Al-Mashrafiyah: Jurnal Ekonomi, Keuangan dan Perbankan Syariah
ISSN (p): 2597-4904 ISSN (e) : 2620-5661
Volume 7, Nomor 1, April (2023), h.36-50
10.24252/al-mashrafiyah.v7i1.36677

Assessment Financial Distress of Islamic Banking in Indonesia Before and During Covid-19

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Received: 17-03-2023; Revised: 19-04-2023; Accepted: 29-04-2023;

Keywords: *Financial Distress, Altman Z-Score, Islamic Banking, Covid-19.*

ABSTRACT

This study aims to measure the level of financial distress of Islamic banking in Indonesia before and during Covid-19. The research method used is the Modified Altman Z-Score method. The sampling technique in this study used a purposive sampling technique so that there were 5 Islamic Commercial Banks as research samples, namely BCA Syariah, KB Bukopin Syariah, Bank Victoria Syariah, Bank Panin Dubai Syariah, and Bank Aladin Syariah. They use quarterly financial report data for the 2018-2019 research period (before covid-19) and 2020-2021 (during covid-19). The sampling technique used purposive sampling techniqueVariables in this study use variables from the Altman Z-Score analysis, namely WCTA, RETA, EBITTA, and BVEBVL variables. The results of this study indicate that during Covid-19, there were 3 Islamic Commercial Banks that were in a healthy condition or safe zone for two consecutive years, namely KB Bukopin Syariah, Bank Victoria Syariah, and Bank Aladin Syariah,2 Sharia Commercial Banks in distress zone and gray zone conditions namely BCA Syariah and Panin Dubai Syariah. In contrast, during covid-19, only two banks were in good health for two consecutive years, namely KB Bukopin Syariah and Bank Aladin Syariah. The other three banks are in a safe zone, gray zone, and distress zone, namely BCA Syariah, Bank Victoria Syariah, and Bank Panin Dubai Syariah.

Kata Kunci: Finansial Distress, Perbankan Syariah, Altman Z-Score, Covid 19

ABSTRAK

Penelitian ini bertujuan untuk mengukur tingkat financial distress Perbankan Syariah di Indonesia sebelum dan selama covid-19 dengan menggunakan metode analisis Altman Z-Score. Teknik pengambilan sampel dalam penelitian ini menggunakan teknik purposive sampling sehingga terdapat 5 Bank Umum Syariah yang menjadi sampel penelitian yakni BCA Syariah, KB Bukopin Syariah, Bank Victoria Syariah, Bank Panin Dubai Syariah dan Bank Aladin Syariah dengan menggunakan data laporan

keuangan kuartal periode penelitian 2018-2019 (sebelum covid-19) dan periode 2020-2021 (selama covid-19). Variabel dalam penelitian ini menggunakan variabel dari analisis Altman Z-Score yaitu variabel WCTA, RETA, EBITTA dan BVEBVL. Hasil penelitian ini menunjukkan bahwa selama covid-19 terdapat 3 Bank Umum Syariah yang berada dalam kondisi sehat atau safe zone selama 2 tahun berturut-turut, dan 2 Bank Umum Syariah berada dalam kondisi distress zone dan grey zone, sedangkan selama covid-19 hanya 2 bank yang berada dalam kondisi sehat selama 2 tahun berturut-turut dan 3 bank lainnya berada dalam kondisi safe zone, grey zone dan distress zone.

INTRODUCTION

*Coronavirus disease*19 (Covid-19) was first discovered in December 2019 in Wuhan, China. Covid-19 is an infectious disease caused by the SARS-CoV-2 virus (Spiteri, 2020, p. 1). It Has become a global phenomenon. This virus was first discovered in December 2019 in the n, China. Covid-19 spread very quickly to all parts of the world, including Indonesia, Covid-19 in Indonesia was first announced in March 2020. This global phenomenon has had a considerable large enough to result in the emergence of multidimensional problems that are not terrific think beforehand and penetrate almost all areas of life, especially the economic field.

Economic and operational activities have significantly decreased, especially with the enactment of Large Scale Social Restrictions or PSBB since April 10, 2020. In addition, the impact of the Covid-19 pandemic on various countries is the lack of interaction between countries, so several elements of the economy experience a plummeting decline. So, it is no wonder that Indonesia is included in the recession category, a condition in which a country's economic turnover has decreased for the worse due to the Gross Domestic Product (GDP) declining in a row of 2 quarters. (KPBU Ministry of Finance)..

Indonesia's economic growth rate can be seen from the level of GDP. In 2019 economic growth was 5.02%; this growth was slow compared to growth in 2018 which was 5.17%, while in the first quarter of 2020, it was recorded at 2.97% or contracted 2.41% compared to the fourth quarter of 2019. In fact, in the second quarter, the economic contraction deepened to -5.32%, in the third quarter -3.45%, and in the fourth quarter -2.19%. Entering the first quarter of 2021, the Indonesian economy is still in the red. BPS reported that Indonesia's economy was -0.74% during the January - March (first quarter) 2021 period. However, finally, Indonesia managed to get out of the recession by recording confidence that the economy in the second quarter of 2021 would grow to 7%. The second quarter of 2021 decreased by 3.49% from the previous period, then economic growth in the fourth quarter of 2021 reached 5.02% (OJK, 2022).

Graph 1: Indonesia's GDP Level in 2018-2021

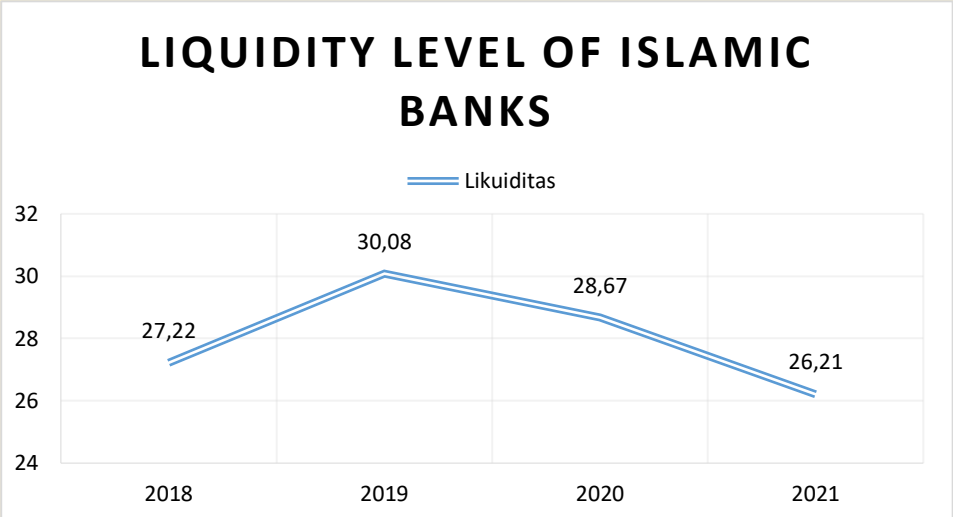
Source: Financial Services Authority (OJK)

This certainly impacts financial institutions considered the heart of the economy, namely banking, both conventional banks and Islamic banks. Islamic banking faces various challenges amid the Covid-19 outbreak. The risks experienced by Islamic banks have increased in facing various significant challenges during the Covid-19 outbreak. Yosita Nur Widiyanti, as head of the Sharia banking division of the National Sharia Economic and Finance Committee (KNEKS), revealed that the impact of the Covid-19 pandemic on Sharia banking was an increase in liquidity risk in Sharia banks which were considered to have lower quality and there was a potential transfer of funds. From banks with low quality to banks with high quality amid uncertainty (KNEKS, 2020). Besides that, Adiwarman Karim, as one of the Sharia economic observers, also explained that the condition of the Sharia banking industry could get worse earlier than the conventional banking industry. In general, the challenge in Islamic banks during the Covid-19 pandemic is the challenge of liquidity risk (Iswahyuni, 2021: 43)

Liquidity risk is a risk that occurs due to the company experiencing difficulties in fulfilling its short-term obligations. This risk can lead to a solvable condition, namely where the company has debt more significant than the number of assets it owns. In the end, the company has the potential to go bankrupt (Anisa, 2016). This condition is marked by financial distress. The company experiences a continuous decline in financial performance and consequently experiences financial difficulties in fulfilling its obligations (Halim et al., 2016), especially short-term obligations, namely liquidity obligations and liabilities in the solvency category.

When viewed from the ratio of Islamic banking liquidity, in 2019, Islamic banks experienced an increase of 3.76% from the previous period. It decreased to 28.67% in 2020 and decreased by 2.46% in 2021. This shows that during the Covid-19 outbreak in 2020-2021, the ability of Islamic banks to meet their short-term obligations is getting smaller. So that can reduce the credibility of Islamic banking and will cause an adverse reaction from investors or customers, such as decreased customer confidence to use Islamic banking products both for financing and funding.

Graph 2: Liquidity Level of Islamic Banks



Source: Financial Services Authority (OJK)

The leading cause of deficiencies and the company's inability to fulfill these obligations is the negligence of the company's management in carrying out its responsibilities. Another reason is that previous management needed to calculate financial ratios, so management did not know that the company's current liabilities were higher than its current assets (Kasmir, 2018, p. 129). History proves that liquidity problems are one of the causes of bankruptcies. The Long Term Capital Management bankruptcy in America in 1997, the banking crisis in Indonesia in 1997, the bankruptcy of Northern Rock Bank in England in 2007, and the Century Bank case in 2008 all occurred due to liquidity risk (Wahyudi et al., 2013, p. 209).

That Banks must be managed by management with adequate expertise and competence so that various risks will arise, such as liquidity risk, solvency, and profitability, can be minimized and dealt with quickly to gain profits and avoid losses. Losses experienced by banks significantly affect the health of the bank itself. To ensure that the bank is financially healthy and able to survive in the long term, an analysis is needed that measures several financial indicators, including liquidity, solvency, profitability, and operational efficiency.

At the moment, Many ways or methods have been developed to predict the potential for financial distress. Suppose financial distress conditions can be predicted early on. In that case, the company's management can think of steps to take earlier actions that can improve the company's condition and be used as a reference for decision-making by various parties who have an interest (Maisarah et al., 2018). One of the methods used in predicting financial distress is the Z-Score method, which Edward I. Altman first introduced. The Z-Score method can accurately predict company performance. It is possible to see the future prediction of the company's financial condition, whether it is experiencing bankruptcy, is prone to bankruptcy, or is in a healthy condition (Sawiya & Munandar, 2013).

Sawiya & Munandar's research (2013) argued that the Altman Z-Score method could accurately predict banking performance. It is possible to see the prediction of banking financial conditions in the future, whether they will experience bankruptcy, is prone to bankruptcy, or are in a healthy condition. The Altman method has advantages over other bankruptcy prediction methods, namely this method has combined various ratios needed in assessing liquidation, profitability, solvency, and activity (Susilawati, 2019: 3). In addition, the advantages of this model are that it can achieve a level of accuracy of up to 95% in predicting banking financial performance (Tambunan et al, 2015: 3), as well as this method is proven to be used as a tool to analyze the soundness of a bank (Hosen & Ihsan, 768: 2021).

Meanwhile, in another study conducted by Hosen and Nada (2013), there is a difference with the research above, where the results of calculations using the Altman Z-Score method for three samples of Islamic banks show that all banks are classified as bankrupt in each year, namely the period 2007-2010. Therefore, the application of the Altman method is not applicable in banking, and this is because the characteristics of banking as a financial intermediary are far different from the characteristics of other companies. Therefore, researchers consider it essential to investigate and review related level assessmentIslamic banking financial distress in Indonesia before and during Covid-19 using the Altman Z-Score method.

THEORETICAL BASIS

Signaling Theory

Signaling theory or signaling theory explains that good financial reports are a sign or signal from a company that describes the company's condition and that it has operated well. Noerda (2017) states that managers must provide signals regarding company conditions to stakeholders to carry out responsibilities for managing the company. Information asymmetry between management and company stakeholders is also explained in this theory. Furthermore, this study using signaling theory aims to describe and disclose information that is considered to influence decision-making by stakeholders.

Financial performance

Financial performance is an illustration of the results of the economic consequences that a company or bank can obtain in a certain period in generating profits effectively and efficiently through the company's operational activities, whose progress can be measured by analyzing financial data contained in financial reports (Putri & Dharma, 2016). Financial performance reflects the company's ability to manage and allocate its funding sources. To assess financial condition, financial analysis requires several benchmarks. The benchmark that is often used is the ratio (Munir, 2017). In this study, the ratio that becomes a benchmark for financial distress is the ratio of liquidity, profitability, solvency, and activity.

Financial Distress

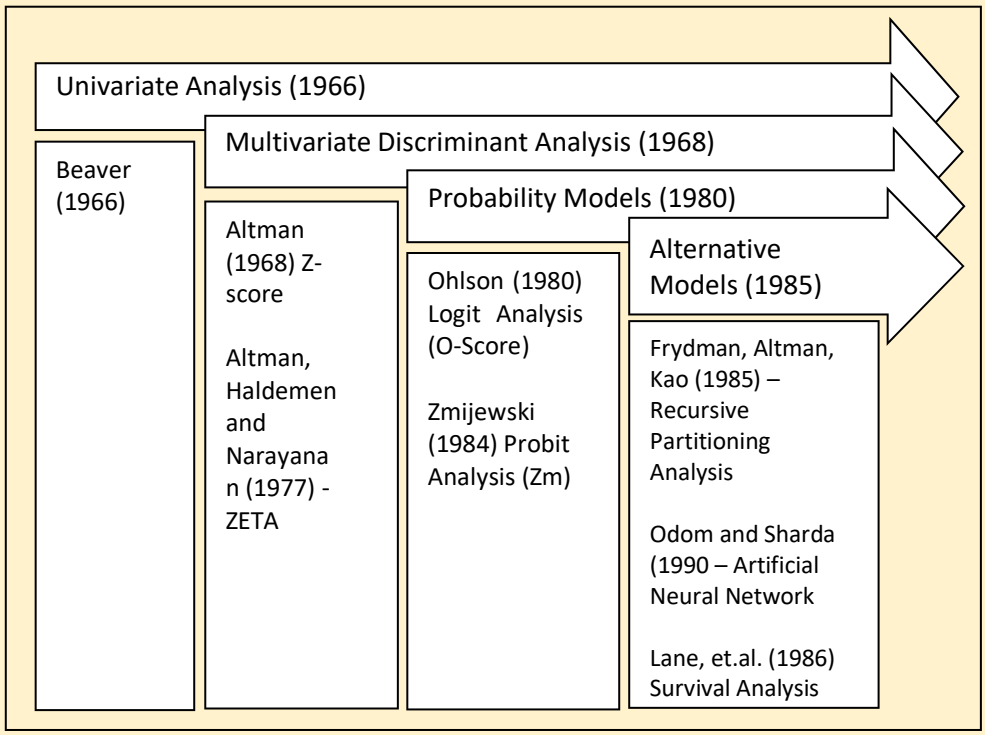
Financial distress is when a company or bank experiences a decline in financial performance or is in a crisis or unhealthy condition. Suppose a company or bank is in a condition of not being able to cover all forms of its obligations, both long-term and short-term, at maturity. In that case, this shows that the company or bank is in a state of financial distress, so it is not surprising that many companies experience bankruptcy (Helena and Saifi, 2018).

The financial condition of a company experiencing difficulties is a signal or a marker of bankruptcy that a company or bank may experience, so management must take action to be more careful because the company that is run has the potential to experience bankruptcy (Lestari, et al, 2020). Bankruptcy itself is the final stage of financial difficulties or a problematic financial condition due to the company's management's failure to follow up on problems of financial difficulties that occur in the company. If a company experiences ongoing financial difficulties and cannot take action earlier, the company may experience weak stakeholder trust in the company (Andriyono, et al, 2022).

Bakti & Siyamto (2022) explain that financial distress can occur if the company's mismanagement or bad company management by management is one of the causes. However, various conditions can also be a factor causing financial distress, both internal and external factors. Thus, many other things cause financial difficulties in a company. If it happens from a financial perspective, three conditions can cause financial distress: first, the factor of lack of capital or insufficient capital. Second, the amount of liability, both debt and interest expenses. Third, they suffer losses.

Financial Distress Prediction

The financial distress prediction model evolved from statistical methods to several other alternative methods (Balcaen and Ooghe, 2006). The figure below shows the evolution of the financial distress prediction model from the classic model to the alternative model, survival analysis.



Altman Z-Score

Edward I Altman as the originator of the Altman Z-Score Method, has conducted research by taking samples of companies that have experienced bankruptcy and proving that several financial ratios have "predictive power" in predicting financial distress and bankruptcy. The Altman method can predict up to 90% of bankruptcy cases one year before bankruptcy occurs and can even predict bankruptcy up to two years earlier (Meidarso & Widyawati, 2018).

The Z-score model was developed in 1968 by Edward Altman. During the research, Altman made three adjustments to the Z-score formula to predict bankruptcy more accurately according to company characteristics. There are three equations used in the financial distress prediction model; Each of these equations is used for manufacturing companies going public (1968), non-go public manufacturing companies (1983), and non-manufacturing companies or service companies (1995).

Research methods

This study uses a comparative quantitative method. A quantitative research method is an approach in which the data are numerical and processed using statistical methods. Comparative research is research that has the characteristic of comparing two or more different objects. The researcher uses a comparative quantitative research method because this study aims to determine the impact of the global phenomenon, namely Covid-19, where data is taken from before and during the existence of Covid-19.

The sampling technique used in this study was a purposive sampling technique, in which the researcher determined several criteria for the research sample used, while these criteria were as follows:

1. Sharia Commercial Bank is registered with the Financial Services Authority (OJK).
2. Islamic Commercial Banks and Conventional Commercial Banks have published complete quarterly financial reports during the study period (2017-2022).
3. Sharia Commercial Banks and Conventional Commercial Banks with a core capital of less than 3 trillion (OJK's policy on a minimum core capital for banks is contained in POJK No. 12 of 2020)

Based on the above criteria, the samples used in this study are as follows:

Table 1: Research Sample

Bank name	Core Capital (As of September 2022)
Bank Central Asia Syariah	2.884 Trillion
KB Bukopin Sharia Bank	1.109 Trillion
Bank Victoria Syariah	265.7 billion
Bank Panin Dubai Syariah	2.201 Trillion
Islamic Aladin Bank	2.009 Trillion

Modified Altman Z-Score

The Altman model equation for non-manufacturing companies or the Modified Altman Z-Score model (1995) is as follows:

$$Z = 6.56\ (X1) + 3.26\ (X2) + 6.72\ (X3) + 1.05\ (X4)$$

Information :

X1 : Working Capital to Total Assets
X2 : Retained Earnings to Total Assets
X3 : Earning Before Interest and Taxes to Total Assets
X4 : Book Value Of Equity to Book Value Of Liabilities
Z : Overall Index

The cut of for this index is:

Z < 1.1 : Distress zone / categorized as a company that has a high risk of bankruptcy
1.1 < Z < 2.6 : Gray Zone / categorized as a vulnerable company
Z > 2.6 : Safe zone / categorized as a company that is in a healthy condition

a. Working Capital to Total Assets (X1)

Percentage of working capital to assets; This ratio measures a company's liquidity. The formula used in calculating this ratio is as follows:

$$\text{WCTA (X1)} = \frac{\text{Modal Kerja}}{\text{Total Asset}}$$

b. Retained Earnings to Total Assets (X2)

The ratio of retained earnings to total assets is a profitability ratio that assesses the company's ability to generate profits during the company's period. The formula used in calculating this ratio is as follows:

$$\text{RETA (X2)} = \frac{\text{Laba Ditahan}}{\text{Total Asset}}$$

c. Earning Before Interest and Taxes to Total Assets (X3)

The percentage of profit before interest and tax to total assets is the ratio of the productivity of using loan funds. This ratio measures the productivity of the company's assets outside of taxes. The formula used in calculating this ratio is as follows:

$$\text{EBITTA (X3)} = \frac{\text{Laba Sebelum Bunga dan Pajak}}{\text{Total Asset}}$$

d. Book Value of Equity to Book Value of Liabilities (X4)

The book value of equity/total liabilities measures the company's leverage level. This ratio is calculated by comparing the total value of equity with the total liabilities owned by the company. This ratio shows the company's ability to guarantee obligations with its equity. The formula used in calculating this ratio is as follows:

$$\text{BVEBVL (X4)} = \frac{\text{Total Ekuitas}}{\text{Total Liability}}$$

RESULTS AND DISCUSSION

This study uses a modified Altman Z-Score analysis for Islamic banking in Indonesia. Using four variables, namely WCTA, RETA, EBITTA, and BVEBVL, the following is the result of calculating financial distress predictions for Islamic Commercial Banks registered with the OJK with a core capital of less than 3 Tirulliun, namely BCA Syariah, KB Bukopin Syariah, Bank Victoria Syariah, Bank Panin Dubai Sharia, and Bank Aladin Sharia.

Table 2: Altman Z-Score Calculation Results Before Covid-19

No	Sharia Commercial Banks	Year	quarter	Variable				Z-Scores	Information
				WCTA	RETA	EBITTA	BVE/BVL		
1	BCA Syariah	2018	Q1	0.52	0.01	0.02	0.24	**0.79**	Distress Zone
			Q2	0.69	0.01	0.04	0.23	**0.97**	Distress Zone
			Q3	0.69	0.02	0.05	0.23	**0.98**	Distress Zone
			Q4	0.58	0.06	0.07	0.23	**0.93**	Distress Zone
		2019	Q1	0.37	0.01	0.02	0.23	**0.62**	Distress Zone

			Q2	1.26	0.01	0.03	0.23	**1.54**	Grey Zone
			Q3	1.08	0.02	0.04	0.41	**1.55**	Grey Zone
			Q4	1.92	0.03	0.06	0.39	**2.39**	Grey Zone
2	KB Bukopin Syariah	2018	Q1	4.47	0.01	0.00	0.16	**4.62**	safe Zone
			Q2	4.69	0.01	0.01	0.17	**4.87**	safe Zone
			Q3	4.72	0.01	0.01	0.17	**4.91**	safe Zone
			Q4	4.87	0.01	0.00	0.17	**5.05**	safe Zone
		2019	Q1	6.37	0.01	0.00	0.17	**6.54**	safe Zone
			Q2	4.72	0.01	0.00	0.17	**4.90**	safe Zone
			Q3	6.25	0.01	0.00	0.17	**6.43**	safe Zone
			Q4	5.65	0.01	0.00	0.16	**5.82**	safe Zone
3	Bank Victoria Syariah	2018	Q1	4.95	0.01	0.01	0.18	**5.13**	safe Zone
			Q2	4.59	-0.01	0.01	0.18	**4.78**	safe Zone
			Q3	5.19	-0.01	0.02	0.18	**5.37**	safe Zone
			Q4	3.46	-0.01	0.02	0.14	**3.61**	safe Zone
		2019	Q1	4.58	0.01	0.01	0.22	**4.81**	safe Zone
			Q2	4.36	0.02	0.01	0.21	**4.59**	safe Zone
			Q3	4.19	0.00	0.00	0.17	**4.37**	safe Zone
			Q4	4.24	0.02	0.00	0.19	**4.45**	safe Zone
4	Bank Panin Dubai Syariah	2018	Q1	1.48	0.01	0.00	0.24	**1.73**	Grey Zone
			Q2	1.35	0.01	0.01	0.25	**1.61**	Grey Zone
			Q3	1.36	0.01	0.01	0.27	**1.65**	Grey Zone
			Q4	1.26	0.01	0.02	0.25	**1.53**	Grey Zone
		2019	Q1	1.20	0.01	0.01	0.26	**1.47**	Grey Zone
			Q2	0.99	0.01	0.01	0.23	**1.23**	Grey

									Zone
			Q3	0.44	0.30	0.01	0.22	**0.97**	Distress Zone
			Q4	0.63	0.01	0.01	0.19	**0.84**	Distress Zone
5	Bank Aladin Syariah	2018	Q1	3.26	-0.02	0.12	0.74	**4.10**	safe Zone
			Q2	5.90	0.04	0.39	4.95	**11.27**	safe Zone
			Q3	6.01	-0.16	0.01	5.30	**11.16**	safe Zone
			Q4	6.21	-0.33	-0.65	4.23	**9.46**	safe Zone
		2019	Q1	6.18	0.11	0.23	0.25	**6.77**	safe Zone
			Q2	6.23	0.16	0.33	4.60	**11.32**	safe Zone
			Q3	6.26	0.36	0.73	5.10	**12.46**	safe Zone
			Q4	6.18	0.30	0.72	5.22	**12.42**	safe Zone

From the calculation of Table 2, it can be seen that of the 40 samples studied before Covid-19 it shows that, Bank BCA Syariah was in a state of financial distress for four quarters in 2018and, the first quarter of 2019, where the Z value was less than 1.1 (Z<1.1), this shows that in 2018 and 2019 the first quarter of BCA Syariah did not have sufficient capital to meet its short-term obligations and the minimal retained earnings during that period, then in quarters II, III, IV experienced a slight increase by being in the gray zone, which means the Z value is more significant than 1.1 and less than 2.6 (1.1 < Z < 2.6)

KB Bukopin Syariah, Bank Victoria Syariah, and Bank Aladin Syariah were in a safe zone condition for two consecutive years, which showed a Z value greater than 2.6 (Z> 2.6) as seen from the three banks having a WCTA score that was more than 2.6 and more significant than the RETA, EBITTA, and BVEBVL ratios, this reflects that the three banks can fulfill their short-term obligations as seen from their liquidity ratios.

Furthermore, Bank Panin Dubai Syariah, in quarters I, II, III, and IV of 2018 and quarters I and II of 2019 are in a vulnerable condition or gray zone where the Z value is more than 1.1 and less than 2.6 (1.1 < Z < 2.6), while in the third and fourth quarters, it decreased, namely in a condition of financial distress where the Z value was less than 1.1 (Z < 1.1).

The highest Z-Score value is at Bank Aladin Syariah, with a value of 12.42 in 2019 quarter IV, while the lowest Z score is owned by Bank BCA Syariah which is 0.62 in 2019 quarter I.

Table 3: Altman Z-Score Calculation Results during the Covid-19 Pandemic

No	Sharia Commercial Banks	Year	quarter	Variable				Z-Scores	Information
				WCTA	RETA	EBITTA	BVE/BVL		
1	BCA Shariah	2020	Q1	1.2360	0.0072	0.0147	0.4098	**1.6677**	Gray Zone
			Q2	1.2980	0.0135	0.0295	0.4051	**1.7461**	Gray Zone

			Q3	1.3440	0.0227	0.0443	0.4078	**1.8188**	Gray Zone
			Q4	1.4890	0.0317	0.0640	0.4147	**1.9994**	Gray Zone
		2021	Q1	1.6370	0.0032	0.0152	0.4506	**2.1060**	Gray Zone
			Q2	1.5690	0.0106	0.0305	0.4204	**2.0305**	Gray Zone
			Q3	1.5370	0.0169	0.0447	0.4227	**2.0213**	Gray Zone
			Q4	2.0270	0.0365	0.0926	0.3823	**2.5384**	Gray Zone
2	KB Bukopin Syariah	2020	Q1	6.2670	0.0003	0.0007	0.1798	**6.4478**	safe Zone
			Q2	7.4520	0.0003	0.0009	0.2021	**7.6553**	safe Zone
			Q3	7.8230	0.0004	0.0011	0.2206	**8.0451**	safe Zone
			Q4	6.8460	0.0001	0.0033	0.2159	**7.0653**	safe Zone
		2021	Q1	6.3560	0.0001	0.0002	0.2191	**6.5754**	safe Zone
			Q2	5.9660	0.0003	0.0007	0.2187	**6.1857**	safe Zone
			Q3	5.6570	0.0004	0.0009	0.2006	**5.8589**	safe Zone
			Q4	4.8330	-0.121	-0.321	1.1792	**5.5695**	safe Zone
3	Bank Victoria Syariah	2020	Q1	4.2710	-0.032	0.0025	0.2005	**4.4420**	safe Zone
			Q2	4.6550	-0,000	0.0005	0.2121	**4.8668**	safe Zone
			Q3	4.4200	0.0110	0.0034	0.2140	**4.6484**	safe Zone
			Q4	0.8070	0.0359	0.0100	0.2080	**1.0609**	Gray Zone
		2021	Q1	0.7940	-0.025	0.0142	0.2204	**1.0031**	Gray Zone
			Q2	1.0280	-0.036	0.0265	0.2561	**1.2737**	Gray Zone
			Q3	1.0090	-0.024	0.0321	0.2520	**1.2690**	Gray Zone
			Q4	1.1730	-0.036	0.0538	0.2916	**1.4819**	Gray Zone
4	Bank Panin Dubai Syariah	2020	Q1	0.6050	0.0014	0.0044	0.1960	**0.8068**	Distress Zone
			Q2	0.5830	0.0004	0.0013	0.1999	**0.7846**	Distress Zone

			Q3	0.4330	-0,000	0.0002	0.1896	**0.6227**	Distress Zone
			Q4	1.2070	-0,000	0.0040	0.3996	**1.6101**	Gray Zone
		2021	Q1	1.1060	-0.002	0.0015	0.3816	**1.4871**	Gray Zone
			Q2	1.1530	0.0011	0.0017	0.3837	**1.5395**	Gray Zone
			Q3	0.9540	0.0010	0.0017	0.3569	**1.3136**	Gray Zone
			Q4	0.5290	-0.184	-0.381	0.1994	**0.1631**	Distress Zone
5	Islamic Aladin Bank	2020	Q1	6.0270	0.0093	0.0191	5.5924	**11,647**	safe Zone
			Q2	5.4270	0.2516	0.5187	5.4594	**11,656**	safe Zone
			Q3	5.7080	0.2618	0.5397	9.3348	**15,844**	safe Zone
			Q4	5.6760	0.2028	0.4180	8.4038	**14,700**	safe Zone
		2021	Q1	6.0030	0.0038	0.0078	18,779	**24,793**	safe Zone
			Q2	5.9630	-0.008	-0.015	22,709	**28,646**	safe Zone
			Q3	5.9090	-0.167	-0.341	14,209	**19,606**	safe Zone
			Q4	3.0830	-0.181	-0.375	0.9750	**3.5011**	safe Zone

Based on the Altman Z-Score calculation table during Covid-19 from the 40 samples above, it shows that in 2020 and 2021, BCA Syariah was in a vulnerable position or the gray zone for two consecutive years where every quarter there was an increase in its Z value, namely the first quarter of 2020 from 1.6677 it increased continuously to 2.5384 in the fourth quarter of 2021. However, this condition is still in the gray zone position because the Z value is more than 1.1 and less than 2.6 ($1.1 < Z < 2,6$). Unlike the case with Bank KB Bukopin Syariah and Bank Aladin Syariah, which remained in a safe condition or safe zone ($Z > 2.6$) during Covid-19 or two consecutive years in 2020 and 2021. able to guarantee its obligations with equity owned. Furthermore, Bank Victoria Syariah in 2020 quarters I, II, and III was in a healthy condition or safe zone where the Z value was more significant than 2.6 ($Z > 2.6$), but experienced a decline in the fourth quarter of 2020, and the third quarter I, II, III and IV in 2021 where the financial position of Bank Victoria Syariah is in a vulnerable condition or gray zone ($1.1 < Z < 2.6$), this decline is seen in the WCTA ratio which indicates that in the fourth quarter of 2020 and the fourth quarter I, II, III, and IV in 2021 Bank Victoria Syariah is unable to fulfill its short term obligations. At Bank Panin Dubai Syariah, it was in a distress zone in the first, second, and third quarters.

CONCLUSION

This research was conducted to measure the level of financial distress of Islamic Commercial Banks before and during Covid-19 using the Altman Z-Score method initiated by

Edward I Altman. Based on the results of the research that the Baka have carried out, it can be concluded as follows:

1. BCA Syariah experienced financial distress in quarters I, II, III, and IV of 2018 and quarter I of 2019 and was in a vulnerable condition or gray zone in quarters II, III and IV of 2019 (before Covid-19), while during Covid-19 BCA Syariah has been stagnant in the gray zone position for two consecutive years. This illustrates that BCA Syariah has experienced increased financial performance during Covid-19.
2. Bank KB Bukopin Syariah was in a healthy condition or safe zone both before Covid-19 and during Covid-19, and it can be seen that the highest Z-Score value at Bank KB Bukopin Syariah was in the period during Covid-19, namely 8.0451 in the third quarter of 2020. This shows that the ability of KB Bukopin Syariah Bank to fulfill its short-term obligations during Covid-19 was higher than before Covid-19.
3. Bank Victoria Syariah was in a healthy condition or safe zone before the occurrence of covid-19 continuously for two years(2018-2019), while the financial conditionBank Victoria Syariahduring Covid-19 it was in a safe zone position only in quarters I, II, and III of 2020 and experienced a decline in quarter IV of 2018 and quarters I, II, III, IV of 2021. So it can be said that Bank Victoria Syariah experienced a decline in financial performance during the Covid-19.
4. Bank Panin Dubai Syariah was in a vulnerable condition or gray zone from the first quarter of 2018 to the second quarter of 2019 and the distress zone in the third and fourth quarters of 2019 (before covid-19), while during the covid-19 it experienced financial distress in the first, second, and second quarters. III 2020 and the fourth quarter of 2021 are in a gray zone condition in the fourth quarter of 2020 and quarters I, II, and III in 2021. Overall, Bank Panin Dubai Syariah described better financial performance conditions before Covid-19 than during Covid-19.
5. Bank Aladin Syariah was in a healthy condition or safe zone both before Covid-19 and during covid-19, and it can be seen that the highest Z-Score value at Bank Aladin Syariah was in the period during Covid-19, namely 28,646 in the second quarter of 2021. This shows that the ability of Bank Aladin Syariah to fulfill its short-term obligations and guarantee its obligations on equity owned during Covid-19 is higher than before Covid-19.

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