

ABSTRACT

Governance, Risk, and Compliance is a combination of three pillars combined for the purpose of synchronizing information and activities across Islamic Commercial Banks so that they operate more effectively, and there is no overlapping of information and ineffective activities. Implementation that is not integrated will affect the performance of Islamic Commercial Banks, and vice versa.

The performance of Islamic Commercial Banks can be measured by Return on Assets, which is used to measure the management ability of Islamic Commercial Banks in obtaining overall profits. This study was conducted with the aim of knowing the effect of Governance, Risk and Compliance on the Financial Performance of Islamic Commercial Banks in Indonesia in the 2016 - 2020 period simultaneously or partially.

The population used in this study was 14 Islamic Commercial Banks in Indonesia in 2021. While the sampling method was carried out using purposive sampling, based on the research data criteria set were Islamic Commercial Banks in Indonesia for the 2016 - 2020 period, and not carry out corporate action from 2016. The analysis technique in this study uses panel data regression analysis with Eviews version software 10.

The results of this study show that Governance, Risk, and Compliance simultaneously have no effect on Financial Performance at Islamic Commercial Banks in Indonesia. Partially, only the Risk has an effect on Financial Performance, on the other Governance and Compliance partially have no effect on the Financial Performance of Islamic Commercial Banks in Indonesia.

Based on the researcher's involvement in the data, this research is not intervening with the data. Suggestions to further researchers, can use other variables such as the Board of Directors, Board of Commissioners, Audit Committee, and Loan to Deposit Ratio. Sharia Commercial Banks are advised to manage credit risk through careful supervision from the financing application stage from customers in terms of business prospects, financial performance and ability to pay, then the financing analysis process, to the financing monitoring process.

Keywords: Governance, Risk, Compliance, Return on Assets, Islamic Commercial Banks