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SOCIAL CULTURE ANALYSIS TO COMPARE THE PERFORMANCE OF ISLAMIC BANK IN MUSLIM-MAJORITY COUNTRIES

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Abstract: Introduction/Main Objectives: The implementation of Islamic teachings in economic activities cannot be separated from the socio-cultural influence of the local community. Thus, there are possible differences in the expression of Islamic teachings in the economic field, especially the practice of Islamic banks in the Countries of the Middle East region with Islamic banks in countries in the Southeast Asian region**. Background Problems:** This difference in practice can be caused by differences in the religious behavior of bankers and customers in terms of dimensions of knowledge, passion, practice and religious rituals that are influenced by the socio-cultural of each region so that it has an impact on the performance of each Islamic bank. **Novelty:** No comparative research on the performance of Islamic banks based on socio-cultural analysis has been found. **Research Methods**: this study was analyzed the performance of Islamic banks in the Middle East and Southeast Asia regions in 2015-2020 and analyze the relevance between banking performance and socio-culture in both regional groups. The research method used is a mixed quantitative and qualitative research method (Mix Method). Sampling techniques use purposive sampling. The sample in this study was the first Islamic banks established in those countries with the criterion that these banks present annual financial statements that have been audited by independent auditors. The analysis method uses quantitative methods:

descriptive statistics, normality test, and Mann-Whitney U test as well as qualitative methods, namely analysis content.
Finding/Results: Between Islamic banks in the Middle East and Southeast Asian countries in 2015-2020 there are differences in profitability performance, capital ratios, and liquidity, there is no difference in credit efficiency and effectiveness performance, there is relevance between socio-cultural differences and profitability performance, capital ratios, and liquidity between Islamic banks in the Countries of the Middle East and Southeast Asia regions, and there is no relevance between socio-cultural differences and the performance of credit efficiency and effectiveness between Islamic banks in the countries of the Middle East and Southeast Asia regions.

Keywords: Financial Performance, Islamic Bank, Culture, Gulf Cooperation Council.

INTRODUCTION

Modern Muslim societies are currently working to apply Islamic values in their economic practices especially in interest-free financial and banking systems to mobilize sources of funds and channel them to productive and consumptive sectors. Since the emergence of *the Nasser Social Bank* in 1971 in Egypt which is theworld's first "interest-free bank" berl a bel financial institution, kthis Islamic banking has continued to grow significantly (Iqbal & Molyneux, 2006). In 2019, global Islamic banking assets experienced a significant increase, the amount of assets reaching around USD 1.77 trillion. (see Table 1). Countries belonging to the GCC (Gulf Cooperation Council) group are ranked highest with the largest Islamic banking assets, reaching USD854 billion, followed by Middle East, South Asia, Southeast Asia, and Africa countries in 2019 (Ali at al., 2021) .

Table 1.1 Islamic Banking Assets globally in 2019

	Banking Assets
South Asia	240.5
GCC	854.0
MENA (exc. GCC)	584,3
Sub-Saharan Africa	33.9
Others	53.1
Total	**1,273.6**

Sources Islamic Financial Service Board (IFSB), 2019

The performance of Islamic banking is also undoubtedly evidenced by the increasing growth of Islamic banking assets globally. According to the *Islamic Financial Service* Board's (IFSB) 2019 stability report on islamic financial services industry, the growth trend of Islamic banking assets globally increased by 40.3% between 2004-2011 to reach 1.1 trillion United States dollars as shown in figure 1.1 below:

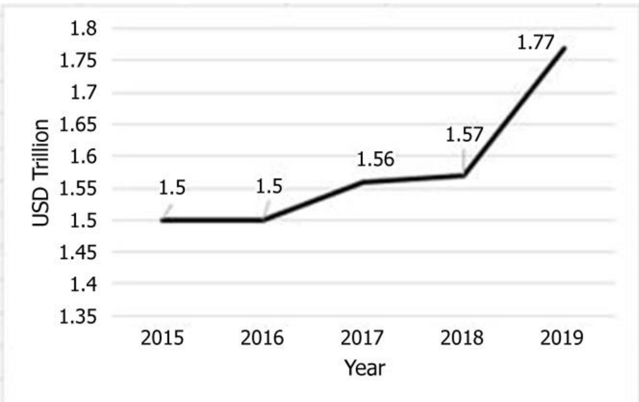

Figure 1.1 Trend Growth of Islamic Banking Assets globally year 2012

Efforts to establish Islamic banks found a decline especially in Muslim-majority countries. In 1979, Pakistan was the first country to implement a program of total Islamization in its economic and financial system (Warde, 2009). The Iranian state introduced the Islamization of the banking sector starting in March 1984 (Chapra, 2001). In Sudan, precisely in December 1985 all banks operating followed Islamic principles in their activities (Muhammad, 2002). In 1993, Malaysia took a step as a pioneer in introducing a *dual-banking system* (Warde, 2009). Meanwhile, in Indonesia through the ratification of Law No. 7 of 1992 which laid the foundation for the existence of Islamic banks in Indonesia and legitimized the Islamic banking system as one of the prevailing banking systems in Indonesia (Kara, 2005).

The phenomenon of the rampant wave of activities for the implementation of Islamic values in the economic field that is almost evenly distributed throughout Muslim countries shows a change in individual moral ethics to achieve an efficient and humanist economic system harmony based on religious values (Rosser JR & Marina. Rosser, 2004). This phenomenon is also the result of the awareness of some Muslims from the misconception about Islam which has only been understood as a religion related to ritual problems, not as a comprehensive system and covering all aspects of life, including economic development problems and the banking industry as one of the driving forces of the economic wheels (Antonio, 2011).

It is no exaggeration that Max Weber has the view that religion has a role in economic development in Europe. This means that religion becomes the spirit and mobilizer of its adherents to have a strong work ethic and spirit to achieve economic prosperity (Lubis, 2019). The Islamic doctrine of economic activity is seen in the hadith narrated by Bukhari, Muslim, and Nasa'i, from Zubair bin Awwam which means: *"A person who carries a rope (in the morning) sets out to find and collect firewood into the hills, then sells it, eats it, and gives it better than living begging for other human beings."* (HR. Bukhari and Muslims). The hadith affirms economic questions about: 1) Seeking and collecting firewood means trying to increase production, 2) Trying to sell it means working on distribution (division), 3) Eating it means fulfilling consumption (use), 4) Almsgiving to others means working on a social plan (Akmal and Abidin, 2019).

The implementation of Islamic teachings in economic activities cannot be separated from the socio-cultural influence of the local community. This means that economic success is strongly influenced by cultural values that develop in a community, nation, and country (Asmin, 202).Thus, there are possible differences in the expression of Islamic teachings in the economic field, especially the practice of Islamic banks in countries in Muslim-majority countries. Muslim-majority countries in this study will be classified into two groups of countries, namely Middle Eastern and Southeast Asian countries (Djoened & Notosusanto, 1993). This difference in practice can be caused by differences in the religious behavior of bankers and customers in terms of dimensions of knowledge, passion, practice and religious rituals that are influenced by the socio-cultural of each region so that it has an impact on the performance of each Islamic bank.

LITERATURE REVIEW

Signaling Theory

External parties of the company can obtain information about the performance of a company from the financial statements published by the company. Financial statements are the final product of the accounting process. Meanwhile, accounting is an information system that measures business activities, processes transaction data into reports and communicates the results to external parties of the company as a basis for decision making (Jusup, 2011).

Related to the purpose of financial statements is to provide information for external parties to evaluate the activities carried out by a company has relevance to signaling *theory* which states that for companies, financial statements are a tool that can signal either positively or negatively to its users about what is happening in the company (Sulistyanto, 2019). Through financial statements, the company gives signals that can be interpreted as signals of what the company has done to outside parties (Fauziah, 2019).

In other words, the purpose of giving signals by the company to outside parties is to reduce the asymmetry of information between internal and external parties of the company. Signals given by the company can be directly observed by external parties of the company such as the indigo of the company's profit or loss in a period, and signals that require a deeper study to find out the substance of information contained in the financial statements based on financial ratios, such as information on the ability of management to generate profits as measured using the return on asset (ROA) ratio.

Socio-Cultural Approach

The implementation of Islamic values in the economic field that is almost evenly distributed throughout Muslim countries can be interpreted that the teachings of the Islamic religion are used as a guide by its adherents in all aspects of life, Islamic teachings are not only implemented in one or part of the life of its adherents, for example in the ritual events of the birth of babies, marriages, and funerals of corpses, but moreover Islamic teachings are also applied in economic fields such as project financing and banking (Antonio, 2011). According to Aziza (2016) there are four basic aspects that influence each other's implementation of religious teachings, namely: ritual, sacred, individual/group actions, and cultural. The cultural aspect is that all expressions of religious rituality converge in the culture. Because according to Durkheim and Geertz religion is a system of culture. That is, religion animates and internalizes into all aspects of life (Aziza, 2016).

Offers a useful socio-cultural approach to seeing religion "as it is" manifested in the behavior, practices, and actions of its adherents in order to deal with daily life (Lubis, 2017). Culture is very influential on the inculturation and acculturation of one's religiousness (Astuti, 2017).

The practice of Islamic teachings in the Middle East and Southeast Asia certainly has differences in religious expression due to socio-cultural differences. A distinctive feature of the practice of Islamic teachings in Southeast Asia is that it emphasizes the elements of peace, harmony, and friendship which are actually manifestations of the teachings of Islam itself (Astuti, 2017). Meanwhile, the practice of Islamic teachings in the Middle East is often associated with several negative traits such as violence, discrimination and harassment of women, disrespect for the traditions and historical heritage depicted by the destruction of the heritage of Makkah and Medina, and tends to reject innovations in religious thought.

Cultural differences in each place cause differences in religious expression among Muslims, especially in terms of internalizing Islamic teachings in Islamic banking practices which are muamalah areas that are very open to performing ijtihad through ushul fiqih devices with the basic rule "the legal origin in muamalah deeds is ability, unless there is a proposition that prohibits it". Differences in religious expression can also be caused by the pattern of the schools adopted by each region, where the Middle East region follows the Hambali school more and the Southeast Asian region follows the Shafi'i school more.

The influence of socio-cultural factors on the economic performance of a country or business entity is still considered by economic science as a factor that is considered constant (*ceteris paribus*). According to Pratikto (2012), this happens because economics has difficulty in understanding: the role of culture, cultural quantification, and culture are inherent in all life activities (Pratikto, 2012). However, current developments, according to Casson (1993) many economists are interested in understanding and explaining how socio-culture affects economic performance both at the state level and at the level of business entities (Casson, 1993).

One simple proof that socio-culture has a role in economic performance can be seen in economic activities, such as: consumption, production, and distribution. According to Sairin, humans are bound by the idea of food that can be consumed and foods that are forbidden to be eaten. The idea is not derived from the choices of each individual but is inherited by the socio-cultural setting in which the individual is bound to be part of society (Sairin, 2012). So that it can be understood that the economic activities of the community, whether at the individual, company, or state level are integrated with the socio-cultural setting in which the community lives.

Based on literature reviews conducted by researchers, it is still very rare for research to analyze how Islamic banks perform based on the socio-cultural approach of a region. However, there are several similar studies such as matoussi & grassa, research identifying relevant corporate governance variables and their effect on the performance of Islamic banks as measured based on ROA and ROE in countries in the Gulf region and Southeast Asia. The results of the study on the sample testing of all Islamic banks found that the variables of commissioner salaries, duality of directors, age of directors, and Sharia Supervisory Boards with a background in accounting and financial education influenced the performance of Islamic banks in the Gulf region and Southeast Asia (Matoussi & Fat, 2012).

A theoretical study conducted by Mark Casson was analyzed that business organizations at the local and international levels are run by different cultures of competition and cooperation according to geographical, industrial, and historical characteristics that affect economic performance. Culture can act as a mechanism for enforcing external and internal supervision of organizational behavior. Culture can also be used as an effective means to give emotional sanctions such as guilt and shame to business organizations (Casson, 1993). Pratikto analyzed the influence of culture on economic performance which gives the view that economic science sulit to understand the influence of culture on the performance of an economy, because culture is inherent everywhere, such as in tastes, habits, and so on that it is difficult to quantify. However, in its development, economists began to recognize that culture has a fairly important role in supporting economic performance because it is related to the formation of *trusts* within the group so as to reduce transaction costs (Pratikto, 2012).

Based on relevant concepts or theories and literature reviews, research hypotheses can be submitted as follows:

Ha1: There are differences in the profitability performance of Islamic banks in the countries of the Middle East and Southeast Asia regions

Ha2: There are differences in the capital performance of Islamic banks in the Middle East and Southeast Asian countries

Ha3: There are differences in the liquidity performance of Islamic banks in the Middle East and Southeast Asian countries

H.4: There are differences in the efficiency performance of Islamic banks in the Middle East and Southeast Asian countries

Ha5: There are differences in the effectiveness of Islamic bank loans in the Middle East and Southeast Asian countries

Proposition: It is assumed that there is socio-cultural relevance to the performance of Islamic banks in the Middle East and Southeast Asian country groups.

METHODS

The research method used in this study is a mixed quantitative and qualitative research method (*Mix Method*), which is where researchers use quantitative research methods in one phase and use qualitative research methods in another phase (Yusuf, 2017). The form of mixed research in this study is sequential with a sequential exploitation strategy, where the researcher uses both quantitative and qualitative methods sequentially by means of the researcher conducting quantative data analysis, after the initial process of quantitative analysis then confirms the results of hypothesis testing with qualitative analysis (Yusuf, 2017).

Population and Sample

Population is a generalization area consisting of: objects / subjects that have certain qualities and characteristics set by the researcher to be studied and then drawn conclusions (Sugiyono, 2008). The population in this study is all Islamic banks in the countries of the Arab region and the archipelago. While the ampel sis part of the number and characteristics possessed by the population. The sampling technique in this study uses *purposive sampling*, which is the technique of determining samples with certain considerations / criteria (Sugiyono, 2008). The sample criteria in this study are as follows:

Table of Research Sample Criteria

o	**Sample Determination Criteria**
	The first Islamic Bank was established in the *gulf cooperation* council countries namely, Kuwait, Oman, Qatar, United Arab Emirates, Bahrain, and Saudi Arabia
	The first Islamic Bank was established in an area that included Malaysia, Singapore, Brunei Darussalam, the Philippines, Indonesia, and Thailand.
	Presents annual financial statements that have been audited by independent auditors for the period ended December 31 for the period 2015-2020.

Based on the sample selection criteria, the number of Islamic banks in the Middle East and Southeast Asia regions for the 201 5-2020 period is as follows

Middle East	Southeast Asia
Kuwait Finance House (KFH) (Kuwait)	Malaysia Islami Bank Berhard (Malaysia)
Bank Nizwa (Oman)	Islamic Bank Brunei Darussalam (Brunei Darussalam)
Qatar Islamic Bank (Qatar)	Al-Amanah Islamic Bank (Philippines)
Dubai Islamic Bank (United Arab Emirates)	Bank Muamalat (Indonesia)
Bahrain Islamic Bank (Bahrain)	Islamic Bank of Thailand (Thailand)
Al-Rajhi Bank (Saudi Arabia)	

Data Analysis Methods

Quantitative Methods

The initial stage in this study uses quantitative methodssuch as quantitative research in general carried out on certain representative populations or samples. The research process is deductive, where to answer the formulation of the problem, concepts or theories are used so that hypotheses can be formulated which are then tested through data collection in the field. The data that has been collected is then quantitatively analyzed using descriptive or inferential statistics so that it can be concluded that the hypothesis formulated is proven or not (Sugiyono, 2008).

Data analysis in this study was carried out using statistical calculations with the help of SPSS.16 software. After the data of each variable in this study was collected, then data analysis was carried out in the form of descriptive stats, screning data and the average difference test.

Qualitative Methods

The research method used in this study is a qualitative research method. According to Moleong, -qulitative research methods are research methods that intend to understand the phenomenon of what is experienced by the research subject by means of descriptions in the form of words and language in a special context that is natural and by utilizing various scientific methods (Moleong, 2005). To get a broader and deeper understanding of the phenomenon, then use the content of the analysis, which is an analysis technique to make a conclusion from various written documents by systematically and objectively identifying a data in its context. This analysis was carried out to see how socio-cultural relevance to the performance of Islamic banks in both regional groups.

RESULT AND DISCUSSION

The results of the statistical test of the difference in the performance of Islamic banks in the countries of the Middle East and Southeast Asia regions in 2015-2020 can be presented in the following table:

Table 4.3 Recapitulation of Statistical Test Result

Hypothesis	Hypothesis Test	Conclusion
Differences in profitability performance of	A significant value of 0.000 < 0.05, then Ho1 is rejected and Ha1 is	There are differences in the profitability performance of Islamic

Islamic banks in the countries of the Middle East and Southeast Asia regions	accepted.	banks in the countries of the Middle East and Southeast Asia regions
Differences in the performance of capital ratios of Islamic banks in the countries of the Middle East and Southeast Asia regions	A significant value of 0.000 < 0.05, then Ho2 is rejected and Ha2 is accepted	There are differences in the performance of Islamic bank capital ratios in the middle east and southeast asian countries
Differences in liquidity performance of Islamic banks in the countries of the Middle East and Southeast Asia regions	A significant value of 0.000 < 0.05, then Ho3 is rejected and Ha3 is accepted	There are differences in the liquidity performance of Islamic banks in the countries of the Middle East and Southeast Asia regions
Differences in the efficiency performance of Islamic banks in the countries of the Middle East and Southeast Asia regions	A significant value of 0.268 > 0.05, then Ho4 is accepted and Ha4 is rejected	There is no difference in the efficiency performance of Islamic banks in the countries of the Middle East and Southeast Asia regions
Differences in the effectiveness performance of Islamic bank loans in the countries of the Middle East and	A significant value of 0.385 > 0.05, then Ho5 is accepted and Ha5 is rejected	There is no difference in the effectiveness performance of Islamic bank loans in the countries of the Middle East and Southeast Asia

Southeast Asia regions		regions

Differences in Profitability Performance of Islamic Banks in the Middle East with Islamic Banks in Southeast Asia

The results of differences in the profitability performance of Islamic banks in the countries of the Middle East and Southeast Asia regions with the Mann-Whitney Test resulted in a significance value of $0.000 < 0.05$. So it can be concluded that Ho1 was rejected and Ha1 was accepted. The results show that there is a difference in the profitability performance of Islamic banks in the countries of the Middle East and Southeast Asia regions with a difference in the average profitability difference of 2.59%.

The difference in the profitability performance of Islamic banks in the Middle East and Southeast Asian countries is evidenced by differences in real data on the profitability of Islamic banks in each region during the 2015-2020 period. Data on the total average profitability of Islamic banks in Southeast Asian countries during 2015-2020 was -1.46% which shows a downward trend. This is evidenced by the average profitability in each year that tends to be volatile, in 2015 it was -0.51%, in 2016 it was -1.97%, in 2017 it was -1.11%, in 2018 it was -2.01%, in 2019 it was -1.85%, and in 2020 it was -1.31%. Meanwhile, the data on the total average profitability of Islamic banks in Middle Eastern countries during 2015-2020 was 1.13%, which shows an increasing trend. This is evidenced by the average profitability in each year which tends to increase, in 2015 it was 0.21%, in 2016 it was 0.86%, in 2017 it was 1.20%, in 2018 it was 1.34%, in 2019 it was 1.49%, and in 2020 it was 1.67%. Thus, it can be concluded that the profitability performance of Islamic banks in the countries of the Middle East region is better than that of Islamic banks in the countries of the Southeast Asian region.

There are differences in the profitability performance of Islamic banks in the Middle East and Southeast Asian countries because profitability is a ratio that shows how many percent of net profit is obtained when measured from the value of assets owned by banks. This means that this ratio measures the success of management in running its business by using the asset resources it has. The success of management is more influenced by the organizational culture that exists in the organization of the work of the bank. Meanwhile, organizational culture is usually derived from the local culture in which the bank operates. So that it will result in a difference in the achievement of successful profitability performance between Islamic banks in Southeast Asia and Islamic banks in the Middle East.

In terms of profitability, Islamic banks in the Middle East have the upper hand because the people who sit in the management of Islamic banks in the Middle East have a tough character and disposition and are not to be outdone (Ramdhana, 2019). The character is formed due to the factors of the ecological conditions of the Middle East which is filled with deserts, these conditions shape the disposition of the people to be hard-tempered and not to be outdone by the situation in order to survive. In the context of the Islamic banking business, the management of Islamic banks in the East has persistence and does not want to be outdone by obstacles, and the challenge of sacrificing the assets owned to achieve maximum net profit.

Meanwhile, Islamic banks in Southeast Asia have an organizational culture that is tied to the local culture where Southeast Asian people are known as calm, smiling, friendly, and obeying applicable ethics. The character of Southeast Asians has an impact on the way of running an Islamic bank business full of calmness and trying to always obey the applicable laws and regulations where the Islamic banking business is a business full of rules (*full-regulated*) from authorities and fatwa institutions. As a result, Islamic banks in Southeast Asia have not been able to generate maximum net profit when compared to Islamic banks in the Middle East.

Differences in the Capital Ratio of Islamic Banks in the Middle East with Islamic Banks in Southeast Asia

The results of the difference in the performance of the capital ratio of Islamic banks in the countries of the Middle East and Southeast Asia regions with the Mann-Whitney Test resulted in a significance value of 0.000 < 0.05. So it can be concluded that Ho2 was rejected and Ha2 was accepted. The results show that there is a difference in the performance of the capital ratio of Islamic banks in the countries of the Middle East and Southeast Asia regions with a difference in the average profitability of 38.68%.

The results of the difference in the performance of the capital ratio of Islamic banks in the countries of the Middle East and Southeast Asia regions with the Mann-Whitney Test resulted in a significance value of 0.000 < 0.05. So it can be concluded that Ho2 was rejected and Ha2 was accepted. The results show that there is a difference in the performance of the capital ratio of Islamic banks in the countries of the Middle East and Southeast Asia regions with a difference in the

average profitability of 38.68%.

The difference in the performance of islamic bank capital ratios in the Middle East and Southeast Asian countries is evidenced by differences in real data on the capital ratios of Islamic banks in each region during the 2015-2020 period. Data on the total average capital ratio of Islamic banks in Southeast Asian countries during 2015-2020 was 22.59% which shows a downward trend. This is evidenced by the average capital ratio in each year which tends to fall, in 2015 it was 40.38%, in 2016 it was 30.99%, in 2017 it was 22.02%, in 2018 it was 18.34%, in 2019 it was 12.35%, and in 2020 it was 11.46%. Meanwhile, the total data on the average capital ratio of Islamic banks in Middle Eastern countries during 2015-2020 was 61.27%, which shows a downward trend. This is evidenced by the average capital ratio in each year which tends to fall, in 2015 it was 77.22%, in 2016 it was 53.34%, in 2017 it was 57.69%, in 2018 it was 60.04%, in 2019 it was 61.83%, and in 2020 it was 57.48%. Thus, it can be concluded that the performance of the capital ratio of Islamic banks in the countries of the Middle East region is better than the capital ratio of Islamic banks in the countries of the Southeast Asian region.

The difference in the performance of the capital ratio of Islamic banks in the Middle East and Southeast Asian countries is due to the capital ratio which is a ratio that shows the level of security of public deposits in banks protected by bank capital. The greater this number, the better the bank (Arifin, 2005). This means that this ratio measures the level of security of customer funds deposited into Islamic banks which can strengthen customer trust and loyalty to Islamic banks. Security guarantees are influenced by the organizational culture that exists in the organization of the work of the bank. Meanwhile, organizational culture is usually derived from the local culture in which the bank operates. So that it will result in a difference in the achievement of the level of security guarantees between Islamic banks in Southeast Asia and Islamic Banks in the Middle East.

In terms of capital ratio, Islamic banks in the Middle East have the upper hand because the people who sit in the management of Islamic banks in the Middle East have hospitality, loyalty, and friendship regardless of fur on guests or immigrants (Ramdhana, 2019). In the context of the Islamic banking business, the management of Islamic banks in the East has a persistent effort in maintaining the trust of the people who entrust their funds to Islamic Banks by providing confidence in the security of customer funds supported by large capital.

Meanwhile, Islamic banks in Southeast Asia have not been able to provide maximum security guarantees to their customers unlike Islamic banks in the Middle East. This condition is more because Islamic banks in Southeast Asia are less competitive with conventional banks that have more capital. Or it is also caused by some Islamic banks in Southeast Asia lacking infrastructure and regulatory support from local governments except only Indonesia and Malaysia (King, 2008).

Differences in Liquidity Performance of Islamic Banks in the Middle East with Islamic Banks in Southeast Asia

The result of differences in the liquidity performance of Islamic banks in the countries of the Middle East and Southeast Asia regions with the Mann-Whitney Test resulted in a significance value of 0.000 < 0.05. So it can be concluded that Ho3 was rejected and Ha3 was accepted. The results show that there is a difference in the liquidity performance of Islamic banks in the countries of the Middle East and Southeast Asia regions with a difference in the average liquidity difference of 92.20%.

The difference in liquidity performance of Islamic banks in the Middle East and Southeast Asian countries is evidenced by differences in real data on liquidity of Islamic banks in each region during the 2015-2020 period. Data on the total average liquidity of Islamic banks in Southeast Asian countries during 2015-2020 was 67.46% which shows a downward trend. This is evidenced by the average liquidity in each year which tends to fall, in 2015 it was 78.98%, in 2016 it was 67.40%, in 2017 it was 69.89%, in 2018 it was 69.45%, in 2019 it was 58.07%, and in 2020 it was 60.95%. Meanwhile, the data on the average total liquidity of Islamic banks in Middle Eastern countries during 2015-2020 was 159.65%, which shows an increasing trend. This is evidenced by the average liquidity in each year which tends to increase, in 2015 it was 136.31%, in 2016 it was 129.65%, in 2017 it was 151.56%, in 2018 it was 163.16%, in 2019 it was 188.61%, and in 2020 it was 188.63%. Thus, it can be concluded that the liquidity performance of Islamic banks in the countries of the Middle East region is better than that of Islamic banks in the countries of the Southeast Asian region.

There are differences in the liquidity performance of Islamic banks in the Countries of the Middle East and Southeast Asia regions because liquidity is a ratio that shows how much the loans provided by banks to the public are funded by third-party funds. The greater this number, of course, the better the bank will be. This means that this ratio is related to the success of banks in disbursing loans to the public. Banks are considered successful if in quantity they can disburse loans in large quantities. The success of bank management in disbursing credit is more influenced by the social setting of the local community. So that it will result in differences in the achievement of successful liquidity performance between Islamic banks in Southeast Asia and Islamic banks in the Middle East.

In terms of liquidity, Islamic banks in the Middle East are superior because in terms of social structure, society in the Middle East allows especially the upper social class groups to settle in cities or villages that control and even hold strong political relations for several years (Baer, 1969). Especially the great merchants gained an honorable position in Arab society unlike agriculture, and these big merchants have always been involved in lending money with banks for the benefit of their trade which is not only in the Middle East region but also penetrates into Europe (Baer, 1969).

Meanwhile, the liquidity performance of Islamic banks in Southeast Asia is less than optimal due to the majority of the Southeast Asian population living in rural areas. The number of working classes with a wage system is relatively small and more concentrated in certain sectors such as transportation, ports, and agriculture. There was a class of local businessmen characterized by relatively small trading activity, but lost to the large businessmen allied by the Asian bourgeoisie who received capital injections from the West. Meanwhile, educated indigenous peoples are recruited to be placed at the lowest level of the bureaucracy (King, 2008).

Differences in The Efficiency Performance of Islamic Banks in the Middle East with Islamic Banks in Southeast Asia

The results of differences in the efficiency performance of Islamic banks in the Middle East and Southeast Asian region countries with the Mann-Whitney Test resulted in a significance value of 0.268 > 0.05. So it can be concluded that Ho4 was accepted and Ha4 was rejected. The results showed that there was no difference in the efficiency performance of Islamic banks in the countries of the Middle East and Southeast Asia regions with a relatively small difference in average efficiency of 23.14%.

The absence of differences in the efficiency performance of Islamic banks in the Middle East and Southeast Asian countries is evidenced by differences in real data on the efficiency of Islamic banks in each region during the 2019-2020 period. Data on the total average efficiency of Islamic banks in Southeast Asian countries during 2019-2020 was 96.34%, which shows an increasing trend. This is evidenced by the average efficiency in each year that tends to increase, in 2019 it was 96.62%, in 2018 it was 66.60%, in 2019 it was 102%, in 2018 it was 106.40%, in 2019 it was 106.74%, and in 2020 it was 99.68%. Meanwhile, the data on the average total efficiency of Islamic banks in Middle Eastern countries during 2015-2020 was 73.20%, which shows a downward trend. This is evidenced by the average efficiency in each year which tends to fall, in 2015 it was 164.75%, in 2016 it was 84.60%, in 2017 it was 62.63%, in 2018 it was 48.92%, in 2019 it was 41.72%, and in 2020 it was 36.57%. Thus, it can be concluded that the efficiency performance of Islamic banks in the countries of the Middle East region is slightly better than the efficiency of Islamic banks in the countries of the Southeast Asian region.

The absence of differences in the efficiency performance of Islamic banks in the countries of the Middle East and Southeast Asia regions is due to the efficiency is a ratio that measures how much efficient banks are in using costs to generate income. The smaller the value, the more efficient the bank will be in operating (Financial Services Authority). Efficiency is related to the internal policy of each Islamic bank in sacrificing its resources to generate the expected income. Therefore, efficiency has no relevance to the cultural and social setting of the society in which Islamic banks carry out their activities. The efficiency ratio can increase or decrease depending on the business conditions that are being faced. In the early days, the company seemed wasteful in using fees because it was considered a sacrifice to get customers. Conversely, if the company reaches the peak cycle, it will further reduce costs as seminally as possible. Thus socio-cultural factors have no relevance to the efficiency performance of Islamic banks in the countries of the Middle East and Southeast Asia regions.

Differences in The Effectiveness of Islamic Bank Loans in the Middle East with Islamic Banks in Southeast Asia

The results of differences in the performance of Islamic bank credit effectiveness in the countries of the Middle East and Southeast Asia regions with the Mann-Whitney Test resulted in a significance value of 0.385 > 0.05. So it can be concluded that Ho5 was accepted and Ha5 was rejected. The results showed that there was no difference in the performance of Islamic bank credit effectiveness in the middle east and southeast Asian countries with a difference in the average credit effectiveness of 1.96%.

There was no difference in the performance of Islamic bank credit effectiveness in the Middle East and Southeast Asian countries as evidenced by differences in real data on the effectiveness of Islamic bank loans in each region during the 2015-2020 period. Data on the total average effectiveness of Islamic bank loans in Southeast Asian countries during 2015-2020 was 5.82% which shows a downward trend. This is evidenced by the average credit effectiveness in each year which tends to fall, in 2015 by 4.98%, in 2016 by 7.11%, in 2017 by 7.81%, in 2018 by 8%, in 2019 by 3.12%, and in 2020 by 3.91%. Meanwhile, the total data on the average effectiveness of Islamic bank loans in Middle Eastern countries during 2015-2020 was 3.85%, which showed a downward trend. This is evidenced by the average credit effectiveness in each year which tends to fall, in 2015 it was 6.12%, in 2016 it was 4.98%, in 2017 it was 3.33%, in 2018 it was 3.43%, in 2019 it was 2.41%, and in 2020 it was 2.85%. Thus, it can be concluded that the performance of the credit effectiveness of Islamic banks in the countries of the Middle East region is slightly better than the effectiveness of Islamic bank credit in the countries of the Southeast Asian region.

There is no difference in the performance of Islamic bank credit effectiveness in the countries of the Middle East and Southeast Asia regions because credit effectiveness is a ratio that measures the bank's ability to manage non-performing loans. The higher this ratio, the worse the bank's credit quality will be, which causes the number of non-performing loans to be greater and the possibility of the bank in a non-performing condition is greater (Ghazali, 2004). Credit effectiveness is related to the internal policies of each Islamic bank in managing credit. Therefore, the effectiveness of credit has no relevance to the cultural and social settings of the society in which Islamic banks carry out their activities. The high or low NPL ratio depends on the accuracy of the bank's internal policies in managing and mitigating credit risk, credit supervision, and handling non-performing loans through rescheduling, restructuring, and *write-offs*. Thus socio-cultural factors have no relevance to the performance of the effectiveness of Islamic bank credit in the countries of the Middle East and Southeast Asia regions.

CONCLUSION

Based on the results of research and discussions on the differences in the performance of Islamic banks in the countries of the Middle East and Southeast Asia regions in 2019-2020 (socio-cultural analysis) it can be concluded as follows:

1. There are differences in the profitability performance of Islamic banks in the countries of the Middle East and Southeast Asia regions. Islamic banks in the Middle East are superior because they are culturally determined to achieve maximum net profit. Meanwhile, the Islamic bank of Southeast Asia conducts business with peace of mind and always obeys the rules because Southeast Asians are controlled by ethics.

2. There are differences in the performance of islamic bank

capital ratios in the middle east and southeast asian countries. Islamic banks in the Middle East are superior because they culturally have hospitality, loyalty, and friendship regardless of fur on guests or immigrants. Meanwhile, Southeast Asian Islamic banks have not been able to provide maximum security guarantees to their customers because Islamic banks in Southeast Asia are less competitive with conventional banks that have larger capital. As well as lack of infrastructure and regulatory support from local governments.

3. There are differences in the liquidity performance of Islamic banks in the Middle East and Southeast Asian countries. Islamic banks in the Middle East are superior because socially the upper social class groups settle in many cities or villages and large merchants have always engaged in lending money with banks for their trade interests. Meanwhile, the liquidity performance of Islamic banks in Southeast Asia is not optimal because the majority of the Southeast Asian population lives in rural areas. The number of working classes with a wage system is relatively small. Local businessmen lost to the big businessmen who got capital injections from the West.

4. There is no difference in the efficiency performance of Islamic banks in the countries of the Middle East and Southeast Asia regions because the efficiency is related to the internal policies of each Islamic bank in sacrificing its resources to generate the expected income, so that efficiency has no relevance to the cultural and social setting of the society in which Islamic banks carry out their activities.

5. There is no difference in the effectiveness of Islamic bank loans in the Middle East and Southeast Asia countries due to the high or low NPL ratio depending on the accuracy of the bank's internal

policies in managing and mitigating credit risks, credit supervision, and handling non-performing loans through rescheduling, restructuring, and *write offs* not due to the cultural and social settings of the communities in which Islamic banks carry out their activities.

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