

## EDITORIAL NOTES

### *Issues in Islamic Banking and Financial Institutions during the Covid-19 Pandemic Era*

*Bismillah.* This is the second issue for the 2021 edition (Volume 10, Number 02, July – December 2021). In the past two years, we have witnessed the Covid-19 spreading all around the globe. We have seen its impact on our lives and economy. We also observed the efforts made by many countries in solving the pandemic. As always, our optimism continues to grow as we all have worked very hard to reduce the impact and prevent new variants from coming. Let us pray that all readers, authors, editors, reviewers, and families are always in good health and the protection of Allah SWT.

In this issue, we mostly received manuscripts discussing the Islamic Banking and Financial Institutions (IBFIs) challenges in the Covid-19 pandemic era. We received a dozen manuscripts discussing various topics within Islamic economics and finance fields. Typically, each manuscript will have to pass an initial review from our editor(s) before forwarding it to suitable reviewers. Before making any decision, our editor(s) will analyze the reviewers' feedback. Thus, we ensure that each accepted manuscript has undergone a rigorous review process. It is expected that some manuscripts would have to go through several steps before being accepted.

Approaching the publication deadline for the second issue of the 2021 edition, only nine were accepted out of the dozen manuscripts that were reviewed. Interestingly, five of them discuss the performance issues in Islamic financial institutions, whilst the rest discuss Islamic economics and financial matters in other topics ranging from waqf institutions, the trend of Islamic economics research, to the relevance of Islamic economics and finance essential components to the modern economy.

As I mentioned earlier, the first five articles in this issue discuss the performance topics in Islamic financial institutions. It begins with an exciting article by Qudratullah that measured the Islamic stock performance in Jakarta Islamic Index with a modified Sharpe Ratio. The author modified it by replacing the interest rate and testing it with four approaches. He found very high suitability for using these models in other circumstances. He concluded that risk-free returns could be measured using these four approaches, especially inflation and GDP, on the concept of Islamic finance.

In the next row, Purnama et al. discuss the factors affecting collateral valuation performance during the covid-19 pandemic in an Islamic bank in Indonesia. Specifically, the study analyzes the performance of collateral appraisers during the Covid-19 pandemic by using the variables of competence, motivation, and work stress as exogenous variables and satisfaction as mediating variables. They concluded that competence, inspiration, and satisfaction positively and significantly affected performance. In contrast, job stress had a negative and significant effect on the satisfaction and performance of collateral appraisers.



Another performance issue is discussed by Kismawadi et al. as they aimed to determine the effect of the Capital Adequacy Ratio (CAR), Non-Performing Financing (NPF), and Operational Efficiency Ratio (OER) at Islamic Commercial Banks in Indonesia. The authors employed panel data regression with the Random Effect Model (REM) model to analyze the data. They found that the OER variable has a negative and significant effect on Return on Assets (ROA), while NPF and CAR do not significantly affect ROA. Simultaneously, the variables of CAR, NPF, and OER affect ROA. The results suggest that Islamic banks have to be seriously concerned about efficiency.

The discussion on a performance topic continues in Setiawan's study. He examined the factors that influence financing risk on the financial performance of Islamic banking in Indonesia. Using multiple regression estimation techniques, the author analyzed the data with the Ordinary Least Square (OLS) method. This study revealed that the Islamic banks' financing risk is significantly influenced by bank capital, financing, economic growth, inflation, and central bank' rate (BI rates), both negatively and positively. Setiawan found that economic growth is the most influential factor in reducing financing risk, while financing risk is the most significant factor in improving banks' financial performance.

The last performance topic in this issue is discussed by Hanafi et al. It is fascinating to know the relationship between the characteristics of the Sharia Supervisory Board (SSB) and Good Corporate Governance (GCG) on the performance of Islamic Banks (IBs). The study found that SSB with the academic position as professor shows a significant positive relationship on IBs performance. Meanwhile, SSB with doctoral education has no positive connection with IBs' performance. They also empirically revealed that educational background significantly affects IBs' performance.

Another interesting topic discussed in this issue is the financial stability determination for Islamic insurance companies in Indonesia. In the study, Hendra et al. found that financial stability is significantly affected by investment, insurance premiums, independent boards, and institutional ownership. In contrast, the capital structure, sharia supervisory board, and board of directors do not affect financial stability. Increasing the number of participant contributions and strategic investments should be the matters that the companies' managers should focus on.

Among topics that are always interesting to discuss are Islamic social funds, including waqf. In this issue, we published a work by Saidu, Cizakca & Wilson that discusses the challenges of waqf institutions in Nigeria. This study attempts to formulate workable prescriptions for waqf development in that country. Data were gathered from relevant documents, such as related local regulations and the result of previous studies. Considering the normative characteristics for the functionality of the waqf institution, the data were analyzed using documentary inquiry, legal reasoning, descriptions, narratives, and critical studies on the waqf system in Nigeria. The findings indicate a dire need for dedicated legislation for waqf operations in the country to establish a sound and well-functioning waqf system. He urged that the future law on waqf should incorporate the policy briefs contained in this paper.



In the next section, an article by Aminy et al. discusses the trend of Islamic economic studies listed on SINTA, the official Indonesian indexing website. They used 114 published papers and analyzed them using quantitative descriptive with bibliometric analysis. This study found that most papers are published by “Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah”, owned by Syarif Hidayatullah State Islamic University. The qualitative approach is mostly used by research samples, which accounted for 64.91%. The Islamic economic research in Indonesia is dominated by Islamic bank topics: efficiency, profitability, liquidity, and Non-Performing Financing (NPF). They suggested that further researchers should focus on Islamic or Sharia values implemented within Islamic banks and observe broader problems like poverty and its solving problem.

The last article on this issue still discussed the topic of Islamic economics. The author, Soemitra, seeks the relevance of Islamic economics and finance fundamental values to the modern economy based on the Islamic economists’ perspective. This research was conducted with a qualitative design by conducting a structured survey and in-depth interviews with 61 participants. It shows that the Islamic economists perceived the Islamic economics and finance fundamental values to be relevant to the modern economy. The values are also considered better in overcoming economic and financial problems, thus achieving Islamic goals of public prosperity.

We invite participation and articles from both practitioners and academia. Our journal is designed to provide practical, pertinent knowledge on Islamic economics and finance issues. Our goal is to provide knowledge and value to practitioners and academia in Islamic economics and finance. We welcome all types of research methodologies that are applicable to the current Islamic economics and finance domain. Applied manuscripts that support the practice of Islamic economics and finance are welcome as well. For questions or inquiries, please contact us at: [jurnal.share@ar-raniry.ac.id](mailto:jurnal.share@ar-raniry.ac.id).

*Wassalam.*

**Azharsyah Ibrahim**

*Editor-in-Chief*

*Share: Jurnal Ekonomi dan Keuangan Islam  
Universitas Islam Negeri Ar-Raniry Banda Aceh*

*Email: [azharsyah@ar-raniry.ac.id](mailto:azharsyah@ar-raniry.ac.id)*

