, which is represented by the NPL figure in the overall banking industry, is fluctuating. In 2019, the highest figure was 2.77% in November, indicating a worsening picture for the world of credit for traditional banking. While the lowest figure in 2019 was 2.50% in June and July, this indicates favorable conditions. However, when looking ahead to 2020, the NPL figure increased and decreased in March and September. At the time, the highest NPL reached 3.22% in July and August, indicating a worsening credit situation, while the best conditions were in January and March, which occupied 2.77%. Despite this, the NPL condition in 2019 was still much better than in 2020, which increased significantly from December 2019 to January 2020.

The formation of the Credit Resilience equation during the COVID-19 Pandemic [Islamic Banking] in this study consists of the dependent variable, NPF, and the independent variables, FDR and CAR. During the COVID-19 Pandemic [Conventional Banking], the Credit Resilience equation is composed of the dependent variable, NPL, and the independent variables, LDR and CAR. The COVID-19 pandemic period is used as a dummy variable because one of its qualitative characteristics has the potential to influence the study's dependent variable, namely NPL/NPF) as a representation of the equation of bank credit resilience.

CAR and NPF

CAR stands for capital figures, and each bank is determined by a minimum of 8%. (Bank Indonesia, 2014). One of the most crucial components of a bank is its capital, as the condition of the bank's capital adequacy is one of the things that affects the public's confidence in its operations (Layaman, 2016). Elisa and Busneti (2015) confirm in his research that CAR has a significant effect on the NPF. Similar to what Arum (2016) and Lidyah (2016) stated, CAR had a significant effect on NPF.

H_0: CAR has no significant effect on < 0.05 on NPF

H_1: CAR has a significant effect on < 0.05 on NPF

FDR and NPF

Elisa and Busneti (2015) explained that FDR is the ratio obtained from the total amount of financing disbursed by the bank to the funds received by the bank. Elisa and Busneti (2015) also noted in his research that NPF as the dependent variable and FDR as a significant independent variable in looking at the credit resilience of Islamic banking. Faiz (2010) and Rosidah (2017) confirmed in his research entitled Sharia Banking Credit Resilience Against the Global Financial Crisis, that the large amount of financing disbursed/FDR had a significant and negative effect on NPF.

H_0: FDR has no significant and negative effect on < 0.05 on NPF.

H_1: FDR has a significant and negative effect on < 0.05 on NPF.

CAR and NPL

Capital calculated on the CAR ratio is used to measure the ability of banks to bear risks that have the potential to occur, banks with high risks will be more solvent, and vice versa. Shafira et al., (2016) found that CAR, a ratio that shows the number of capital adequacy and becomes a variable that affects the resilience of bank credit. Elisa and Busneti (2015); Anwar and Sunaenah (2016); Astrini et al. (2018) mention that the CAR has a significant simultaneous effect NPL

H_0: CAR has no significant effect on < 0.05 on NPL.

H_1: CAR has a significant effect on < 0.05 on NPL.

LDR and NPL

LDR is used as an indicator in assessing the level of vulnerability in banks, even LDR is said to have the function of being an indicator of banking intermediation. Faiz (2010) said that NPL is highly dependent on the size of the LDR (negative), and NPL was affected by events during the 2008 global financial crisis. Arniati et al. (2018); Barus and Erick (2016) argue that LDR is a significant variable related to NPL related to resilience. conventional banking credit, which was studied using the VAR model.

H_0 : LDR has no significant effect on < 0.05 on NPL.

H_1: LDR has a significant effect on < 0.05 on NPL.

RESEARCH METHODS

This study uses dummy multiple regression analysis. Dummy or qualitative variables indicate the presence and absence of certain things or attributes (Ghozali, 2014). This study aims to determine the credit resilience of Islamic and conventional banking during the COVID-19 pandemic.

The sample selection technique in this study is nonprobability sampling with purposive sampling method. The sample criteria used in this study are as follows: 1). Syariah banking: a). Islamic banking was listed on the Indonesia Stock Exchange (IDX) during the study period, namely 3 quarters before and 3 quarters during the COVID-19 pandemic, b). Banking recorded in Islamic Banking Statistics (SPS) during the study period, and c). Banking that provides complete information needed in research.

Table 1. Sharia Banking Sample List

No.	Banking Name
1.	PT Bank Muamalat Indonesia
2.	PT Bank Victoria Syariah
3.	Bank BRI Syariah
4.	B.P.D. Jawa Barat Banten Syariah
5.	Bank BNI Syariah
6.	Bank Syariah Mandiri

No.	Banking Name
7.	Bank Syariah Mega Indonesia
8.	Bank Panin Syariah
9.	PT Bank Syariah Bukopin
10.	PT BCA Syariah

Source: SPS (2020)

Conventional Banking: a). Conventional banking was listed on the Indonesia Stock Exchange (IDX) during the study period, namely 3 quarters before and 3 quarters during the COVID-19 pandemic, b). Banks listed in the Infobank15 Index on the Indonesia Stock Exchange (IDX) during the study period, and c). Banking that provides complete information needed in research.

Table 2. Conventional Banking Sample List

No.	Banking Name
1.	Bank Central Asia Tbk.
2.	Bank Negara Indonesia (Persero) Tbk.
3.	Bank Rakyat Indonesia (Persero) Tbk.
4.	Bank Danamon Indonesia Tbk.
5.	BPD Jawa Barat dan Banten Tbk.
6.	BPD Jawa Timur Tbk.
7.	Bank Mandiri (Persero) Tbk.
8.	Bank CIMB Niaga Tbk.
9.	Bank Permata Tbk.
10.	Bank Mega Tbk.
11.	Bank Pan Indonesia Tbk.

Source : www.idx.co.id (2019-2020)

RESULTS AND DISCUSSION

Goodness of Fit Test

One measure of goodness of fit is the coefficient of determination. The coefficient of determination test is divided into 2 methods of measurement, namely R - Square and Adjusted R - Square. This study uses the Adjusted R-Square coefficient of determination because it uses more than one independent variable. The value of the coefficient of determination is between the numbers 0-1, the closer to number 1, the ability of the independent variable to explain the dependent variable. This test is a test that measures the ability of the model to explain the variation of independent variables on the dependent variable (Bahri, 2018).

Table 3. *Coefficient of Determination* Islamic Banking

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.622[a]	.386	.353	1.15689

a. Predictors: (Constant), Lag_Z, Lag_X2, Lag_X1

Source : Output SPSS

According to the data shows an Adjusted R - Square value of 0.353, which is equivalent to 35.3%. This means that independent variables explain 35.3% of the dependent variable, with the remaining (100% - 35.3% = 64.7%) explained by variables outside the model. The data has a standard error of estimate (SEE) of 1.15689. The Standard error of the estimate (SEE) Standard

Deviation (STD) is then calculated to be 1.15689 1.43814, indicating that the predictors for the independent variables are correct (Sarwono in Bahri, 2018). Then the CAR, FDR, and COVID-19 pandemic dummy used to predict the NPF (the dependent variable) are correct.

Table 4. Coefficient of Determination Conventional Banking

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.364[a]	.132	.090	.62940

a. Predictors: (Constant), Lag_Dummy, Lag_X1, Lag_X2

Source : Output SPSS

The data shown above has an Adjusted R - Square value of 0.090, which is equal to 9%. This means that the independent variables can explain 9% of the dependent variable, while the remaining (100% - 9% = 91%) can be explained by variables outside the model.

For the above data, the Standard Error of the Estimate (SEE) is 0.62940. The Standard error of the estimate (SEE) Standard Deviation (STD) is then calculated to be 0.62940 0.63100, indicating that the predictors for the independent variables are correct (Sarwono in Bahri, 2018). Then the CAR, LDR, and COVID-19 pandemic dummy used as predictors of NPL (the dependent variable) are correct.

Table 5. Uji F Islamic Banking

ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	46.346	3	15.449	11.543	.000[a]
Residual	73.612	55	1.338		
Total	119.958	58			

a. Predictors: (Constant), Lag_Z, Lag_X2, Lag_X1

b. Dependent Variable: Lag_Y

Source : Output SPSS

Based on the information provided above, a significance value of 0.000 is calculated. A significance value of 0.05 was obtained, indicating that H0 is rejected and H1 is accepted, implying that the independent variables affect the dependent variable simultaneously. If the df/degree of freedom (n1) = k - 1, then df/degree of freedom (n1) = 3 - 1 = 2, whereas df (n2) = n - k = 59 - 3 = 56. So the number f table is 2.77, with a probability/alpha of 0.05. As a result, 11,543 > 2.77 is obtained, indicating that the independent variables influence the dependent variable at the same time.

Table 6. Uji F Conventional Banking

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.530	3	.843	3.161	.031[a]
	Residual	16.008	60	.267		
	Total	18.538	63			

a. Predictors: (Constant), Lag_Z, Lag_X1, Lag_X2

Source : Output SPSS

From the information presented above, a significance value of 0.031 is calculated. So, the significance value is 0.05, indicating that H0 is rejected and H1 is accepted, implying that the independent variables affect the dependent variable concurrently. If the df/degree of freedom (n1) = k - 1, then df/degree of freedom (n2) = n - k = 65 - 3 = 62. So the f table number is 2.75, with a probability/alpha of 0.05. As a result, 3.161 > 2.75 is obtained, indicating that the independent variables influence the dependent variable simultaneously.

Bahri (2018) explain the t test can also be assessed through the influence of the level of significance as follows :

Table 7. T test Islamic Banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.152	.634		3.394	.001
	Lag_X1	-.137	.028	-.536	-4.910	.000
	Lag_X2	.019	.011	.189	1.749	.086
	Lag_Z	.433	.586	.079	.738	.463

a. Dependent Variable: Lag_Y

Source : Output SPSS

The significance value for each independent variable is calculated using the data presented above. The CAR variable has a 0.000 significance value. So, the significance value is 0.05, so H0 is rejected and H1 is accepted, implying that the CAR variable affects the NPF variable individually. While the FDR variable is significant at 0.086, the COVID-19 pandemic dummy variable is significant at 0.463. As a result, FDR and the COVID-19 pandemic have no effect on NPF.

If the df/degree of freedom of Islamic banking is known to be 55. As a result, the t table is -1.67303 with a probability/alpha of 0.05. Thus, the CAR variable's t count and t table are -4.910 > -1.67303, which means that the independent variable CAR has a one-to-one relationship with NPF. The t counts for the FDR variable and the COVID-19 pandemic dummy are 1,749 and 0,738 respectively. As a result of 1.749 > 1.67303 and 0.738 1.67303, FDR has an individual effect on NPF, whereas the COVID-19 pandemic has no individual effect on NPF.

Table 8. T test Conventional Banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.566	.530		1.067	.290
	Lag_X1	.063	.031	.253	2.012	.049
	Lag_X2	.003	.007	.053	.418	.677
	Lag_Z	.531	.244	.267	2.174	.034

a. Dependent Variable: Lag_Y

Source : Output SPSS

On the basis of the aforementioned data, the significance value for each independent variable is determined. The CAR variable is significant at 0.049. So, the significance value is 0.05, so H0 is rejected and H1 is accepted, implying that the CAR variable affects the NPL variable individually. While the LDR variable has a significance value of 0.677 > 0.05, indicating that it has no significant effect on NPL, the COVID-19 pandemic dummy variable has a significance value of 0.034 0.05, indicating that it has a significant effect on NPL.

If the t table value is 1.67065 and the probability/alpha is 0.05. As a result, the obtained t arithmetic t table for the variable CAR is 2.759 > 1.67065, implying The independent variable CAR has a significant effect on the NPL individually. While the t count of the LDR variable is 0.418, the result is 0.418 1.67303, indicating that LDR has no effect on NPL individually. In contrast to the COVID-19 pandemic dummy, which has a t count of 2.174, the result is 2.174 > 1.67303, indicating that the COVID-19 pandemic has an individual significant effect on NPL.

CAR Against NPF

This study shows that the greater the capital owned, the smaller the chance of NPF receivables, the smaller. The higher the CAR ratio / capital adequacy rate owned by the bank, the more capable it is to become a forum for overcoming bank losses from non-performing financing. This indicates that the condition of Islamic banking credit resilience is good because it has not been overthrown by the COVID-19 pandemic, so it can be said that the conditions are almost the same as the period before the COVID-19 pandemic.

CAR (Capital Adequacy Ratio) is the ratio of the capital adequacy ratio which shows the ability of banks to prepare funds to be used to overcome the risk of loss. CAR (Capital Adequacy Ratio) needs to be maintained at a safe percentage limit, which is at least 8%, because this indirectly maintains overall financial system stability and protects customers

From the results of research conducted with a dummy multiple regression model in Islamic banking, it was found that the independent variables including CAR (Capital Adequacy Ratio) had a simultaneous and significant effect on the dependent variable, NPF, which represented the resilience of Islamic banking credit.

The results of this study are in line with Elisa and Busneti (2015) in her research, who concluded that CAR has a significant effect on NPF. Not only that, the results of the study are also in accordance with Arum's (2016) statement, which states that CAR has a significant effect on NPF. So it can be concluded that H_0 is rejected and H_1 is accepted, CAR has a significant effect on α <0.05 on NPF.

The discussion above shows the significant contribution of the influence of CAR (Capital Adequacy Ratio) on credit resilience, which is represented by the NPF in Islamic banking. The COVID-19 pandemic has not had a partial impact on the field of sharia banking, so that the condition of CAR for NPF is not so affected by the conditions of the COVID-19 pandemic.

FDR against NPF

Every change in FDR is not always followed by an increase or decrease in NPF, this is due to an increase in the amount of financing which does not necessarily affect the quality of the financing instalments. When the financing that is distributed is high value, it is not certain that the instalments to the bank are of good value. FDR (Financing to Deposit Ratio) is a ratio that shows the ability of Islamic banks to maintain liquidity (Dinnuriah and Hanafi, 2018). Elisa and Busneti (2015) explains that FDR (Financing to Deposit Ratio) is the ratio obtained from a number of financing provided and channelled by banks with funds received by the bank. In previous research, FDR was used as one of the elements involved in determining the resilience of Islamic banking credit.

The results of this study indicate that the FDR individually has an effect, but not significantly, on NPF. Similar but slightly different from Faiz (2010), who stated in his research entitled Islamic Banking Credit Resilience Against the Global Financial Crisis, that FDR (Financing to Deposit Ratio) has a negative and significant effect on NPF. However, it is natural when there is a difference, because of the different research conditions. So that H0 is accepted and H1 is rejected, FDR has no significant and negative effect on NPF.

The discussion above shows that the contribution of the influence given by the FDR is not so significant on credit resilience (which is represented by the NPF in Islamic banking). The COVID-19 pandemic has not had a partial effect on Islamic banking, so that the FDR (Financing to Deposit Ratio) condition of the NPF is not so influenced by the conditions of the COVID-19 pandemic. Simultaneously, this indicates good Islamic banking credit resilience because it is not so afected by the COVID-19 pandemic.

CAR Against NPL

Based on the research results, it can be concluded in conventional banks that the higher the CAR / capital owned by the bank, the greater the opportunity for credit that can be distributed to the public. In conventional banks, the COVID-19 pandemic has an impact on NPLs. So that the condition of bank credit resilience during the COVID-19 pandemic was not very good, due to the increase in non-performing loans.

CAR (Capital Adequacy Ratio) is the ratio of capital adequacy obtained from the total capital distributed by Risk Weighted Assets (RWA). CAR serves to see the ability of banks to manage capital and minimize losses that may occur. CAR contributes to banking in terms of capital ratios, without a strong capital base, banks can easily be swayed.

From the results of research conducted with a dummy multiple regression model in conventional banking, it was found that the independent variables including CAR had a simultaneous and significant effect on the dependent variable, NPL which reflected the resilience of conventional banking credit. In accordance with research conducted by Shafira et al. (2016), that the CAR has a significant effect simultaneously on Non-Performing Loans (NPL). So it can be concluded that H_0 is rejected and H_1 is accepted, CAR has a significant effect on α <0.05 on NPL. In other respects, CAR also has an individual and significant impact on NPL.

This discussion shows the contribution of the influence of CAR on credit resilience (which is represented through NPLs in conventional banking). The COVID-19 pandemic has a partial impact on the world of Islamic banking, so that the condition of CAR for NPL is affected by the conditions of the COVID-19 pandemic.

This indicates that conventional banking credit resilience is not the same as Islamic banking. Where conventional banks are affected by the impact of the COVID-19 pandemic, thus impacting the resilience of bank credit, which is reflected in the NPL.

LDR Against NPL

A high LDR does not necessarily increase the NPL value. The COVID-19 pandemic variable has a significant effect on NPLs, this happens because external factors have a big influence on conventional banks, where the interest system applied by banks makes conventional banks bear the risk independently, while the pandemic makes it more difficult for people to pay instalments. So that the increasing period of the COVID-19 pandemic had an impact on increasing NPLs as a representation of bank credit resilience.

LDR (Loan to Deposit Ratio) is a ratio that aims to measure the ability of conventional banks to meet short-term liabilities (liquidity). LDR can be reflected in the customer who will make a withdrawal of money. If the bank is unable to return the customer's money to be withdrawn, the banking situation is not okay. A high LDR indicates weak bank liquidity in meeting short-term obligations, while a low LDR indicates low bank acceleration.

This research shows that LDR as an independent variable has a significant effect simultaneously on NPL. However, partially LDR has no significant effect on NPL. This is in line with the statement of Shafira et al. (2016), which resulted in research that the Loan to Deposit Ratio (LDR) has a significant effect on Non-Performing Loans (NPL) simultaneously. However, starting with the research of Faiz (2010), which resulted in research that LDR was a significant variable related to NPLs related to conventional banking credit resilience, which was examined using the VAR model. So it can be concluded that if individually H_0 is accepted and H_1 is rejected, that is, LDR has no significant effect at $\alpha < 0.05$ on NPL.

The independent variable in Islamic banking in this study is able to explain 35.3% of the dependent variable, while the rest is explained by variables outside the model. The COVID-19 pandemic does not have a strong influence to shake the credit resilience of Islamic banking. So that people can safely use Islamic banking services in transactions, because of their ability to survive in times like this.

The independent variable in conventional banking used in this study, explains 9% of the dependent variable (NPL). The rest is influenced by variables outside the regression model. The COVID-19 pandemic has had a sufficient effect on conventional burden, so that banks must be more able to strengthen their strongholds during the COVID-19 pandemic. However, the public is still at safe limits in using conventional banking services, due to pandemic conditions that have not destroyed bank resilience.

CONCLUSION

The condition of Islamic banking credit resilience during the COVID-19 pandemic is not much different from the conditions before the COVID-19 pandemic. In Islamic banking, CAR (Capital Adequacy Ratio) is a variable that has a simultaneous and significant effect. However, it is partially negative towards NPF (Non Performing Finance). The COVID-19 pandemic dummy variable does not have a significant effect on Islamic banking, so that the CAR (Capital Adequacy Ratio) can be maintained.

Contrary, the condition of credit resilience at conventional banks during the COVID-19 pandemic was not very good. This happens because external factors have a big influence on conventional banks, where the interest system applied by banks makes conventional banks bear the risk independently, while the pandemic makes it more difficult for people to pay instalments.

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