LIQUIDITY AND CREDIT RISK: A COMPARATIVE STUDY OF ISLAMIC AND CONVENTIONAL BANKS IN INDONESIA

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Abstract: Islamic banking is only a small choice for the majority of Indonesian Muslims numbering 229.62 million people or 87.2%. In contrast, the market share of Islamic banks is only 7.07%. Global banking conditions are rocked by the case of Silicon Valley Bank, which is one of the largest banks in the world, experiencing liquidity problems. This is inseparable from the fragility of the conventional banking system based on usury as an inherent obligation. This study analyzes the liquidity and credit risk comparison of Islamic and conventional banks in Indonesia. The sample in this study is 10 Islamic banks and the 10 largest conventional banks in terms of assets in the 2018-2022 period. Independent t-test is used to answer the problems in this study. Based on the results of independent t test show that there is no difference between the liquidity of Islamic and conventional banks. Likewise, NPF / NPL shows no difference between Islamic and conventional banks.

Keywords: Liquidity; Credit Risk; Islamic And Conventional Bank

Abstrak: Perbankan syariah hanya menjadi pilihan kecil bagi mayoritas muslim Indonesia yang berjumlah 229,62 juta jiwa atau 87,2%. Berbanding terbalik dengan market share bank syariah hanya 7.07%. Kondisi perbankan global yang diguncang dengan kasus Silicon Valley Bank yang menjadi salah satu bank terbesar di dunia mengalami masalah likuiditas. Hal ini tidak terlepas masih rapuhnya sistem perbankan konvensional yang berbasis riba sebagai kewajiban yang melekat. Penelitian ini menganalisis perbandingan likuiditas dan risiko credit bank syariah dan konvensional di Indonesia. Sampel dalam penelitian ini adalah 10 bank syariah dan 10 bank konvensional terbesar dari segi aset pada periode 2018-2022. Uji independent t-test digunakan untuk menjawab permasalahan dalam penelitian ini. Berdasarkan hasil pengujian independent t test menunjukkan bahwa tidak adanya perbedaan antara likuiditas bank syariah dan konvensional. Begitu juga dengan NPF/NPL menunjukkan tidak adanya perbedaan antara bank syariah dan konvensional.

Kata Kunci: *Likuiditas, Risiko Kredit; Bank Syariah Dan Konvensional*

Introduction

Today's world banking industry is very vulnerable and easy to collapse. Economic turmoil that is still unstable, and wars in several regions increasingly destabilize the banking industry. The Global Financial Crisis that occurred also disrupted the stability of financial institutions.[1] Large banks easily go bankrupt. Reflecting on the case of the collapse of Silicon Valley Bank (SVB) banks with one of the largest assets in the world are very easy to experience financial shocks in a short time. SVB failed to raise additional capital accompanied by a mass exodus of customer funds. SVB was unable to keep pace with the interest rate hikes implemented by the Fed. As a result, bonds issued by companies lost hundreds of billions of US dollars in price and created panic among investors. This resulted in many SVB customers consisting of Startup Companies who were unable to withdraw their funds. This polemic is feared to increase public distrust of the banking industry. This is inseparable from the fragility of the conventional interest-based banking system as an inherent obligation to conventional banks under any conditions.[2]

Different things are owned by Islamic banks that apply sharia principles and are free from interest.[3] Financing or disbursing funds, conventional banks prioritize the relationship between debtors and creditors; On the contrary, Islamic banks emphasize the idea of freedom in profit-sharing arrangements/profit margins based on mutual agreement.

After the global financial crisis in 2008, most financial institutions went bankrupt and the economies of several major countries in America and Europe were getting worse. Islamic banking has positioned itself as a reliable alternative because its resilience during crises is better than conventional financial institutions.[4] After the crisis and experienced a lower decline in profits compared to conventional banks. Islamic banks showed less risky operations and were able to recover faster from the crisis compared to traditional banking institutions.[5]

However, Islamic banks are currently not the main choice of the Indonesian Muslim community. This reality can be seen in the small market share of Islamic banks. Not comparable to the majority Muslim population of Indonesia. The picture is as follows:

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[1] Muhammed Habib Dolgun And Abbas Mirakhor, *An Alternative Approach To Liquidity Risk Management Of Islamic Banks*, (Berlin: Walter de Gruyter Gmbh, 2021).

[2] Hans Visser, *Islamic Finance: Principles And Practice,* (USA: Edward Elgar Publishing, 2019).

[3] Mery Kurnia Illahi, Firdaus, And Imam Fakhruddin, "Islamic Banking Performance Based On Profitability Approach Of Indonesia Malaysia Islamic Banks," *Talaa: Journal Of Islamic Finance* 3, no. 2 (2023): 90.

[4] Muhammed Sonko, "Customers' Perceptions On Islamic Banking: A Case Study In The Gambia," *Journal Of Islamic Finance* 9, no. 1 (2020): 013; Seyed Hossein Mirjalili, "The Resilience Of Islamic Banks And Conventional Banks In The Global Financial Crisis," *Conference Of Islamic Finance*, (2016); Abdulmonem Alzalabani And Reji D. Nair, "Financial Recession, Credit Crunch And Islamic Banks: A Case Study Of Al Rajhi Bank In The Kingdom Of Saudi Arabia," *East-West. Journal Of Economics And Business* 16, no. 1 (2013): 15.

[5] Nuh Bahemia, *The Resilience Of Islamic Banks In The Wake Of Crises: Comparing Islamic And Conventional Banks In The MENA Region*, 2019.

Figure 1. Sharia Bank Market Share
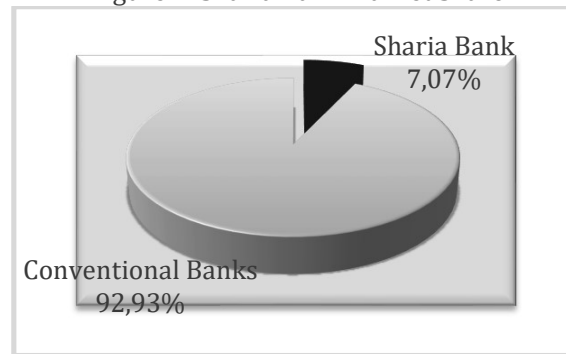
Source: Financial Services Authority 2023

The picture shows that there is a large gap between Islamic banking and conventional banks. Islamic banking is only a small choice for the majority of Indonesian Muslims numbering 229.62 million people or 87.2% of Indonesia's population. Indonesia's Islamic banking has not yet managed to host it in its country. This is inseparable from the low public trust in the existence of Islamic bank business.

It is expected that banks can provide returns and fulfill short-term obligations to customers. The fulfillment of short-term obligations is known as liquidity. Liquidity is a picture of the ability of an institution to convert its assets into cash in a short time without losing/reducing the value of its assets.[6] One of the liquidity ratios used is the Financing Deposit Ratio (FDR).[7] FDR is a ratio that shows banking intermediaries and proxies to the liquidity of Islamic banks.[8] When liquidity risk is too high, banks will face financial difficulties.[9] The level of liquidity will reflect the performance of the bank, the more liquid a bank will show better performance, the company will get support from various parties including customers. Capital, liquidity, institutional soundness, good corporate governance, and other issues must be specifically regulated to gain stakeholder trust.[10]

In addition, in the concept of Islamic banking, it is important to manage risk and return and implement these policies in order to get better results.[11] For this reason, financing risk analysis is a matter that deserves to be considered in the operation of Islamic banks. The financing risk analysis that is often used is the Non-Performing Financing (NPF)

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[6] Kiran Javaria And Omar Masood, *Risk Management Implementation And Solutions For Islamic Banking And Finance*, (UK: Cambridge Scholars Publishing, 2019); Siti Asiam Dan Ririn Rahmawati, "Faktor-Faktor Yang Mempengaruhi Kebijakan Dividen Pada Perusahaan LQ45," *AKTSAR: Jurnal Akuntansi Syariah* 5, no. 2 (2022): 231.

[7] Firdaus, Risman Hambali, Dan Alvi Ziani, "*Analisis Komparatif Kinerja Keuangan Bank Syariah Di Kawasan Asia Tenggara*," *Inspirasi Ekonomi: Jurnal Ekonomi Manajemen* 5, no. 3 (2023): 175.

[8] Razali Haron, Maizaitulaidawati Md Husin, And Michael Murg, *Banking And Finance,* (UK: Bod– Books On Demand, 2020).

[9] Nur Azlina, Husni Shabri, Dan Ibnu Qizam, "Determinan Profil Risiko Terhadap Performance Bank Pembiayaan Rakyat Syariah Di Provinsi Sumatera Barat," *Al-Bank: Journal Of Islamic Banking And Finance* 3, no. 2 (2023): 91.

[10] Nur Azlina, R. Melda Maesarach, And Muhammad Said, "Islamic Economic Methodology Aproach To Achieve Economic Equity: Epistemological Study," *Baskara: Journal Of Business And Entrepreneurship* 4, no. 2 (2022): 28.

[11] Kiran Javaria And Omar Masood, *Risk Management Implementation*.

ratio." This ratio describes the amount of financing that has problems with all financing provided by Islamic banks.[12] If this financing risk is not managed properly, this increase can destabilize Islamic banks and cause losses.

In addition to the above phenomenon, there is a contradiction in the results of previous studies comparing the financial performance of Islamic banks and conventional banks in terms of liquidity and credit risk. Tlemsani and Suwaidi conducted research showing that conventional banking liquidity is better maintained than Islamic banking.[13] A study found that Islamic banks are more stable and have lower failure rates than conventional banks.[14] Likewise, research shows that Islamic banks are more solid in terms of short-term liabilities/liquidity.[15] In addition, research shows that Islamic banks have a higher average liquidity risk than conventional banks. Meanwhile, research shows that Islamic banks have a higher liquidity risk compared to conventional banks.[16]

Research shows that the financing risk of Islamic banks is lower than conventional banks.[17] This shows that Islamic banks have lower credit risk than conventional banks.[18] Similarly, research shows that Islamic banks are less exposed to liquidity risk.[19] Similarly, research conducted in 283 conventional banks and 60 Islamic banks shows that Islamic banks have a lower risk than conventional banks. [20] Meanwhile, research found no difference in credit risk between conventional banks and Islamic banks. The inconsistency of the results of this study requires further exploration of the comparison of Islamic and conventional banks as measured by liquidity ratios and credit/financing risk.

Based on contradictory research results related to credit risk and liquidity. Previous research findings from around the world have been mixed. With different measurement methods and indicators. The NPF ratio shows the comparison between the total financing provided and the problem financing faced by the bank. The quality of bank financing can be assessed using this ratio. The formulation of the relationship is as follows:

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[12] Razali Haron, Maizaitulaidawati Md Husin, And Michael Murg, *Banking And Finance.*

[13] Issam Tlemsani And Huda Al Suwaidi, "Comparative Analysis Of Islamic And Conventional Banks In The UAE During The Financial Crisis," *Asian Economic And Financial Review* 6, no. 6 (2016): 298.

[14] Muhammad Anas Jameel And Danish Ahmed Siddiqui, "The Effect Of Credit, And Liquidity Risk, Along With Capital Adequacy And Audit Quality On Bank's Financial Stability: A Comparative Study Between Islamic And Conventional Banks Of Pakistan," *Along With Capital Adequacy And Audit Quality On Bank's Financial Stability: A Comparative Study Between Islamic And Conventional Banks Of Pakistan,* (2023).

[15] Mohammad Dulal Miah And Helal Uddin, "Efficiency And Stability: A Comparative Study Between Islamic And Conventional Banks In GCC Countries," *Future Business Journal* 3, no. 2 (2017): 172.

[16] Raheel Safdar, Afira Fatima, And Memoona Sajid, "Efficiency, Liquidity Risk And Asset Quality: A Comparative Analysis Of Islamic And Conventional Banks In Pakistan," *Journal Of Islamic Accounting And Business Research*, (2024).

[17] Imran Khan, Mehreen Khan, And Muhammad Tahir, "Performance Comparison Of Islamic And Conventional Banks: Empirical Evidence From Pakistan," *International Journal Of Islamic And Middle Eastern Finance And Management* 10, no. 3 (2017): 419.

[18] Trevor Chamberlain, Sutan Hidayat, And Abdul Rahman Khokhar, "Credit Risk In Islamic Banking: Evidence From The GCC," *Journal Of Islamic Accounting And Business Research* 11, no. 5 (2020): 1055.

[19] Adegbemi Babatunde Onakoya And Adekola Olaitan Onakoya, "The Performance Of Conventional And Islamic Banks In The United Kingdom: A Comparative Analysis," *Journal Of Research In Economics And International Finance* 2, no. 2 (2013): 29.

[20] Mohsin Ali, Mudeer Ahmed Khattak, And Nafis Alam, "Credit Risk In Dual Banking Systems: Does Competition Matter? Empirical Evidence," *International Journal Of Emerging Markets* 18, no. 4 (2023): 822.

$$NPF = \frac{Total\ Problematic\ Financing}{Total\ Financing} x100\%$$

High NPF figures will hurt creditors, debtors, and the economy as a whole.[21] High NPF indicates that financing management is not good, thus reducing the quality of financing.

Table 1. Rating Criteria (NPF)

Rank	Information	Criterion
1	Very Healthy	< 5%
2	Healthy	2% $\leq$ NPL/NPF < 5%
3	Quite Healthy	5% $\leq$ NPL/NPF < 8%
4	Unhealthy	8% $\leq$ NPL/NPF < 12%
5	Unhealthy	NPL/NPF > 8%

Source: SE Bank Indonesia No.6/23/DPNP year 2011

Bank liquidity is the ability of a bank to disburse sufficient assets and convert them into cash to meet short-term obligations. When banks cannot optimally channel financing with third party funds (DPK), banks will lose money if FDR is low. FDR is included in the liquidity ratio, which calculates the main activity of banking, namely the collection and disbursement of funds. Where fundraising activities are one of the main components of bank income, the size of this income also depends on how much funds the bank spends on deposits. If the funds collected are large, more funds will be distributed to the community.[22] However, these figures show banks' inefficiencies in managing funds and revenues if FDR is too high.[23] Here's the calculation of the FDR ratio:

$$FDR = \frac{Financing\ Amount}{Amount\ of\ DPK} x\ 100\%$$

If the FDR position of a bank is low, it means that there has been a hoarding of money by the institution officially and known to the state, even in large amounts. If that happens, the state should take strong action against commercial banks that are unable to achieve the minimum FDR ratio target. The state must have a policy that determines whether banks are forced to channel financing or whether banks work with the government to channel financing so that the economy can be helped by increased investment and the level of production of goods and services.[24] Here's FDR's assessment score:

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[21] Philip Molyneux, *Non Performing Loans And Resolving Private Sector Insolvency,* (Switzerland: Springer International Publishing, 2017).

[22] Paula Laurentia And Lindrawati, "Pengaruh Capital Adequacy Ratio Dan Financing Deposit Ratio Terhadap Laba Bank Umum Syariah," *Journal Akuntansi Kontemporer* 2, no. 1 (2010): 64.

[23] Abdul Nasser Hasibuan, Rahmad Annam, Dan Nofianawati, *Audit Bank Syariah,* (Jakarta: Kencana, 2020).

[24] Nurul Huda, *Keuangan Publik Islami: Pendekatan Teoritis Dan Sejarah,* (Jakarta: Prenadamedia Group, 2017).

Table 2. FDR Rating Assessment Criteria

1st place	*<50 ≤ 75*	Very Healthy
2nd place	<75 ≤ 85	Healthy
3rd place	<85 ≤ 100	Quite Healthy
4th place	<100 ≤ 120	Unhealthy
5th place	>120	Unhealthy

Source: SE Bank Indonesia No.6/23/DPNP Year 2011

The loan-to-savings ratio is determined by BI in Bank Indonesia Circular Letter No. 26/5/BPPP dated May 29, 1993. If the FDR ratio is greater than 110% then the cost of credit becomes zero and the bank's liquidity is considered unhealthy; If the FDR ratio is less than 110% then the bank's liquidity is considered healthy. Liquidity at the bank in question is negatively correlated with the FDR ratio. This is due to the lack of funding needed in the next financial year.[25]

Methods

This study used a quantitative approach. The analysis used is descriptive analysis and independent t-test difference test using SPSS 26.0 software. The population in this study was 12 Islamic banks and 106 conventional banks, which were registered with the Financial Services Authority (OJK). Sampling using purposive sampling. The criteria in question include 10 Islamic banks and 10 conventional banks with the highest assets that regularly publish financial statements in the 2018-2022 period. Secondary data in this study consists of financial statements obtained from each bank's website. The financial ratios used in this study are the FDR/LDR ratio and NPF/NPL ratio.

Result And Discussion
Descriptive Analysis Of NPF

Figure 2. NPF Of Sharia And Conventional Banks

	2018	2019	2020	2021	2022
■ Conventional Bank	1.15	1.30	0.96	0.79	0.66
■ Islamic Bank	1.84	1.76	1.93	1.30	1.08

Source: Processed by the Author 2024

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[25] Frianto Pandia, *Manajemen Dana Dan Kesehatan Bank,* (Jakarta: Rineka Cipta, 2012).

The graph in Figure 2 shows that the NPF/NPL ratio of Islamic and conventional banks over the past five years has been relatively stable and relatively healthy. NPFs of Islamic banks in 2018-2022 with an average of 1.58% < 5% indicate that the financing that has been carried out is relatively healthy. The positive trend shown by Islamic banks over the last 4 years shows that financing management has been carried out well and there have been significant improvements from year to year. Similarly, NPLs of conventional banks with an average of 0.98% are classified as very healthy. A positive trend has also been shown over the past 3 years, with a significant decline in non-performing loans.

Descriptive Analysis Of FDR

Figure 3. FDR of Sharia And Conventional Banks

	2018	2019	2020	2021	2022
■ Conventional Bank	92.10	93.90	81.36	80.23	83.24
■ Islamic Bank	87.44	86.86	93.89	78.41	78.30

Source: Processed by the Author 2024

Based on the chart above, over the past five years, both conventional commercial banks and Islamic banks in general have been categorized as having healthy FDR/LDR ratios. because it is not greater than 100%. The average FDR of Islamic commercial banks in Indonesia of 84.98% is classified as healthy. Although there was a decrease in liquidity in 2020, due to the Covid-19 pandemic, it has again shown a positive trend in the last 2 years. Similarly, the LDR of conventional banks with an average of 86.17% is still quite healthy and has fluctuatingly in the last 5 years.

Data Normality Test (Kolmogorov Smirnov)

The Kolmogorov-Smirnov test on one sample is used in this normality test. This test is to determine whether the sample value used to test the hypothesis has a normal distribution. To compare the p-value obtained at the 5% significance threshold or $\alpha = 0.05$, this test uses a two-sided test. If the data has an Asymp value, then it is considered normally distributed according to the significance level rule. A 2-sided significance level of less than 0.05 indicates that the data is less than normal. The table below displays the Kolmogorov-Smirnov test results:

Table 3. Kolmogorov Smirnov/Sharpio Wilk Test Results

		Tests of Normality					
	BANK	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
NPL/NPF	Conventional Bank	,172	50	,001	,887	50	,000
	Islamic Bank	,176	50	,001	,876	50	,000
LDR/FDR	Conventional Bank	,064	50	,200*	,990	50	,951
	Islamic Bank	,206	50	,000	,770	50	,000

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction
Source: SPSS 2024 Processing Results

If the value is Asymp. Sig (2-tailed) greater than 0.05 (α = 5%, significant threshold) hence the data is normally distributed. If there are more than 50 research data points, the Kolmogorov-Smirnov column is displayed. As seen from the table above, if the LDR/FDR (0.200/0.000) and NPL/NPF (0.001/0.001) variables are significant <0.05 then the data is not normally distributed.

Homogeneity Test

Data must have the same variance for an independent t-test to be performed. The Levene Test can be used to test for data variance. Data is considered homogeneous (has the same variance) if the sig > 0.05. However, if the sig < 0.05, then the data is considered heterogeneous (has unequal variances). The table below displays the results of the Levene test:

Table 4. Levene Test Results

		Test of Homogeneity of Variances			
		Levene Statistic	df1	df2	Sig.
NPL/NPF	Based on Mean	63,871	1	98	,000
	Based on Median	32,852	1	98	,000
	Based on the Median and with adjusted df	32,852	1	62,426	,000
	Based on trimmed mean	58,837	1	98	,000
LDR/FDR	Based on Mean	3,734	1	98	,056
	Based on Median	3,595	1	98	,061
	Based on the Median and with adjusted df	3,595	1	63,760	,062
	Based on trimmed mean	3,793	1	98	,054

Source: SPSS Processing Results 2024

The table above can be concluded that only sig. variable NPL/NPF (0.000) < 0.05. So the data is not homogeneous. Meanwhile, for the LDR / FDR variable (0.056) > 0.05 so that the data is homogeneous. Based on the normality and homogeneity test above, both NPL / NPF and LDR / FDR variables do not meet the assumptions of the Normality and Homogeneity test. So it is necessary to test the Mann-Whitney alternative.

Test The hypothesis
Comparison Of Conventional And Sharia Banks Is Measured By NPL/NPF

Based on the calculation of the results of the Mann-Whitney U Test for NPL/NPF variables can be seen in the following table:

Table 5. Mann Whitney U Test Results

Test Statistics[a]		
	NPL/NPF	LDR/FDR
Mann-Whitney U	1162,000	1166,500
Wilcoxon W	2437,000	2441,500
Z	-,607	-,576
Asymp. Sig. (2-tailed)	,544	,565

a. Grouping Variable: BANK
Source: SPSS Processing Results 2024

Based on Table 3 above, a significant value of 0.544 > 0.05 is obtained for the NPL/NPF variable. This shows that non-performing loans at Islamic banks and conventional banks in Indonesia are basically the same/no different. From the descriptive variables, it can be seen that the NPF/NPL of commercial banks, both sharia and conventional, is in the healthy category.

This shows how successful Indonesian banks are in managing their financing and lending. In recent years, the banking industry has been faced with various shocks such as global economic uncertainty, trade wars between Indonesia's main partner countries, and exacerbated by the COVID-19 pandemic which paralyzed the economy in various sectors. However, the turmoil was able to be passed well by Islamic and conventional banks which were marked by problematic loans/financing which were still relatively healthy. In addition, this is inseparable due to the stable Impairment Loss Reserve (CKPN) of banks in Indonesia in the last 5 years. Where this CKPN is useful as a loss reserve for the possibility of increased NPF/NPL. The results are consistent with research conducted by Susamto and Wardani which found no difference in credit risk between conventional banks and Islamic banks.[26]

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[26] Akhmad Akbar Susamto, Danes Quirira Octavio, And Dyah Titis Kusuma Wardani, "Comparing Credit Risk…, 235.

Comparison Of Conventional And Sharia Banks Is Measured By The LDR/FDR

Referring to Table 3 above, it can be concluded that the LDR/FDR variable has a significance value (2-tailed) of 0.565 > 0.05. This shows that the LDR of Islamic and conventional banks in Indonesia is the same/no different. Based on its descriptive characteristics, the LDR/FDR of Islamic commercial banks and conventional commercial banks are in the healthy category. Although the Islamic financial system implemented in Islamic banks is stronger and more resilient to crises.[27] Islamic banks are less vulnerable to withdrawal risks. In fact, in some cases, it tends to attract more deposits than conventional banks. This implies that religious imagery keeps customers afloat.[28]

However, the economic shocks that have hit Indonesia in recent times have also not shaken the liquidity of conventional banks. This shows that banks in Indonesia, both Islamic and conventional commercial banks, are able to maintain their liquidity well. Good banking liquidity is inseparable from the stronger foundation of the Indonesian economy in recent years. Indonesia is one of the countries with the best economic growth in Southeast Asia. In addition, unstable financial market volatility, weakening economies such as China and America as well as the Covid-19 pandemic that shook the global economy were well overcome and the rapid recovery that has been carried out has been able to maintain banking liquidity in Indonesia. This is a signal that banks have the opportunity to channel more financing/credit.

Islamic banks can overcome liquidity problems through the issuance of bonds, sukuk against their long-term as well as through the development of musharakah groups that will be regulated by the central bank.[29] Islamic banking in Indonesia is able to reduce liquidity risk if it always maintains credit/financing, profitability based on equity, and capital adequacy.[30]

Tlemsani and Suwaidi's research, which shows that conventional banks are more secure than Islamic banks, is not in line with the results of this study.[31] Research conducted by Jameel and Siddiqui found that Islamic banks are more stable and have less chance of bankruptcy compared to conventional banks.[32] Likewise, research conducted by Jaraa, et al shows that Islamic banks record a higher average Liquidity Risk (LR) compared to conventional banks.[33]

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[27] Kamal Wael Eid And Mehmet Asutay, *Mapping The Risk And Risk Management Practice In Islamic Banking,* (Singapore: John Wiley And Sons Singapore Pte. Ltd, 2019); F. C Sharma, *Financial Markets Institutions And Services,* (Inggris: SBPD Publication, 2021); Zeti Akhtar Aziz, "Enhancing The Resilience And Stability Of The Islamic Financial System," *Islamic Financial Services Board And Institute Of International Finance Conference: "Enhancing The Resilience And Stability Of The Islamic Financial System* (2008).

[28] Sajjad Zaheer And Moazzam Farooq, "Liquidity Crisis: Are Islamic Banking Institutions More Resilient," *IMF Conference On Macroeconomic Challenges Facing Low-Income Countries,* (2014).

[29] Amir Islam And Sabeen Amir, "Liquidity Problems In Islamic Banks; Reasons, Impacts And Solutions," *COMSATS Journal Of Islamic Finance* 1, no. 1 (2016).

[30] Takuanara Lalu Gogo And Tika Arundina, "Analysis Of Factors Affecting Liquidity Risk In Indonesian Islamic Banking," *International Journal Of Business And Economy* 3, no. 1 (2021): 98.

[31] Issam Tlemsani And Huda Al Suwaidi, "Comparative Analysis Of Islamic…, 298.

[32] Muhammad Anas Jameel And Danish Ahmed Siddiqui, "The Effect Of Credit, And Liquidity.

[33] Osama Omar Jaara, Bassam Omar Jaara, Jamal Shamieh, And Usama Adnan Fendi, "Liquidity Risk Exposure In Islamic And Conventional Banks," *International Journal Of Economics And Financial Issues* 7, no. 6 (2017): 16.

Conclusion

The findings of this study show that in Indonesia there is no difference between Islamic and conventional banks in terms of credit risk or liquidity. This shows that Indonesian banks are currently able to manage financing and credit well. The liquidity of Islamic and conventional banks in Indonesia has not been affected by recent economic instability, indicating that banks in Indonesia are able to maintain their liquidity stability well. Indonesia's economy has become stronger in recent years, resulting in high levels of banking liquidity.

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