

The Effect Of Zakat Performing Ratio On Financial Performance Of Sharia Commercial Banks Moderated By Sharia Banking Company Size (Study on Islamic Commercial Banks 2016-2020 Period)

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ABSTRACT

This study aims to determine the effect of the Shariah Compliance (Islamic Income Ratio, Profit Sharing Ratio, Zakat Performance Ratio) and Islamic Social Reporting on Financial Performance with Company Size as a Moderation Variabel in Islamic Commercial Banks for the 2016-2020 period. This type of research is a quantitative research using secondary data in the form of panel data and using Moderated Regression Analysis as data analysis. The data that has been obtained is then processed using the E-views 9 application tool. Based on the results of this study shows that the Islamic Income Ratio (IsIR) variable has a positive and insignificant effect on Financial Performance, Profit Sharing Ratio (PSR) has a positive and insignificant effect on Financial Performance, Zakat Performance Ratio (ZPR) has a positive and significant effect on Financial Performance, Islamic Social Reporting (ISR) has a negative and insignificant on Financial Performance, and Company Size has a positive and insignificant on Financial Performance. Company Size can moderate the effect of Zakat Performance Ratio (ZPR) but is unable to moderate the effect of Islamic Income Ratio (IsIR), Profit Sharing Ratio (PSR), and Islamic Social Reporting (ISR) on Financial Performance.

Keywords: *Company Size, Financial Performance, Islamic Social Reporting, Shariah Compliance*

1. Introduction

In the last five years, the development of Islamic banking in Indonesia continues to show a positive trend, based on data from the Financial Services Authority (OJK) as of December 2020, Islamic banking in Indonesia grew positively by 13.11% or Rp. 608.90 trillion. This is greater than in the previous year, 2019, wherein that year the growth of Islamic banking was at 9.93% or Rp 538.32 trillion. The market share of Islamic banking in December 2020 was 6.51% of conventional banks. This proportion consists of 65.21% Sharia Commercial Banks, 32.33% Sharia Business Units, and 2.46% Sharia Rural Banks.

Based on data from Islamic banking statistics released by the OJK, the ROA value of Islamic Commercial Banks in 2016 was recorded at 0.63%, the following year 2017 the value was still the same, in 2018 it increased to 1.59%, in 2019 it increased to 1.73%, while in 2020 it decreased by 0.33% to 1.40%. To improve the performance of Islamic banking, there are two influencing factors, first, namely, the Islamicity Disclosure Index which consists of the Social Environment, Corporate Governance, and Shariah Compliance. The second is the Islamicity Performance Index which consists of Islamic Investment, Director Employee Welfare, Equitable Distribution, Islamic Income, Profit Sharing, and Zakat Performance (Sabirin, 2018). Based on this, Shariah Compliance is one of the indicators that affect financial performance. Sharia compliance is important given the increasing public awareness of sharia rules and principles (Nasution, 2018).

In addition, the company's financial performance can be influenced by Corporate Social Responsibility (CSR) or social responsibility (Magdalena et al., 2018). In fulfilling reporting on social responsibility on a sharia basis, Muslims develop rules that are by Islamic values and teachings known as Islamic Social Reporting (ISR) (Sutapa & Hanafi, 2019). ISR is widely discussed because of the need to disclose the social performance of Islamic banking (Hadinata, 2019). This Islamic Social Reporting needs to be disclosed amid the increasingly

advanced development of Islamic banking. This is to meet the needs of interested parties regarding certain information, for example to find out whether Islamic banking operational activities have been running in accordance with principles and Islamic law or not.

The current development of Islamic banking is also accompanied by the increasing size of the Islamic bank itself. This can be observed through the magnitude of the total asset value of Islamic banks in the last five years. Where according to data from the OJK, the total value of Islamic banking assets in Indonesia in 2016 the total value of Islamic banking assets in Indonesia was IDR 365.6 trillion, in 2017 was IDR 435.02 trillion, 2018 was IDR 489.69 trillion, 2019 rose to IDR. 538.32 trillion, and in 2020 it will increase to Rp. 608.90 trillion. This indicates that the size of Islamic banking in Indonesia continues to increase, the value of the total assets of an Islamic banking shows how big the size of the company is.

Lestari's (2020) research shows Shariah Compliance as measured by the Profit Sharing Ratio (PSR) and Zakat Performing Ratio (ZPR) does not affect financial performance. In contrast to the results of NNasution's (2018) research where Shariah Compliance as measured using the Islamic Income Ratio (IsIR) has a positive and insignificant effect on financial performance, the Profit Sharing Ratio indicator has a significant positive effect, and the Zakat Performing Ratio has a significant negative effect on financial performance.

Research conducted by Thahirah et al., (2016) stated that there was no effect of the disclosure of Islamic Social Reporting on financial performance. This is in line with Suwarsi & Azib (2017), where the results of the study state that Islamic Social Reporting does not affect financial performance as proxied by ROA. In contrast to the research of Sutapa & Hanafi (2019), where the results of the study show that Islamic Social Reporting has a positive influence on the financial performance of Islamic banks.

Ananta et al., (2015) research results state that company size has a significant effect on the financial performance of Islamic commercial banks. Then, the research conducted by Akbar (2013) also stated that the firm size variable had a significant positive effect on the financial performance of Islamic banking. So that the size of this company can be used as a moderating variable to strengthen the relationship of the independent variable to the dependent variable. Nasution's research states that company size is only able to moderate the relationship of Shariah Compliance with indicators of IsIR and Zakat Performance Ratio on financial performance, while for Shariah Compliance variable with indicators of Profit Sharing Ratio and variable of Islamic Social Reporting, company size is not able to moderate the relationship between the variables with financial performance.

2. Theoretical review

2.1 Shariah Enterprise Theory

Sharia Enterprise Theory is a concept that can provide a basis for establishing accounting principles and techniques to produce a form of accountability and information needed by stakeholders in sharia companies (Triyuwono, 2015). Sharia Enterprise Theory in this study implies that Islamic banking in carrying out its duties and carrying out its operational activities is required to be guided by this theory. This is because in carrying out its operational activities, the company is also responsible to Allah SWT, not only to stakeholders and company owners.

2.2 Shariah Compliance

In article 1 paragraph 28 of Law no. 10 of 2018 it is explained that Shariah Compliance is an agreement and rules based on Islamic law between a bank and other parties in terms of financing and depositing funds in a business activity or other activity that is declared by sharia. The implementation of sharia principles in Islamic finance includes the prohibition of gambling (may), non-business (gharar), fraud (tables), usury, and investments involving

pornography and liquor chapters (Yaya et al., 2018). In this study, Sharia Compliance is measured by three indicators, namely Islamic Income Ratio (IsIR), Profit Sharing Ratio (PSR), and Zakat Performance Ratio (ZPR).

2.3 Islamic Income Ratio (IsIR)

Islamic Income Ratio can be used to assess the percentage of Islamic income of Islamic banks obtained from the total amount of income received by Islamic banking, both halal income, and non-halal income. The calculation formula is as follows:

$$IsIR = \frac{Islamic\ Income}{Islamic\ Income + Non\ Islamic\ Income}$$

2.4 Profit Sharing Ratio (PSR)

Profit-Sharing Ratio is the number of comparisons between financing and the total amount of bank financing itself, where the calculation uses financing with Mudharabah and Musyarakah contracts. This PSR can be used to find out how Islamic banking in its activities uses profit-sharing activities with total financing. The calculation formula is as follows:

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

2.5 Zakat Performance Ratio (ZPR)

Zakat Performance Ratio is the ratio of zakat paid by Islamic banks to the total net assets of Islamic banks themselves. This ratio can be used as an indicator to find out what percentage of zakat paid by Islamic banking is. The calculation formula is as follows:

$$ZPR = \frac{Zakat}{Net\ Asset}$$

2.6 Islamic Social Reporting (ISR)

For the first time, Haniffa in 2002 discussed Islamic Social Reporting through his writing entitled "Social Reporting Disclosure: An Islamic Perspective". According to Haniffa, ISR is an extension of reporting on social activities which consist not only of the expectations of the board of directors on the public's view of the company's role in the economy but also fulfills a spiritual perspective for Muslim report users (Othman et al., 2009). The purpose of ISR itself is as a form of corporate responsibility to God and society, which is also a form of transparent business activity carried out through presenting relevant information and taking into account sharia compliance and the spiritual needs of Muslim investors in making a decision (Sutapa & Hanafi, 2019). The calculation formula is as follows:

$$ISR = \frac{Number\ of\ Items\ Disclosed}{Maximum\ Number\ of\ Disclosures} \times 100\%$$

2.7 Financial Performance

Financial performance is an indicator used to assess and determine the financial condition of a company that can be measured by profitability ratios (Sari et al., 2019). Profitability is the ratio used to measure the extent to which the company has the ability to generate profits by comparing the total net income received by the bank with the total assets owned. To find out profitability can be measured by Return On Assets (ROA) or Return On Equity (ROE). Meanwhile, in this study, the ROA ratio is used as a ratio measuring financial performance. The calculation formula is as follows:

$$ROA = \frac{Net\ Income}{Total\ Asset}$$

2.8 Company Size

Company size is the size of a company that can be known through the value of sales, the value of equity, and the total value of its assets (Riyanto, 2010). According to Adawiyah & Suprihhadi (2017) company size is a scale that can be classified based on the size of a company based on several ways, including market value, total assets, log size, and others. The

calculation formula is as follows:

$$SIZE = Ln (Total Asset)$$

3. Research Methods

This study uses a quantitative approach. The population in this study amounted to 14 Islamic Commercial Banks listed in the Financial Services Authority. Sampling in this study was carried out using the purposive sampling technique, in which there were 6 Islamic banks that met the sampling criteria of this study. The data used in the form of secondary data obtained from the annual financial statements of Islamic banks.

This research was conducted in several stages of testing. First, the stationarity test was carried out using the Levin, Lin & Chu test. Second, a multiple regression test was conducted using three estimation model choices, namely the Choe test, Hausman test, and the Lagrange Multiplier test. Third, the classical assumption test was carried out consisting of a normality test using the Jarque-falla test, a multicollinearity test, a heteroscedasticity test using a white test, and an autocorrelation test using the Breush-Godfrey test. Then test the hypothesis using the T statistical test, F statistical test, and the coefficient of determination test. Meanwhile, to find out the results of moderation, testing was carried out using the Moderated regression Analysis test through the results of multiple regression tests. The test equipment used in this study is E-views 9. The hypotheses in this study are as follows:

- H1 : Islamic Income Ratio has a positive and significant effect on financial performance
- H2 : Profit Sharing Ratio has a significant positive effect on financial performance
- H3 : Zakat Performance Ratio has a significant positive effect on financial performance
- H4 : Islamic Social Reporting has a significant positive effect on financial performance
- H5 : Firm size has a significant positive effect on financial performance
- H6 : Firm size is able to moderate the relationship between Islamic Income Ratio and financial performance
- H7 : Company size is able to moderate the relationship between Profit Sharing Ratio and financial performance
- H8 : Company size is able to moderate the relationship between Zakat Performance Ratio and financial performance
- H9 : Company size is able to moderate the relationship between Islamic Social Reporting on financial performance

4. Results and Discussion

4.1 Research Results

Table 1 Descriptive Statistical Test Results

| | X1 | X2 | X3 | X4 | Y | Z |
|-------------|----------|----------|----------|----------|----------|----------|
| Mean | 0.999783 | 0.383830 | 0.000383 | 0.793747 | 0.989667 | 17.15600 |
| Median | 0.999800 | 0.375300 | 0.000300 | 0.791700 | 1.025000 | 17.49000 |
| Maximum | 1.000000 | 0.666800 | 0.000800 | 0.875000 | 2.630000 | 18.66000 |
| Minimum | 0.999100 | 0.014200 | 0.000100 | 0.708300 | 0.030000 | 15.42000 |
| Observation | 30 | 30 | 30 | 30 | 30 | 30 |

Source: Processed secondary data, 2021

Based on the data from the table above, it can be seen that the amount of data used in this study is 30 data. The IsIR variable (X1) has a mean value of 0.999783, a median of 0.999800, a maximum value of 1.000000, and a minimum value of 0.999100. The PSR variable (X2) has a mean value of 0.383830, a median of 0.375300, a maximum value of 0.666800, and a minimum value of 0.014200. The ZPR variable (X3) has a mean value of 0.000383, a median of 0.000300, a maximum value of 0.000800, and a minimum value of 0.000100. The ISR variable (X4) has a mean value of 0.793747, a median value of 0.791700,

a maximum value of 0.875000, a minimum value of 0.708300. The ROA variable (Y) has a mean value of 0.989667, a median of 1.025000, a maximum value of 2.630000, a minimum of 0.030000. Meanwhile, the firm size variable (Z) has a mean value of 17.15600, a median of 17.49000, a maximum value of 18.66000, and a minimum of 15.42000.

4.2 Data Analysis

Stationarity Test

In this study, the stationarity test was carried out by using the Unit Root test using the Levin, Lin & Chu t^* test. Based on data sourced from the 2016-2020 BUS annual financial reports, the results of the stationarity test are as follows:

Table 2 Stationary Test Results

| Variable | Prob* | Conclusion |
|------------------|--------|--|
| IsIR (X_1) | 0,0000 | Stationary at 1 st different position |
| PSR (X_2) | 0,0002 | Stationary at level position |
| ZPR (X_3) | 0,0242 | Stationary at 1 st different position |
| ISR (X_4) | 0,0000 | Stationary at level position |
| ROA (Y) | 0,0143 | Stationary at level position |
| Company Size (Z) | 0,0000 | Stationary at 1 st different position |

Source: Processed secondary data, 2021

Based on the output results from the table above, it is known that the stationarity test results of all variables used in this study indicate a probability number less than 0.05. That means all independent, dependent, and moderating variables are stationary or pass the provisions of the stationarity test so that further data testing can be continued.

Multiple Regression Test

Regression test can be done if the research data is stationary. With this research data that has met the stationarity test criteria, it can be done regression testing. The results of the regression test of this study are as follows:

Table 3 Multiple Regression Test Results

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|--------|
| C | -8665.357 | 7660.750 | -1.131137 | 0.2714 |
| X1 | 8709.240 | 7675.115 | 1.134737 | 0.2699 |
| X2 | 5.774155 | 11.59408 | 0.498026 | 0.6239 |
| X3 | 1.350893 | 0.315415 | 4.282905 | 0.0004 |
| X4 | -44.68656 | 42.98155 | -1.039668 | 0.3109 |
| Z | 503.2666 | 445.5832 | 1.129456 | 0.2721 |
| X1Z | -505.0342 | 446.4272 | -1.131280 | 0.2713 |
| X2Z | -0.393295 | 0.691367 | -0.568866 | 0.5758 |
| X3Z | -0.565904 | 0.229684 | -2.463841 | 0.0229 |
| X4Z | 2.279705 | 2.475957 | 0.920737 | 0.3682 |
| R-squared | 0.757720 | Mean dependent var | 0.989667 | |
| Adjusted R-squared | 0.648693 | S.D. dependent var | 0.628893 | |
| S.E. of regression | 0.372752 | Akaike info criterion | 1.125395 | |

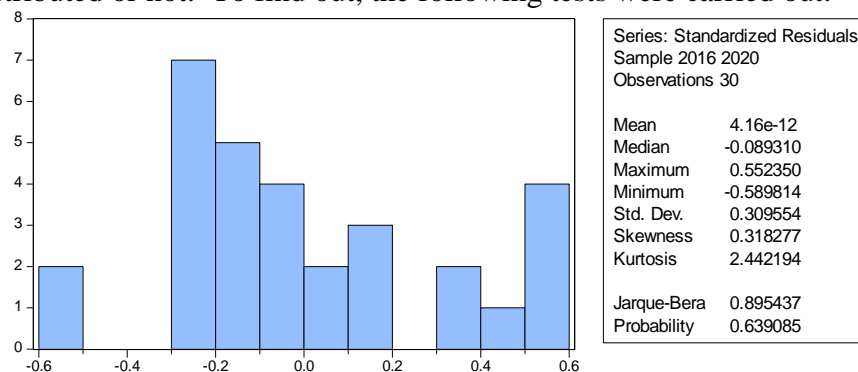
| | | | |
|-------------------|-----------|----------------------|----------|
| Sum squared resid | 2.778883 | Schwarz criterion | 1.592461 |
| Log likelihood | -6.880929 | Hannan-Quinn criter. | 1.274814 |
| F-statistic | 6.949887 | Durbin-Watson stat | 1.786677 |
| Prob(F-statistic) | 0.000160 | | |

Source: Processed secondary data, 2021

Classic Assumption Test

Normality Test

This test is used to determine whether in the regression model all variables used are normally distributed or not. To find out, the following tests were carried out:



Picture 1 Normality Test

Source: Processed secondary data, 2021

Based on the results of the normality test above, it is known that the jarque fallow value is 0.895437 and the probability value is 0.639085, the probability value is greater than the 0.05 significance value so that the data is normally distributed.

Multicollinearity Test

This test was conducted to determine the situation in a regression model which indicated a strong linear relationship between several predictor variables (Bawono & Shina, 2018). The emergence of a strong correlation coefficient between independent variables is one of the characteristics of the occurrence of multicollinearity. To prove the presence or absence of multicollinearity, the following tests were carried out:

Table 4 Multicollinearity Test Results

| | X1 | X2 | X3 | X4 | Z |
|----|----------|----------|-----------|----------|----------|
| X1 | 1.000000 | 0.227410 | 0.077590 | 0.312055 | 0.030053 |
| X2 | 0.227410 | 1.000000 | -0.605490 | 0.258541 | 0.051068 |
| X3 | 0.077590 | 0.605490 | 1.000000 | 0.295136 | 0.473658 |
| X4 | 0.312055 | 0.258541 | 0.295136 | 1.000000 | 0.730464 |
| Z | 0.030053 | 0.051068 | 0.473658 | 0.730464 | 1.000000 |

Source: Processed secondary data, 2021

Based on the results of the multicollinearity test in table 4.11 above, it was found that all the correlation coefficient values of the relationship between variables were less than 0.90. So it can be concluded if the data used does not occur multicollinearity problems.

Heteroscedasticity Test

This test was conducted to determine whether in the regression model there was an inequality of variance from the residual observations to other observations. Heteroscedasticity itself is a condition where the residual variance is not constant. To detect the presence or absence of heteroscedasticity, the White Test is carried out as follows:

Table 5 Heteroscedasticity Test Results

Heteroskedasticity Test: White

| | | | |
|---------------------|----------|----------------------|--------|
| F-statistic | 1.294139 | Prob. F(12,17) | 0.3054 |
| Obs*R-squared | 14.32201 | Prob. Chi-Square(12) | 0.2806 |
| Scaled explained SS | 8.973876 | Prob. Chi-Square(12) | 0.7052 |

Source: Processed secondary data, 2021

Based on the results of the white test in table 4.13 above, the value of Obs*R-squared is 14,32201 with a value of Prob. Chi-Square(12) 0.2806. Because the value of probability > 0.05, it can be concluded that the data used in this study does not have heteroscedasticity.

Autocorrelation Test

This autocorrelation test was conducted to determine whether the data used in this study contained a correlation between each variable or not. If there is a correlation, it is called an autocorrelation problem. To find out whether the data used has an autocorrelation problem or not, the Breush-Godfrey test is carried out as follows:

Table 6 Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

| | | | |
|---------------|----------|---------------------|--------|
| F-statistic | 0.912469 | Prob. F(2,23) | 0.4156 |
| Obs*R-squared | 2.205370 | Prob. Chi-Square(2) | 0.3320 |

Source: Processed secondary data, 2021

Based on the results of the autocorrelation test in table 4.12 above, the results obtained are the probability value of Chi-Square (2) of 0.3320, which is greater than the significance value of =0.05. So in this case it can be concluded if the data used does not have an autocorrelation problem.

Hypothesis Test

T Test

Decision-making in the T test is if the value of the probability is less than 0.05 then the independent variable has a significant influence on the dependent variable. Based on the results of the regression test that has been done, there are two variables whose probability value is less than 0.05. The two variables are the ZPR variable with a probability value of 0.0004 and the ZPR variable moderated by firm size with a probability value of 0.0229. With that, it can be concluded that there are 2 independent variables that have a significant effect on the dependent variable.

F Test

Decision making in the F test is if the value of Prob(F-statistics) is less than 0.05, then the independent variable has a simultaneous effect on the dependent variable. Based on the results of the regression test that has been carried out, it is obtained that the value of Prob (F-statistic) is 0.000160, which is smaller than the significance value of 0.05. This shows that the independent variables in this study have a simultaneous effect on the dependent variable.

Coefficient of Determination (R^2)

Based on the results of the regression test that has been carried out, the value of Adjust R Squared is 0.648693 or 64.8693%. This shows that the variation of the independent variables in this study can explain 64.8693% of financial performance disclosures. Meanwhile, 35.1307% of other financial performance disclosures are influenced by other independent variables outside of this study.

4.3 Discussion

The variable Islamic Income Ratio has a coefficient value of 8709.240 with a

probability value of 0.2699, greater than a significance value of 0.05. This means that the Islamic Income Ratio variable has a positive and insignificant effect on financial performance, so hypothesis 1 is rejected. IsIR itself consists of halal income and non-halal income, which should the income derived from operational and investment activities increase the profitability of Islamic banks. However, in practice, non-halal income of Islamic banks is not included as operational income of Islamic banks but is channeled as benevolence funds. Therefore, the IsIR value does not have a significant impact on the financial performance of Islamic banks.

The Profit Sharing Ratio variable has a coefficient value of 5.774155 with a probability of 0.6239, greater than a significance value of 0.05. This means that the Profit Sharing Ratio variable has a positive and insignificant effect on financial performance, so hypothesis 2 is rejected. PSR is related to financing, increasing Musyarakah or Mudharabah financing can improve the financial performance of Islamic banking. However, this applies if it is followed by the smooth payment of financing installments by the customer. Because if not, this will actually increase non-performing financing so that it cannot improve the financial performance of Islamic banks. So that these conditions make the value of PSR not have a significant impact on the financial performance of Islamic banks.

The Zakat Performance Ratio variable has a coefficient value of 1.350893 with a probability of 0.0004, smaller than a significance value of 0.05. This means that the Zakat Performance Ratio variable has a positive and significant effect on financial performance, so hypothesis 3 is accepted. Islamic banks that have fulfilled sharia compliance by paying zakat every year will have a good image in the eyes of the community or stakeholders. So that people become confident to entrust their funds and use products from Islamic banks, then the profitability of Islamic banks will increase and the bank's financial performance will also increase. In addition, the trust and support from stakeholders will also have an impact on increasing the financial performance of Islamic banks. So in this case the Zakat Performance Ratio has a significant influence on financial performance.

The Islamic Social Reporting variable has a coefficient value of -44,68656 with a probability of 0.3109, greater than a significance value of 0.05. This means that the ISR variable has a negative and insignificant effect on financial performance, so hypothesis 4 is rejected. ISR is related to the implementation of Corporate Social Responsibility (CSR) activities. Disclosure of CSR by Islamic banks can indeed make the company's name and image in the eyes of the public better. The more Islamic banking in carrying out CSR activities, the better the company's image in the eyes of the community. However, this is not enough to improve the financial performance of the company. Because if the company's image is good but public interest in using products from Islamic banks is still lacking, then the bank's ability to generate profitability will not increase, so it will not improve the financial performance of the bank itself.

Firm Size variable has a coefficient value of 503.2666 with a probability of 0.2721, greater than a significance value of 0.05. This means that the firm size variable has a positive and insignificant effect on financial performance, so hypothesis 5 is rejected. A large company with a large number of assets is not enough to increase the profitability of the company itself, this is because even though the amount of funds channeled through large financing does not guarantee the bank will get a large profit. The existence of other factors such as the emergence of non-performing financing due to financing installment payments that are not running smoothly and the lack of banks in maximizing financing with Mudharabah contracts which are still less than financing with Musyarakah and Murabahah contracts are things that make the ability of banks to increase profitability still not maximized. So in this case the size of the company does not have a significant influence on the company's financial performance.

Based on the results of the Moderated Regression Analysis test, the regression probability value of the Islamic Income Ratio (X1) variable on financial performance (Y) moderated by firm size (Z) is 0.2731, greater than 0.05 significance. It is concluded that firm size is not able to moderate the relationship between Islamic Income Ratio and financial performance, so hypothesis 6 is rejected. IsIR which consists of halal and non-halal income, the amount of total assets only affects the amount of halal income, does not play a role in obtaining non-halal income. In addition, non-halal income of Islamic banks that are not included in the operating income of Islamic banks also makes the profitability of Islamic banks not increase. Therefore, a large company size does not necessarily make the value of IsIR greater, and it cannot strengthen IsIR's relationship to the financial performance of Islamic banks.

Based on the results of the Moderated Regression Analysis test, the regression probability value of the Profit Sharing Ratio (X2) variable on financial performance (Y) moderated by firm size (Z) is 0.5758, greater than the significance value of 0.05. It can be concluded that company size is not able to moderate the relationship between Profit Sharing Ratio and financial performance, so hypothesis 7 is rejected. PSR itself is a sharia bank activity related to the provision of financing, where in this case the financing used is financing with Mudharabah and Musyarakah contracts. Large companies with a large number of assets do not necessarily increase financing with Mudharabah and Musyarakah contracts. This makes the revenue sharing obtained by Islamic banks through financing with the two contracts also does not increase. So that the size of the company is not able to strengthen the relationship between the Profit Sharing Ratio on financial performance.

Based on the results of the Moderated Regression Analysis test, the regression probability value of the Zakat Performance Ratio (X3) variable on financial performance (Y) moderated by firm size (Z) is 0.0229, smaller than the significance value of 0.05. It can be concluded that firm size is able to moderate the relationship between ZPR and financial performance, so hypothesis 8 is accepted. Based on the Sharia Enterprise Theory, Islamic banks that carry out their operational activities in accordance with sharia principles will receive support from stakeholders, which will increase the company's financial performance. Fulfillment of zakat payments is also one of the application of sharia principles, the amount of assets owned by Islamic banks will affect the amount of zakat paid by Islamic banks themselves. This is because the amount of zakat payment is obtained through the calculation of 2.5% of the total assets owned by the company. The greater the number of assets owned by Islamic banks, the greater the amount of zakat paid. This will make the support from stakeholders will also be stronger so that the bank's operational activities will run well and the bank's profitability will increase. So that the size of the company is able to strengthen the relationship between ZPR and the financial performance of Islamic banks.

Based on the results of the Moderated Regression Analysis test, the regression probability value of the Islamic Social Reporting (X4) variable on financial performance (Y) moderated by firm size (Z) is 0.3682, greater than the significance value of 0.05. It can be concluded that firm size is not able to moderate the relationship between ISR and financial performance, so hypothesis 9 is rejected. Islamic banks with large assets will tend to disclose wider social responsibilities, this will indeed make the image and name of the company in the eyes of the public better. However, it does not guarantee that people will then use products from Islamic banks. On the other hand, broad disclosure of social responsibility will make the expenditures of Islamic banks themselves to be greater which will not increase the profitability of the bank itself. So that the size of the company is not able to strengthen the relationship between ISR on the financial performance of Islamic banks.

5. Conclusions and suggestions

5.1 Conclusion

Based on the research that has been done, it is concluded that Shariah Compliance as measured by the Islamic Income Ratio has a positive and insignificant effect on financial performance. That is, the size of the value of the Islamic Income Ratio has no significant effect on financial performance. Shariah Compliance as measured by the Profit Sharing Ratio has a positive and insignificant effect on financial performance. That is, high or low Profit Sharing Ratio has no significant effect on financial performance. Shariah Compliance as measured by the Zakat Performance Ratio has a positive and significant effect on financial performance. That is, the higher the zakat paid by Islamic banks, the higher the financial performance. Islamic Social Reporting has a negative and insignificant effect on financial performance. That is, high or low disclosure of Islamic Social Reporting has no significant effect on financial performance. Firm size has a positive and insignificant effect on financial performance. That is, high or low company size does not have a significant effect on financial performance. Company size is only able to moderate the Zakat Performance Ratio on financial performance, while Shariah Compliance as measured by the Islamic Income Ratio and Profit Sharing Ratio cannot be moderated by company size. Company size is not able to moderate the relationship of Islamic Social Reporting to financial performance.

5.2 Suggestions

Of course, this research still has shortcomings, therefore it needs to be developed again. In future research, other variables that have an effect on financial performance can be added that have not been included in this study. In addition, the number of research objects can also be added and can use data from the latest period.

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