

SUMMARY

ERLANGGA SETYAWAN. Comparisons Analysis of Efficiency on Sharia Bank in Indonesia. Supervised by RINA OKTAVIANI and KIRBRANDOKO.

One of the interesting sectors in Indonesia is the sharia banking. Banking in generally is an important aspect of economic growth. According to (Miranti, 2016), Since the 1980s, the need for alternative banking services began to grow. This was initiated by the Indonesian Ulama Council (MUI) to establish the first sharia bank in Indonesia under the name of Bank Muamalat Indonesia (BMI) which effectively operated on May 1st, 1992. After the establishment of the BMI, sharia banking regulations explicitly began issuing UU No. 10 of 1998 on amendment to UU No. 7 of 1992. This provides opportunities for conventional banks to open sharia units, so the government began to organize the existence of Islamic banking comprehensively by issuing UU no. 21 of 2008 concerning about sharia banking. Sharia banks in Indonesia is experiencing slower growth in 2014-2015. There are many factors that can be attributed to this slower growth. One such factor is the competitiveness of sharia banks in the banking system, because, in a dual banking system, sharia banks are faced with direct competition with conventional banks.

This research selected the input and output variables in measuring the efficiency level by using Data Envelopment Analysis (DEA) analysis with the intermediation approach done by (Hosen, 2013), and (Hidayat, 2011), where the input variable (X) used in this research is funds (deposito, savings, etc.) (X1), and labor cost (X2). Meanwhile, the output variable (Y) used is financing (Y1). Data Envelopment Analysis (DEA) is a tool that can be used to measure and compare the performance of a unit (DMU). This research used Charnes, Cooper and Rhodes (CCR) model collaborated with output orientation. The timeframe used in this research is 2014 and 2015. Then the result can be compared and analyzed using Malmquist index to know how the efficiency improvement happened. On the other hand, the CCR model projection tells how much improvement should be made by inefficient DMUs to achieve efficiency.

The result of measurement of eleven sharia bank in Indonesia in 2014 is two of eleven banks have efficiency score equal to one ($\theta = 1$). In 2015 also gives a similar result that two banks have an efficiency score equal to one, but with different compositions. This means there are banks that have increased efficiency or decreased efficiency. The two Islamic banks that have an efficiency score equal to one are Bank Panin Syariah and Maybank Syariah.

The DMUs that have an efficiency score of less than one ($\theta < 1$) can be projected to be efficient. This is because the DEA model is a basic model that used input-oriented CCR, so in the results of this study an inefficient syariah bank is advised to decrease every variable of input to be efficient.

Analysis of changes in efficiency and productivity over time from eleven sharia banks using Malmquist index. The results obtained from the Malmquist index score show that five of the eleven banks studied have increased productivity.

Keywords: CCR model, DEA, efficiency, Malmquist index, performance of sharia banking