

## The Performance of Indonesian Islamic Rural Banks During Covid-19

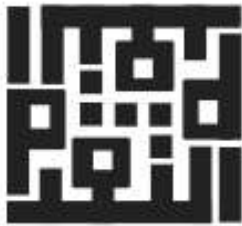
Julia Noermawati Eka Satyarini<sup>1\*</sup>, Rofiul Wahyudi<sup>2</sup>, Shah Amelia Manggala Putri<sup>1</sup>, Mia Rizka Tusyani<sup>1</sup>

<sup>1</sup>Sharia Economics, Faculty of Islamic Religion, University of Muhammadiyah Yogyakarta

<sup>2</sup>Islamic Banking Department, Faculty of Islamic Studies, Universitas Ahmad Dahlan, Yogyakarta, Indonesia

\*Correspondence email: [julia.noermawati@fai.umy.ac.id](mailto:julia.noermawati@fai.umy.ac.id)

---



ISSN: 1979-4703 (p)  
ISSN: 2527-9726(e)

---

### Article history:

Received: 9 January 2022  
Accepted: March 20, 2022  
Published: July 30, 2022

---

### Keywords:

Islamic Rural Banks,  
Covid-19, Indonesia,  
Performance

---

### ABSTRACT

---

The Covid-19 pandemic caused turbulence in all sectors, including Islamic Rural Banks. The financial performance of Islamic Rural Banks has come under pressure due to the decline in SMEs financing quality. Therefore, this study aims to analyze the financial performance of Indonesian Islamic rural banks during the Covid-19. This research method uses a descriptive quantitative approach with secondary data in financial statements from 165 Islamic Rural Banks in Indonesia as a population and sample. Data analysis techniques use descriptive statistics to reveal the performance of Islamic Rural Banks during the Covid-19 pandemic for the January-December 2020 period, which includes Productive Asset Quality, Non-Performing Financing, Return on Assets, BOPO, Financing to Deposit Ratio, and Cash Ratio. The findings of this study show that most Islamic rural banks have experienced a decline in financial performance. The implication is that Islamic rural banks must strengthen risk management to deal with the possibility of similar or other pandemics in the future.

---

### Introduction

It was not expected that the Covid-19 pandemic would spread to the banking sector, including Islamic Rural Banks. Islamic Rural Banks are one of the financial institutions that focuses on channeling

financing to SMEs (Ryandono & Wahyudi, 2018). During the Covid-19 pandemic, most SMEs experienced negative impacts, and only a few experienced growth (Bahtiar, 2021). Several strategies are carried out by Small & Medium-Sized Enterprises (SMEs) to survive during difficult situations, such as efficiency in

various sectors by reducing production, laying off employees, and others (Putri & Puspaningtyas, 2021).

The impact felt by Islamic Rural Banks is in line with SMEs, including the findings of Hasan, Mansyur, & Mustamin (2021). People tend to disburse existing savings and deposits to meet their daily needs. In addition, the findings of Afkar & Purwanto (2021) are the low absorption of financing funds by SMEs or individuals. Meanwhile, Islamic Rural Banks still have to incur operational and non-operational costs. This micro prudently disrupts the stability of the internal financial performance of Islamic Rural Banks.

Through the Central Bank, the government seeks to stimulate various policies targeting various economic and financial sectors, such as financing restructuring for SMEs, household economies, corporations, and others (Suksmonohadi & Indira, 2020). However, what then emerged was that the effectiveness of the policy had yet to be able to touch the fundamental aspects of Islamic Rural Banks' performance. So that the financial performance of Islamic Rural Banks is suspected of having experienced a significant decline. Several studies have been conducted to see the extent of banking performance, both Islamic and conventional banks during the pandemic, such as (Azhari & Wahyudi, 2020; Pakpahan, 2020; Ubaidillah & Shah Aji, 2020; Wahyudi, 2020).

Sofyan's research (2021), which tries to see the accumulative performance of Islamic Rural Banks and Conventional Rural Banks based on financial reports issued by the

OJK for October 2016 – October 2020, shows that both have healthy, maintained performance, and experienced positive growth. In contrast to the findings of Ningsih & Mahfudz (2020), which analyzed the performance of five Sharia Commercial Banks during the Covid-19 pandemic for the March-December 2020 period, it showed a decrease in fund distribution and fundraising. To maintain performance stability, BUS implements a restructuring policy and the use of digital banking services. Another finding, Supeno and Hendarsih (2020), stated that Islamic Rural Banks performance was maintained despite a decrease in several financial ratios.

Although there is a high level of research on the performance of Islamic banking in Indonesia, there are few comprehensive studies on Islamic Rural Banks with individual bank approaches, especially during the Covid-19 pandemic. Unlike Sofyan's research (2021), this study will examine and analyze the performance of Islamic Rural Banks in Indonesia with more specific ratio indicators, namely Productive Asset Quality, Non-Performing Financing, Return on Assets, BOPO, Financing to Deposit Ratio, and Cash Ratio. In addition, financial ratio indicators will be able to describe the overall performance level of Islamic Rural Banks. This study focuses on internal performance, so it is unique, considering that most literature focuses on specific ratios such as ROA and ROE. In addition, by investigating financial performance, this research is important to see how far Islamic Rural Banks can survive during the crisis caused by the Covid-19 pandemic.

---

## Literature Review

### Covid-19 Pandemic

Corona Virus Disease 2019 (covid-19) is a disease derived from *Severe Acute Respiratory Syndrome Corona Virus-2 (SARS-CoV-2)*, which appeared in 2019 in Wuhan, China (Montagna et al., 2021). The spread of the COVID-19 virus continues to experience a significant increase. Various countries continue to appeal to their people to comply with health protocols to avoid being infected with this COVID-19 virus. Various efforts have been deployed, such as implementing Large-Scale Social Restrictions (PSBB), the Work From Home (WFH) work system, the appeal for implementing health protocols in each sector, etc. Nevertheless, every effort made must have risks and impacts.

Like the PSBB, which impacts not only the health sector but also all sectors, including the economy (Nasution et al., 2020), due to the prolonged pandemic, community activities without having to leave the house are one of the efforts to avoid being infected with the COVID-19 virus. Several studies have stated that the COVID-19 pandemic has affected many financial sectors and the economy. Among them, the tourism sector occurs in Indonesia and even in other parts of the world (Sugihamretha, 2020). Several financial institutions have also experienced economic turmoil due to the pandemic; the financing/credit restructuring policy (OJK, 2020) issued by OJK has resulted in various financial institutions rearranging the mitigation of default risk by creditors (Ubaidillah & Aji, 2020).

### Islamic Rural Banks

Sharia banking is everything related to Islamic banks and Sharia business units, including institutions, business activities, and strategies and processes in carrying out their business activities. In carrying out their business activities, Islamic banks refer to Sharia principles. According to their type, there are two Islamic banks: Sharia commercial banks and Islamic Rural Banks. The main characteristic of Islamic Rural Banks is to carry out their activities without providing services in payment traffic (Law Number 21 of 2008).

Islamic Rural Banks first operated in Indonesia in 1991 in West Java under Islamic Rural Banks Berkah Amal Sejahtera and Islamic Rural Banks Amanah Rabbaniyah. As of June 2022, the number of Islamic Rural Banks in Indonesia is 165 (OJK, 2022). In line with the development of the number of Islamic Rural Banks, Islamic Rural Banks' assets in 2022 reached IDR 18.2 trillion or grew consistently above 20 percent throughout 2022. Third-Party Funds (DPK) also grew by 18 percent.

### Islamic Bank Performance

This study uses and measures the performance of Islamic banks with the ratio approach of CAR, NP F, ROA, BOPO, and FDR (Wahyudi, 2020): 1. CAR is a ratio to assess whether a bank has sufficient capital to accommodate the risk of loss that the bank may face. 2. NPF is a non-performing loan that is one of the keys to assessing the quality of bank performance. Furthermore, assess whether the bank is managed based on sound banking principles or vice versa. 3. ROA is

a ratio to measure the ability of the company as a whole to generate reasonable profits or profits. 4. BOPO is a ratio that compares operating expenses with operating income to calculate the level of efficiency and ability of banks to carry out their operations. 5. FDR is a ratio used to assess a bank's liquidity level in meeting liabilities that are immediately billed (short-term).

**Research Method**

This research method uses a descriptive quantitative approach with secondary data in financial statements from 165 Islamic Rural Banks in Indonesia as a population and sample for January-December 2020. The sample data is then selected based on the province area with the highest number of Islamic Rural Banks distribution and based on islands in Indonesia to find a representative picture of performance. Thus, the samples of this study include Java Island (represented by West Java Province, Sumatra Island (represented by NAD Province), Kalimantan Island (represented by Kalimantan Selatan), Sulawesi Island (represented by South Sulawesi Province), Nusa Tenggara Island (represented by NTB), Maluku Island (represented by North Maluku Province) and Bali Island). Data analysis techniques use descriptive statistics to reveal the

performance of Islamic Rural Banks during the Covid-19 pandemic, which includes the ratio of Productive Asset Quality, Non-Performing Financing, Return on Assets, BOPO, Financing to Deposit Ratio, and Cash Ratio.

**Result and Discussion**

Table 1 provides an overview of the performance of Islamic Rural Banks in West Java Province, totaling 28 units. Most of the performance indicators of Islamic Rural Banks in 2021 experienced shocks compared to 2020. The positive shock of performance indicators marked by the decline in CAR performance occurred in Islamic Rural Banks Artha Madani in 2020, where the capital capacity, namely CAR, decreased from 17.25 to 14.97 in 2021. Likewise, the performance indicator of Islamic Rural Banks Amanah Rabbaniah in 2020, where the capital capacity, namely CAR, decreased from 19.59 to 19.17 in 2021. Furthermore, Islamic Rural Banks PNM Mentari from 31.26 in 2020 to 28.89 in 2021. Similar to BPR Syariah, Harum Hikmah Nugraha also experienced a decline in performance in 2020 from 37.47 to 30.26 in 2021. A sharp decline was also experienced by Islamic Rural Banks Baiturridha Pusaka, where in 2020, it was 28.18 to 19.83 in 2021.

**Table 1.**  
*Performance of Islamic Rural Banks in West Java Province*

Islamic Rural Banks	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Amanah Insani	2020	12,00	1,57	20,17	57,73	87,66
	2021	40,36	1,74	23,49	63,34	89,45
PT. BPRS Artha Madani	2020	17,25	0,84	1,94	82,52	93,50
	2021	14,97	1,19	1,71	72,03	84,97
PT. BPRS Amanah Ummah	2020	19,43	2,99	2,38	66,15	73,39

	2021	21,52	2,89	1,33	67,34	73,85
PT. BPRS Bina Rahmah	2020	18,53	1,32	3,62	91,38	95,39
	2021	45,48	1,54	3,07	100,69	79,12
PT. BPRS Rif'atul Ummah	2020	18,00	-12,05	11,54	82,56	89,24
	2021	32,62	-0,75	4,78	85,86	109,16
PT. BPRS Insan Cita Artha Jaya	2020	16,33	1,34	4,02	157,21	81,07
	2021	16,16	1,62	1,79	95,63	78,76
PT. BPRS Bogor Tegar Beriman	2020	58,74	8,04	2,87	79,02	61,84
	2021	69,53	5,82	1,55	100,07	69,50
PT. BPRS Gaido Indonesia	2020	23,61	-1,97	5,31	77,64	141,73
	2021	31,81	2,89	6,00	74,13	115,98
PT. BPRS Amanah Rabbaniah	2020	19,59	5,64	3,21	76,46	71,97
	2021	19,17	5,23	2,57	74,41	73,36
PT. BPRS Almasoem	2020	14,48	2,43	12,03	89,28	83,94
	2021	17,91	2,47	8,46	90,53	83,95
PT. BPRS Al Ihsan	2020	40,04	0,65	2,46	66,42	85,65
	2021	34,46	0,76	13,22	70,96	97,70
PT. BPRS Harta Insan Karimah Parahyangan	2020	17,30	2,94	1,85	88,23	82,90
	2021	18,14	1,69	2,23	93,79	89,05
PT. BPRS PNM Mentari	2020	31,26	3,70	5,86	89,48	70,58
	2021	28,89	2,35	4,94	89,62	81,30
PT. BPRS Harum Hikmahnugraha	2020	37,49	9,59	13,43	1,30	49,24
	2021	30,26	0,03	12,14	80,69	100,53
PT. BPRS Baiturridha Pusaka	2020	28,18	7,78	1,74	73,10	62,89
	2021	19,83	8,74	1,42	89,64	60,44
PT. BPRS Mitra Harmoni Kota Bandung	2020	46,00	-4,00	18,00	92,00	119,00
	2021	54,00	0,00	15,00	91,00	99,00
PT. BPRS Al Wadi'ah	2020	17,84	1,28	4,21	124,20	86,40
	2021	22,32	0,90	6,05	114,81	72,66
PT. BPRS Almadinah Tasikmalaya Perseroda	2020	80,16	1,58	5,42	132,85	88,20
	2021	54,36	1,39	3,91	125,10	88,70
PT. BPRS Darrut Tauhiid	2020	45,11	3,22	2,83	70,52	81,72
	2021	37,14	-10,67	9,80	75,00	207,60
PT. BPRS Bina Amwalul Hasanah	2020	32,90	0,87	2,39	96,72	93,08
	2021	19,28	0,27	1,47	101,61	96,58
PT. BPRS Al Barokah	2020	72,44	1,03	25,53	86,93	87,20
	2021	92,83	0,13	17,21	67,46	99,42
PT. BPRS Al Hiijarah Amanah	2020	23,01	0,35	6,56	96,60	95,49
	2021	21,07	0,52	5,60	95,61	92,51
PT. BPRS Al Salaam Amal Salam	2020	26,91	1,01	2,02	70,10	61,67
	2021	29,66	1,25	1,44	69,89	89,84
PT. BPRS Riyal Irsyadi	2020	46,74	-0,45	14,07	63,36	118,86
	2021	26,08	-1,83	7,23	53,29	130,49
PT. BPRS Harta Insan Karimah Bekasi	2020	22,00	0,16	17,89	95,13	99,15
	2021	4,26	-11,88	31,60	84,30	266,00
PT. BPRS Harta Insan Karimah Cibitung	2020	23,18	4,42	0,94	93,85	65,95
	2021	26,07	3,16	1,71	100,19	66,35

PT. BPRS Patriot Bekasi	2020	23,02	2,38	1,32	99,98	82,80
	2021	20,27	2,37	1,84	80,78	77,26

Source: data processed by researchers (2022)

However, this research has interesting findings; most other Islamic Rural Banks in West Java did not experience shocks marked by an increase in CAR. This fact assures that even in times of crisis, sourced from external sources does not affect the performance of Islamic Rural Banks in maintaining the CAR ratio indicator. Furthermore, uniquely, the CAR indicator in some Islamic Rural banks has increased statistically. In other words, during the Covid-19 pandemic, Islamic Rural Banks have sufficient capital, representing the ability to overcome the possibility of default.

Meanwhile, ROA performance indicators show that most Islamic Rural Banks in West Java have increased and decreased, even the highly minus profitability. On the side of the decline to minus profitability, it shows that during the pandemic-19, Islamic Rural Banks remain committed to Islamic law, where due to the characteristics of Islamic Rural Banks financing products use a profit-sharing contract that will benefit if the customer benefits. Conversely, if the customer experiences a loss, the Islamic Rural Banks also share the loss. This happens because the characteristics of Islamic Rural Banks financing products use a profit-sharing contract.

Likewise, FDR's performance indicators, which contributed to the profitability of Islamic Rural Banks, fluctuated; some Islamic Rural Banks showed an increase, but others experienced a decrease in

financing distribution to the public. This is an effort to maintain the principles of *prudential banking*. As a final impact, there is a significant increase in the operational costs of Islamic Rural Banks. On the one hand, there is a decrease in revenue, but on the other hand, operational costs are fixed. So there is a *trade-off* between revenue and operating costs.

NPF indicators in West Java Islamic Rural Banks show a decline, although Islamic Rural Banks have also increased. In terms of decline, it is suspected that this is due to the implementation of macroprudential policies of the Financial Services Authority relating to customer financing relaxation regulations during the Covid-19 pandemic. Meanwhile, there is an increase in NPF numbers sourced from most Islamic Rural Banks customers who depend on SMEs. Where SMEs are also experiencing turbulence due to Covid-19.

Table 2 provides an overview of the performance of Islamic Rural Banks in Aceh Province on the island of Sumatra. The Covid-19 pandemic has similarly impacted CAR, ROA, NPF, FDR, and BOPO performance indicators. The ROA performance of Islamic Rural Banks that is most visible shows minus such as Islamic Rural Banks of Baiturrahman, Islamic Rural Banks of Tengku Chiek Dipante, Islamic Rural Banks of Kota Juang, Islamic Rural Banks of Rahmah Hijrah Agung, and Islamic Rural Banks of Serambi Mecca. While the CAR, NPF, FDR, and BOPO indicators statistically have increased and also decreased.

**Table 2.***Performance of Islamic Rural Banks in NAD Province*

Islamic Rural Banks	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Baiturrahman	2020	18,65	-1,04	14,59	85,59	114,37
	2021	17,79	-0,82	18,80	103,74	91,17
PT. BPRS Tengku Chiek Dipante	2020	79,57	-16,37	12,70	97,82	109,10
	2021	26,15	1,36	1,50	222,65	88,34
PT. BPRS Gayo	2020	42,90	1,16	8,77	106,04	86,76
	2021	41,67	1,59	7,96	111,74	83,96
PT. BPRS Juang City	2020	30,00	-1,93	10,57	96,10	123,92
	2021	23,55	0,65	8,49	89,33	109,25
PT. BPRS Rahmania Dana Sejahtera	2020	18,22	1,30	4,62	80,43	83,78
	2021	20,02	1,70	3,66	106,34	81,52
PT. BPRS Hikmah Wakilah	2020	25,51	1,67	3,51	76,07	76,91
	2021	25,32	2,27	2,93	79,82	72,58
PT. BPRS Taman Indah Darussalam	2020	38,82	0,26	0,68	60,21	93,89
	2021	26,80	1,30	0,47	75,74	84,55
PT. BPRS Rahmah Hijrah Agung	2020	30,87	-1,16	4,99	103,94	112,15
	2021	28,50	1,60	4,78	97,34	83,57
PT. BPRS Adeco	2020	17,95	3,08	2,38	72,36	69,33
	2021	16,14	3,36	3,48	79,52	60,80
PT. BPRS PORCH MECCA	2020	38,33	-0,38	4,25	73,71	101,84
	2021	36,75	2,62	2,64	74,11	83,99

Source: data processed by researchers (2022)

Table 3 provides an overview of the performance of Islamic Rural Banks in South Kalimantan Province from Kalimantan Island. Most performance indicators of Islamic Rural Banks show positive results ranging from CAR, ROA, NPF, and FDR to BOPO. Although on the

**Table 3.***Performance of Islamic Rural Banks in South Kalimantan Province*

Islamic Rural Banks	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Barkah Gemadana	2020	19,73	1,98	2,94	94,73	74,09
	2021	20,71	2,19	2,47	95,35	69,85
PT. BPRS Gowata	2020	79,05	6,34	2,81	249,14	62,21

2021 102,24 7,17 3,49 216,43 57,36

Source: data processed by researchers (2022)

Table 4 provides an overview of the performance of BP R Syariah in Sulawesi Province from Sulawesi Island. There are six Islamic Rural Banks where performance indicators during the Covid-19 pandemic have increased, decreased, and even been damaged. ROA performance indicators in 2020 and 2021 in several Islamic Rural Banks, such as BPR

Syariah Surya Sejati, BPR Syariah Dana Monetary, and Islamic Rural Banks Investama Mega Bakti, experienced an opposing position. However, other Islamic Rural Banks experienced an increase. Meanwhile, other performance indicators such as CAR, NPF, FDR, and BOPO were also affected by Covid-19, experiencing a decline in several Islamic Rural Banks.

**Table 4.**

*Performance of Islamic Rural Banks in South Sulawesi Province*

Islamic Rural Banks	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Surya Sejati	2020	173,27	-0,30	18,93	211,63	101,64
	2021	175,01	1,12	10,10	171,81	92,18
PT. BPRS Indo Timur	2020	92,17	0,03	4,47	17,45	94,90
	2021	100,25	0,03	5,01	14,78	95,09
PT. BPRS Monetary Fund	2020	32,48	-1,05	4,67	200,58	107,96
	2021	32,04	-0,95	2,88	143,60	109,11
PT. BPRS Niaga Madani	2020	17,95	2,51	9,25	199,62	93,29
	2021	20,74	3,99	6,08	198,71	86,41
PT. BPRS Investama Mega Bakti	2020	28,00	-2,00	6,00	124,50	66,08
	2021	39,00	0,17	7,65	100,00	100,00
PT. BPRS Harta Insan Karimah Fajar Nitro	2020	38,41	5,79	31,20	134,82	67,74
	2021	46,07	7,47	4,58	97,58	67,98

Source: data processed by researchers (2022)

Table 5 provides an overview of the performance of Islamic Rural Banks in Bali Province. ROA, CAR, and FDR performance indicators decreased,

although not significantly, in 2020 and 2021. Meanwhile, BOPO's performance indicators increased from 2020 compared to 2021.

**Table 5.**

*Performance of Islamic Rural Banks in Bali Province*

Islamic Rural Banks	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Fajar Sejahtera Bali	2020	37,17	1,39	4,47	79,55	88,34
	2021	32,84	0,94	3,86	71,45	88,94

Source: data processed by researchers (2022)



Table 6 provides an overview of the performance of Islamic Rural Banks on the island of Nusa Tenggara, represented by NTB province. Only Islamic Rural Banks Patuh Beramal CAR performance indicator decreased in 2021 compared to 2020 at 35.58 from 38.75. Meanwhile,

other Islamic Rural Banks have increased. During the ROA indicator, most Islamic Rural Banks experienced a decrease, even Pure Amanah Islamic Rural Banks' negative ROA position. This condition is in line with FDR and BOPO indicators.

**Table 6.**

*Performance of Islamic Rural Banks in NTB Province*

BPRS	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Tulen Amanah	2020	18,26	-0,11	10,80	83,39	97,83
	2021	31,45	5,00	12,67	80,32	77,53
PT. BPRS Obeyes Charity	2020	38,75	5,81	3,79	88,90	57,59
	2021	35,58	5,38	3,60	135,15	58,77
PT. BPRS Dinar Ashri	2020	16,73	5,77	0,67	116,39	66,11
	2021	19,85	5,12	0,70	83,32	66,68

Source: data processed by researchers (2022)

Table 7 provides an overview of the performance of BPR Syariah on the island of Maluku, which shows good performance indicators in the CAR

position, where it has increased. Meanwhile, ROA, FDR, NPF, and BOPO indicators have increased and decreased variances.

**Table 7.**

*Performance of Islamic Rural Banks in Maluku Province*

Islamic Rural Banks	YEAR	PERFORMANCE				
		CAR	ROA	NPF	FDR	BOPO
PT. BPRS Saruma Sejahtera	2020	42,00	1,95	0,01	106,54	71,23
	2021	68,52	0,51	3,61	107,37	93,29
PT. BPRS Bahari Memorable	2020	30,49	2,92	2,15	100,25	36,65
	2021	44,00	3,88	1,07	88,78	32,40
PT. BPRS Bobato Lestari	2020	64,73	5,76	0,33	66,42	48,92
	2021	66,74	5,05	0,08	61,22	60,52

Source: data processed by researchers (2022)

CAR performance indicators in most samples of this study showed improvement. This is in line with Nafik et al. (2018), which state that the more there is an increase in CAR performance

indicators, the bank will have capabilities related to the possibility of loss risk. If Islamic Rural Banks have a high CAR during the Covid-19 pandemic, they can finance operational activities and contribute considerably to profitability.

Previous studies have confirmed that during the Covid-19 pandemic, Islamic banks were able to survive and even perform well, including the CAR kinara indicator (Azhari & Wahyudi, 2020; Hasan et al., 2021; Wahyudi, 2020).

ROA, NPF, FDR, and BOPO performance indicators in most study samples show variances in findings where Islamic Rural Banks have increased, and vice versa have decreased performance. In other words, Islamic Rural Banks as financial institution targeting MSMEs is directly affected by the Covid-19 pandemic. This is in line with research findings that state that the health of Islamic Rural Banks has decreased, and some have increased (Indriyani et al., 2021; Kristina et al., 2022). Although the government, through the Financial Services Authority, has provided an injection of financing relaxation policy and findings in the field show that its implementation is quite good (Waid, Abdul & Lestari, 2020)

It can be concluded that the Covid-19 pandemic has had a different impact on each region in Indonesia, especially the financial performance indicators of Islamic Rural Banks. Among the reasons for the difference in the impact of the Covid-19 pandemic on islands or regions on the performance of Islamic Rural Banks are demographic characteristics, different local government policies, implementation of financing relaxation regulations from the Financial Services Authority, and internal policies of Islamic Rural Banks in responding to the impact of the Covid-19 pandemic.

---

### Conclusion

Based on the data, analysis, and discussion,

we concluded that the financial performance of Islamic Rural Banks in Indonesia during The Covid-19 Pandemic in each region shows variances in findings from CAR, ROA, NPF, FDR, and BOPO performance indicators. The variance is the increase and decrease in each performance indicator. In particular, even during the Covid-19 pandemic, Islamic Rural Banks in Indonesia performed well. Based on a review of the literature and theory of Islamic bank performance, the findings of this research can be helpful for bankers, academic researchers, and students studying the performance of Islamic banking during the Covid-19 pandemic.

---

### Recommendation

In future research, we suggest analyzing the differences between Islamic rural banks and rural banks to obtain a complete analysis, especially in rural banking and during the Covid-19 pandemic.

---

### Acknowledgment

We would like to thank the Yogyakarta Muhammadiyah University Research and Innovation Institute, Islamic Economics Study Program, Faculty of Islamic Religion, Yogyakarta Muhammadiyah University, and Ahmad Dahlan University, Islamic Banking Department, for funding this research.

---

### References

Afkar, T., & Purwanto, T. (2021). Sharia Bank Fund Disbursement through Murabahah, Istishna, and Ijarah

- Financing Before and During the Covid 19 Pandemic. *Scientific Journal of Islamic Economics*, 7(2), 900–907. <https://doi.org/10.29040/jiei.v7i2.2423>
- Azhari, A. R., & Wahyudi, R. (2020). Analysis of Sharia Banking Performance in Indonesia: Study of the Covid-19 Pandemic Period. *JESI (Indonesian Journal of Sharia Economics)*, 10(2), 96–102. <https://doi.org/10.21927/jesi.v10i2.1462>
- Bahtiar, R. A. (2021). The Impact of the Covid-19 Pandemic on the Micro, Small and Medium Enterprises Sector and Its Solutions. *Research Center of the DPR RI Expertise Agency, Economics and Public Policy*, XIII(10), 19–24. Short [https://berkas.dpr.go.id/puslit/files/info\\_singkat/Info-XIII-10-II-P3DI-May-2021-1982.pdf](https://berkas.dpr.go.id/puslit/files/info_singkat/Info-XIII-10-II-P3DI-May-2021-1982.pdf)
- Chitra Yuliashri Katili, & Rifadli D. Kadir. (2021). Profitability of Islamic Microfinance in Indonesia: Does the Type of Financing Matter? *Mutanaqishah : Journal of Islamic Banking*, 1(1), 31–38. <https://doi.org/10.54045/mutanaqishah.v1i1.306>
- Cristanti, I. L., Luhsasi, D. I., Sitorus, D. S., Kristen, U., & Wacana, S. (2021). The role of financing for small, micro and medium enterprises (MSMEs) in the Covid-19 era in Lampung Province. *Journal of Accounting and Taxation*, 2(22), 1–13.
- Falah, A. F., Panggiari, E. K., & ... (2021). Mudhorobah Financing Problems: Conditions During the Covid 19 Pandemic. *UMMagelang Conference ...*, 290–302. <http://journal.unimma.ac.id/index.php/conference/article/view/5878>
- Fatalbari, R., & Nawawi, M. K. (2021). Impact of Covid-19 on Customer Interest in Sharia Gold Pawn Products (Rahn) at BPRS Amanah Ummah. *El-Mal: Journal of Islamic Economic & Business Studies*, 4(2), 235–244.
- Fauzan, M. (2021). Finance in reducing non-performing financing. *Jurnal Masharif Al-Syariah: Journal of Islamic Economics and Banking ISSN:*, 6(1), 43–53.
- Hasan, H. A., Mansyur, S., & Mustamin, S. W. (2021). The impact of the Covid-19 pandemic on the growth of third party funds at Islamic banks. *El Dinar*, 9(1), 44–61. <https://doi.org/10.18860/ed.v9i1.11431>
- Hasbi, S., & Apriyana, M. (2021). The Efficiency Level of BPR and BPRS in West Java during the Covid-19 Pandemic. *Journal of Ratios*, 7(1), 1–7.
- Indriyani, M., Tiwu, H., Angi, Y. F., Economics, F., & Sandalwood, U. N. (2021). The Effect of the Covid-19 Pandemic on the Net Performing Financing of Sharia Financing Banks in Indonesia. *OECONOMICUS*, 5(2).

- Iska Sanjaya, Meriyati, C. (2021). Handling of Murabahah Financing Problems at BPRS Al-Falah Banyuasin during the Covid-19 Pandemic N DURING THE COVID-19 PANDEMIC. *Scientific Journal of Sharia Banking Students (JIMP A)*, 1(2), 171–176.
- Kristina, L., Prasetyo, I., & Trisila. (2022). Health Level of BPRS in Central Java During COVID-19. *Monex – Journal of Accounting Research*, 5321(02).
- Mardhiyaturrositaningsih. (2021). Sharia Banking Performance during the Covid-19 Pandemic: A Case Study at BPRS in West Java. *Islamic Economics, Finance, and Banking*, June, 92–112.
- Maulina, R., & Mulyadi, R. (2020). Credit Restructuring in the Implementation of Countercyclical Policy Due to the Spread of Covid-19 at Pt. Bprs Baiturrahman. *AKBIS: Accounting and Business Research Media*, 4(1), 1–7.
- Nafik, M., Ryandono, H., & Wahyudi, R. (2018). *Islamic Bank Management: Sharia Approach and Practice*. UAD Press.
- Ningsih, M. R., & Mahfudz, M. S. (2020). Impact of Covid-19 Pandemic on Sharia Banking Industry Management: A Comparative Analysis. *Point*, 2(1), 1–10. <https://doi.org/10.46918/point.v2i1.576>
- Pakpahan, A. K., & Faculty. (2020). Covid-19 and its implications for micro, small and medium enterprises. *Scientific Journal of International Relations*, 0(0), 59–64. <https://doi.org/10.26593/jihi.v0i0.3870.59-64>
- Putri, O. C. M., & Puspaningtyas, M. (2021). MSME Resilience during the COVID-19 Pandemic (Case Study of Templek-Mamake Hawker Business in Banyuwangi). *Proceedings of the National Seminar on Accounting, Finance and Economics1*, 1(3), 1–12.
- Rani Sri Agustina. (2021). The Credit Restructuring as A Form of Protection Against Customers During The Covid-19 Pandemic. *IJLR: International Journal of Law Recontruction*, 5(2), 228–241.
- Act Of The Republic Of Indonesia, 151 1 (2008). <https://doi.org/10.1016/j.cell.2009.01.043>
- Law Of The Republic Of Indonesia Number 21 Of 2008 Concerning Sharia Banking, 21 (2008).
- Sofyan, M. (2021). Performance of BPR and BPRS During the COVID-19 Pandemic. *The 2nd ADPI National Seminar on Community Service in the New Normal Era*, 2(2), 6–12.
- Suksmonohadi, M., & Indira, D. (2020). Covid-19 Pandemic Handling Policy. *Economic Development of Finance and International Cooperation, Second Edition*, 89–112.
- Trimulato. (2021). The Role Of Sharia Banking To Recover SMEs During Covid-19 Pandemic. *Journal of*

*Economics and Islamic Sciences*, 9(1), 58–75.

Ubaidillah, M., & Shah Aji, R. H. (2020). Review of the implementation of the installment period extension for financing at Islamic banks in the Covid-19 pandemic situation. *Islamic Banking : Journal of Islamic Banking Thought and Development*, 6(1), 1–16. <https://doi.org/10.36908/isbank.v6i1.159>

Wahyudi, R. (2020). Analysis of the Effect of CAR, NPF, FDR, BOPO and Inflation on the Profitability of Islamic Banking in Indonesia: A Study of the Covid-19 Pandemic Period. *At-Taqaddum*, 12(1), 13. <https://doi.org/10.21580/at.v12i1.6093>

Waid, Abdul & Lestari, N. (2020). *LABATILA : Journal of Islamic Economics p-ISSN : 2614-6894*. 2(1), 74–94.

Wangsit Supeno, I. H. (2020). Credit performance on BPR profitability during the Covid-19 pandemic. *Journal of Chemical Information and Modeling*, 53(9), 1689–1699.

Wicaksono, Y. K., & Maunah, B. (2021). The role of the state in Islamic banking resilience during the Covid-19 pandemic. *An-Ratio Jurnal Sharia Economics*, 8(1), 206–225. <http://ejournal.iain-tulungagung.ac.id/index.php/nisbah/article/view/3600>

