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DETERMINANTS OF ISLAMIC BANKS' FINANCIAL PERFORMANCE: LEVERAGE, FIRM SIZE, AND CORPORATE SOCIAL RESPONSIBILITY PERSPECTIVES

DETERMINAN KINERJA KEUANGAN BANK SYARIAH: PERSPEKTIF LEVERAGE, UKURAN PERUSAHAAN, DAN TANGGUNG JAWAB SOSIAL PERUSAHAAN

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Abstrak
Perkembangan industri perbankan syariah di Indonesia menunjukkan pertumbuhan yang signifikan, namun peningkatan skala industri belum sepenuhnya diikuti oleh stabilitas kinerja keuangan. Penelitian ini bertujuan untuk menganalisis pengaruh leverage, ukuran perusahaan, dan Islamic Corporate Social Responsibility (ICSR) terhadap kinerja keuangan Bank Umum Syariah di Indonesia. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang diperoleh dari laporan tahunan dan laporan keberlanjutan 10 Bank Umum Syariah selama periode 2021-2025 . Metode analisis yang digunakan adalah regresi data panel dengan bantuan software EViews 10 melalui pendekatan Random Effect Model (REM). Hasil penelitian menunjukkan bahwa leverage berpengaruh positif dan signifikan terhadap kinerja keuangan yang diproksikan dengan Return on Assets (ROA). Ukuran perusahaan juga menunjukkan pengaruh positif dan signifikan terhadap kinerja keuangan, yang menunjukkan bahwa kapasitas aset dan skala operasional yang lebih besar dapat meningkatkan efektivitas pengelolaan bank. Selain itu, Islamic Corporate Social Responsibility (ICSR) memiliki pengaruh positif dan signifikan terhadap kinerja keuangan, yang menunjukkan bahwa penerapan tanggung jawab sosial berbasis nilai Islam mampu meningkatkan kepercayaan stakeholder dan mendukung profitabilitas bank. Secara simultan, leverage, ukuran perusahaan, dan ICSR berpengaruh signifikan terhadap kinerja keuangan Bank Umum Syariah di Indonesia. Penelitian ini memberikan kontribusi terhadap literatur keuangan syariah dengan mengintegrasikan aspek struktur keuangan dan tanggung jawab sosial Islam dalam menjelaskan faktor-faktor yang memengaruhi kinerja perbankan syariah.
Kata Kunci: *Leverage, Firm Size, Islamic Corporate Social Responsibility, Financial Performance, Islamic Commercial Banks.*

Abstract
The development of the Islamic banking industry in Indonesia has shown significant growth; however, the expansion of the industry has not always been followed by stable financial performance. This study aims to examine the effect of leverage, firm size, and Islamic Corporate Social Responsibility (ICSR) on the financial performance of Islamic Commercial Banks in Indonesia. This research employs a quantitative approach using secondary data obtained from annual reports and sustainability reports of 10 Islamic Commercial Banks during the 2021-2025 period. The data were analyzed using panel data regression with the Random Effect Model (REM) approach through EViews 10. The results indicate that leverage has a positive and significant effect on financial performance measured by Return on Assets (ROA). Firm size also has a positive and significant effect, suggesting that larger asset capacity and operational scale enhance banks' ability to improve profitability. Furthermore, Islamic Corporate Social Responsibility (ICSR) has a positive and significant effect on financial performance, indicating that the implementation of Islamic-based social responsibility can strengthen stakeholder trust and support banking profitability. Simultaneously, leverage, firm size, and ICSR significantly influence the financial performance of Islamic Commercial Banks in Indonesia. This study contributes to Islamic finance literature by integrating financial structure factors and Islamic social responsibility dimensions to explain the determinants of Islamic banking performance.
Keywords: *Leverage, Firm Size, Islamic Corporate Social Responsibility, Financial Performance, Islamic Commercial Banks.*

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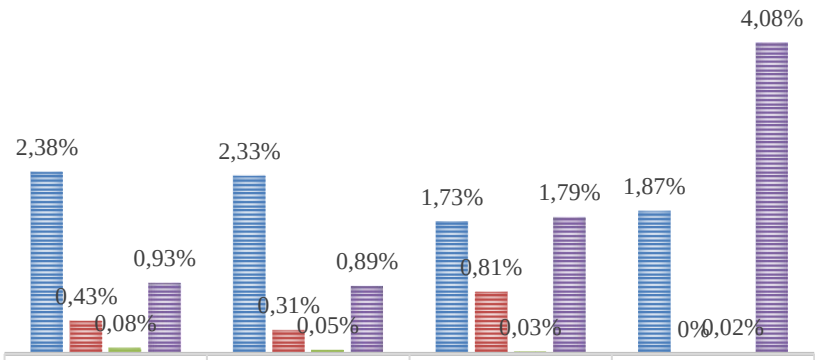
A. Introduction

The development of Islamic banking in Indonesia has shown significant growth in recent years, supported by increasing public awareness of financial systems based on Islamic principles. Islamic Commercial Banks (Bank Umum Syariah/BUS) have an important role in strengthening the national financial system through financial intermediation, fund collection, and the distribution of financing based on sharia principles (Gunawan et al., 2019). However, the growth of Islamic banking should not only be assessed through the expansion of assets and market share but also through its ability to maintain sustainable financial performance. Financial performance reflects the effectiveness of a company in managing resources, achieving operational objectives, and maintaining business sustainability amid dynamic economic conditions (Rauzatul Jannah, et.,al, 2026).

Financial performance is one of the main indicators used to evaluate the health and success of banking institutions. For Islamic banks, financial performance has a broader dimension because it is not only oriented toward profitability but also reflects compliance with Islamic values and ethical responsibilities. A stable financial performance is essential because it influences public trust, investor confidence, and the

sustainability of Islamic banking institutions (Sianturi, 2022). Therefore, understanding the factors that determine financial performance has become an important research area, particularly within the context of Islamic banking in Indonesia.

Although the Islamic banking industry continues to expand, empirical evidence indicates that the financial performance of Islamic Commercial Banks in Indonesia has experienced fluctuations over time. Based on financial reports during the 2021-2025 period, several financial performance indicators showed inconsistent movements, with periods of improvement followed by declines due to economic uncertainty, market dynamics, and the impact of the COVID-19 pandemic. This condition indicates that the increasing growth of Islamic banking does not necessarily guarantee stable financial performance. The gap between industrial development and financial performance achievement highlights the need to investigate internal factors that influence the financial outcomes of Islamic banks.



	1	2	3	4
Bank Aceh Syariah	2,38%	2,33%	1,73%	1,87%
Bank Syariah Indonesia	0,43%	0,31%	0,81%	0%
Bank Muamalat Syariah	0,08%	0,05%	0,03%	0,02%
Bank Mega Syariah	0,93%	0,89%	1,79%	4,08%

Figure 1.1
The Development of Islamic Commercial Banks' Financial Performance in Indonesia during 2022–2025

Based on Figure 1.1, the financial performance of Islamic Commercial Banks demonstrates fluctuations during the observation period. This phenomenon indicates that although Islamic banking institutions have experienced growth, their ability to generate consistent financial performance remains a challenge. Therefore, further analysis is required to identify the internal factors that contribute to improving financial

performance. One of the internal factors that may influence financial performance is leverage. Leverage describes the extent to which a company utilizes external funding sources, particularly debt, to support operational activities and business expansion. In the banking sector, the use of external funds is an important component of financial activities. An optimal level of leverage may enhance profitability by increasing business capacity; however, excessive leverage may increase financial risk and reduce the stability of company performance. Therefore, effective leverage management becomes an important consideration in achieving optimal financial performance.

Another factor associated with financial performance is firm size. Firm size represents the scale of a company, commonly measured through total assets, capital, or operational capacity. Larger companies generally have better access to funding sources, stronger market positions, and greater capability to manage business risks. However, empirical conditions show that an increase in company size does not always lead to improved financial performance.



	BAS	PDSB	BMI	BVIS	BRIS	BJBS	BNIS	BSM	BSMI	KBBS
2025	16,25	16,24	17,75	17,64	17,87	15,99	17,53	18,73	16,59	15,46
2024	16,31	16,22	17,73	16,63	18,36	15,85	17,53	18,53	16,89	16,72
2023	16,95	16,98	17,86	17,95	17,45	16,72	17,53	18,41	16,82	16,66

Figure 1.2
The Development of Firm Size of Islamic Commercial Banks in Indonesia

Figure 1.2 illustrates the development of firm size among Islamic Commercial Banks in Indonesia. The increasing size of Islamic banks theoretically should provide competitive advantages through greater resources and operational efficiency. Nevertheless, the phenomenon indicates that asset growth is not always followed by improvements in financial performance. This inconsistency creates a research gap regarding whether firm size actually contributes to strengthening Islamic banks' financial performance. In addition to financial and structural factors, Islamic banks are also expected to implement social responsibilities based on Islamic values. Islamic

Corporate Social Responsibility (ICSR) represents a form of commitment by Islamic financial institutions to balance business objectives with social, ethical, and religious responsibilities. Unlike conventional Corporate Social Responsibility (CSR), ICSR emphasizes accountability not only to stakeholders but also to Islamic principles. Effective disclosure of ICSR may enhance corporate reputation, strengthen stakeholder trust, and potentially improve financial performance.

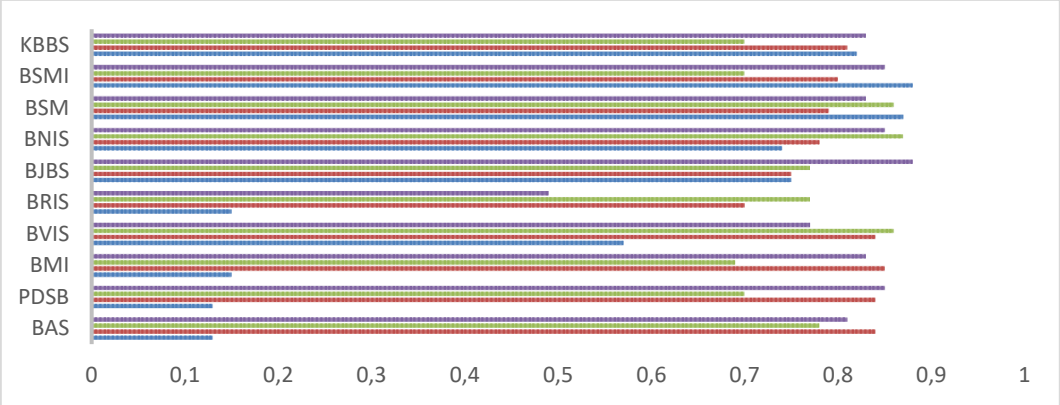


Figure 1.3
The Development of Islamic Corporate Social Responsibility Disclosure in Islamic Commercial Banks in Indonesia

Based on Figure 1.3, the level of ICSR disclosure among Islamic Commercial Banks shows variation across periods. This indicates that the implementation of Islamic social responsibility has not been fully consistent among Islamic banking institutions. The differences in ICSR practices raise important questions regarding whether stronger social responsibility disclosure can contribute to better financial performance (Sukarno dan Syaichu, 2022).. Previous studies have examined the relationship between leverage, firm size, and CSR disclosure with financial performance. However, most existing studies focus on conventional banking or general corporate sectors, while studies specifically examining the integration of leverage, firm size, and Islamic Corporate Social Responsibility within Islamic Commercial Banks in Indonesia remain limited. Furthermore, previous findings regarding the impact of these variables on financial performance remain inconsistent, creating an empirical gap that requires further investigation. This study aims to analyze the effect of leverage, firm size, and Islamic Corporate Social Responsibility on the financial performance of Islamic Commercial Banks in Indonesia. The novelty of this research lies in integrating financial structure

factors and Islamic social responsibility aspects into a single analytical framework to explain the determinants of Islamic banking performance. The findings are expected to contribute to the development of Islamic finance literature and provide practical implications for Islamic banking management in improving sustainable financial performance.

B. Theoretical Framework

This study is based on the perspective of stakeholder theory and signaling theory, which explain how internal corporate factors and social responsibility practices influence company performance. Stakeholder theory emphasizes that companies are not only responsible for maximizing shareholder value but also have obligations toward various stakeholders, including customers, investors, regulators, and society (Fahmi, 2018). In the context of Islamic banking, this responsibility is strengthened by Islamic values that emphasize accountability, transparency, and social welfare. Meanwhile, signaling theory explains that companies provide information through financial reports and social responsibility disclosures as signals to stakeholders regarding the company's quality, credibility, and future prospects (Hasibuan, 2016). Therefore, financial structure decisions and Islamic social responsibility disclosure may become important signals affecting stakeholders' perceptions and financial performance.

1. Leverage and Financial Performance

Leverage represents the extent to which a company utilizes external financing sources, particularly debt, to support business activities. In banking institutions, leverage reflects the ability of banks to manage financial resources and optimize the use of liabilities to generate profits (Sinungan, 2018). According to the trade-off theory, the use of debt can provide benefits through tax advantages and increased operational capacity; however, excessive debt may increase financial risk and reduce company performance (Kasmir, 2019). In Islamic banking, leverage management becomes an important issue because banks must maintain financial stability while continuing their intermediation function. A well-managed leverage structure may improve efficiency and profitability because additional funding can support business expansion and financing activities. However, excessive leverage may increase the burden of obligations and

negatively affect financial performance. Previous studies indicate that leverage has a significant relationship with corporate financial performance, although the direction of influence may vary depending on the company's ability to manage financial risks (Sartono, 2018). Therefore, the relationship between leverage and financial performance can be explained through the ability of Islamic banks to optimize external funding while maintaining financial stability. Based on this argument, the following hypothesis is proposed:

H1: Leverage has a significant effect on the financial performance of Islamic Commercial Banks in Indonesia.

2. Firm Size and Financial Performance

Firm size reflects the scale and capacity of a company, which is commonly measured through total assets, sales, or market value. Larger companies generally have greater resources, stronger market positions, better access to funding, and higher operational capabilities compared to smaller companies (Hadi 2019). Based on resource-based theory, companies with greater resources have competitive advantages that enable them to improve efficiency and achieve better performance (Ismail Salihin, 2018) In the banking sector, firm size is considered an important factor because larger banks usually have broader networks, stronger customer bases, and greater ability to diversify risks. Islamic Commercial Banks with larger asset sizes may have greater opportunities to increase financing activities and generate higher returns. However, large size may also create complexity in management and operational costs, meaning that asset growth does not always guarantee improved financial performance. Several studies have found that firm size positively influences financial performance because larger companies are more capable of utilizing resources effectively and achieving economies of scale (Rahmatullah, 2018). Therefore, this study assumes that firm size can contribute to improving the financial performance of Islamic banks.

H2: Firm Size has a significant effect on the financial performance of Islamic Commercial Banks in Indonesia.

3. Islamic Corporate Social Responsibility and Financial Performance

Islamic Corporate Social Responsibility (ICSR) refers to corporate responsibility practices conducted based on Islamic principles, including social responsibility, ethical business practices, environmental concern, and accountability toward stakeholders.

Unlike conventional CSR, ICSR emphasizes not only responsibility toward society but also responsibility toward Allah (God) as part of Islamic ethical values (Muhammad Yasir Yusuf, 2017). From the perspective of stakeholder theory, companies that actively disclose social responsibility information can strengthen relationships with stakeholders and increase public trust. For Islamic banks, ICSR disclosure can become a positive signal regarding their commitment to Islamic values and ethical business practices. Improved reputation and stakeholder confidence may encourage customer loyalty, increase investment interest, and ultimately contribute to better financial performance. Previous studies suggest that CSR activities can enhance corporate image and provide long-term economic benefits through improved stakeholder relationships (Asdar, 2025). In Islamic banking, higher ICSR disclosure is expected to strengthen public confidence because customers consider social and religious values when selecting financial institutions. Therefore, the implementation of ICSR is theoretically expected to influence the financial performance of Islamic Commercial Banks.

H3: Islamic Corporate Social Responsibility has a significant effect on the financial performance of Islamic Commercial Banks in Indonesia.

4. The Relationship between Leverage, Firm Size, Islamic Corporate Social Responsibility, and Financial Performance

Financial performance is influenced by various internal and strategic factors. Leverage reflects financial decision-making, firm size represents organizational capacity, while ICSR reflects the company's social and ethical commitment. These three factors represent different dimensions of corporate management that may jointly determine the success of Islamic banking institutions. A balanced financial structure enables banks to utilize resources efficiently, while adequate organizational size provides competitive advantages. Furthermore, strong implementation of ICSR can improve legitimacy and stakeholder trust, which are important elements for Islamic financial institutions. Therefore, the integration of financial, organizational, and social factors provides a comprehensive perspective in explaining Islamic banks' financial performance. Based on the theoretical arguments above, this study proposes the following hypothesis:

H4: Leverage, Firm Size, and Islamic Corporate Social Responsibility simultaneously affect the financial performance of Islamic Commercial Banks in Indonesia.

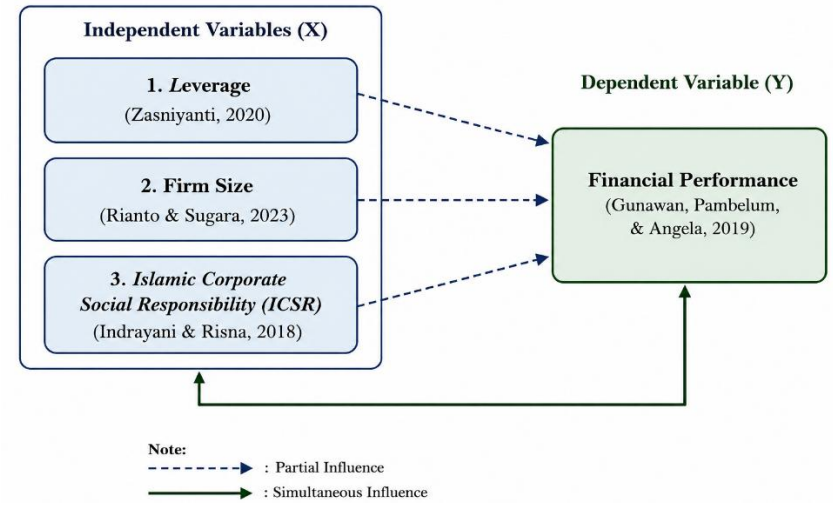


Figure 2.1 Conceptual Framework

C. Research Methodology

This study employs a quantitative research approach to examine the effect of leverage, firm size, and Islamic Corporate Social Responsibility (ICSR) on the financial performance of Islamic Commercial Banks in Indonesia. The quantitative method is applied because the variables are measured using numerical data and analyzed statistically to test the proposed hypotheses (Sugiyono, 2018). This study uses secondary data obtained from the annual reports and sustainability reports of Islamic Commercial Banks published on their official websites, as well as Islamic Banking Statistics issued by the Financial Services Authority (OJK). The population of this study consists of 15 Islamic Commercial Banks operating in Indonesia during the 2021-2025 period. The sample was selected using purposive sampling based on specific criteria, namely Islamic Commercial Banks that operated continuously during the research period and published complete annual reports and/or sustainability reports. Based on these criteria, 10 Islamic Commercial Banks were selected as research samples.

The data collection technique used in this study is documentation by collecting and analyzing relevant financial reports and disclosure information from the selected Islamic Commercial Banks. The research variables consist of financial performance as the dependent variable, measured by Return on Assets (ROA), while leverage is measured by Debt to Asset Ratio (DAR), firm size is measured using the natural

logarithm of total assets, and Islamic Corporate Social Responsibility (ICSR) is measured based on the Islamic social responsibility disclosure index.

The data analysis technique uses panel data regression with the assistance of EViews software. Before conducting regression analysis, classical assumption tests are performed, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure the validity of the regression model. The panel data model selection is conducted through Chow Test, Hausman Test, and Lagrange Multiplier Test to determine the most appropriate model among Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

D. Results and Discussion

1. Overview of Islamic Commercial Banks in Indonesia

Islamic Commercial Banks (Bank Umum Syariah/BUS) are Islamic financial institutions that provide banking services based on sharia principles, including payment services, fund collection, and financing activities. This study examines ten Islamic Commercial Banks in Indonesia during the 2021-2025 period, including Bank Aceh Syariah, Bank Muamalat Indonesia, Bank Victoria Syariah, Bank Jabar Banten Syariah, Bank Mega Syariah, Bank Panin Syariah, Bank Syariah Bukopin, Bank BCA Syariah, and Bank Tabungan Pensiunan Nasional Syariah. These banks were selected based on the availability and completeness of annual financial reports during the research period.

2. Descriptive Analysis

The descriptive analysis was conducted to describe the characteristics of the research variables, namely leverage (X1), firm size (X2), Islamic Corporate Social Responsibility (ICSR) (X3), and financial performance (Y) measured by Return on Assets (ROA). The results of the descriptive statistical analysis are presented in Table 4.1.

Table 4.1
Descriptive Statistical

	X1	X2	X3	Y
Mean	0.283600	15.89520	0.735400	3.888600
Median	0.185000	16.77000	0.795000	2.495000
Maximum	0.930000	18.77000	0.880000	13.58000
Minimum	0.000000	0.000000	0.130000	0.090000
Std. Dev.	0.281930	4.172145	0.191814	3.389440
Skewness	1.205997	3.369579	2.434307	1.339295

Kurtosis	3.127610	13.19111	7.869055	3.804031
Jarque-Bera	12.15417	310.9895	98.77312	16.29440
Probability	0.002295	0.000000	0.000000	0.000290
Sum	14.18000	794.7600	36.77000	194.4300
Sum Sq. Dev.	3.894752	852.9328	1.802842	562.9268
Observations	50	50	50	50

Based on the descriptive statistics, the average values of leverage, firm size, ICSR, and ROA were 0.2836, 15.8952, 0.7354, and 3.8886, respectively. The highest average value was found in firm size, indicating that Islamic Commercial Banks have relatively large asset capacity. Meanwhile, ROA showed variations among Islamic banks, reflecting differences in their ability to generate profitability during the observation period.

3. Panel Data Regression Model Estimation

Panel data regression analysis was performed using three estimation approaches: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Therefore, model selection tests were conducted to determine the most appropriate regression model.

Table 4.2
***Common Effect Model* (CEM)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.072386	1.918390	4.729167	0.0000
X1	4.297899	1.299959	3.306180	0.0018
X2	0.196976	0.085333	2.308314	0.0255
X3	9.649007	1.838724	5.247663	0.0000

Source: (Processed Data 2026)

Tabel 4.3
***Fixed Effect Model* (FEM)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.293564	1.258576	4.205995	0.0002
X1	1.006107	0.533856	1.884605	0.0674
X2	0.076305	0.073550	1.037459	0.3063
X3	3.171758	2.450340	1.294415	0.2035

Source: (Processed Data 2026)

Tabel 4.4
***Random Effect Model* (REM)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.534213	1.817053	4.696734	0.0000
X1	3.185372	1.089670	2.923246	0.0054
X2	0.166879	0.077283	2.159329	0.0361
X3	8.695705	1.981055	4.389431	0.0001

Source: (Processed Data 2026)

4. Model Selection Test

The selection of the appropriate panel data model was conducted through the Chow test, Hausman test, and Lagrange Multiplier (LM) test.The Chow test results show a probability value of 0.0000 (<0.05), indicating that theFixed Effect Model is more appropriate than the Common Effect Model. Furthermore, the Hausman test produces a probability value of 0.0048 (<0.05), indicating that the Random Effect Model is preferred compared to the Fixed Effect Model. The LM test also shows a probability value of 0.0079 (<0.05), confirming that the Random Effect Model is the most appropriate model for this study. Therefore, the final regression model used in this research is the Random Effect Model (REM).

Table 4.5
Hasil Uji F-Statistik (Uji Chow) – Likelihood Ratio

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.201767	(9,37)	0.0008
Cross-section Chi-square	35.205627	9	0.0001

Tabel 4.6
Hasil Uji F-Statistik (Uji *Hausman*) – *Hausman Test*

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.

Tabel 4.7
Hasil Uji F-Statistik *Lagrange Multiplier* (LM)

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	5.748377 (0.0165)	1.995241 (0.1578)	7.743618 (0.0054)
Honda	2.397577 (0.0083)	1.412530 (0.0789)	2.694153 (0.0035)
King-Wu	2.397577	1.412530	2.505233

	(0.0083)	(0.0789)	(0.0061)
GHM	--	--	7.743618
	--	--	(0.0079)

5. Panel Data Regression Analysis

Based on the Random Effect Model (REM), the regression equation is formulated as follows:

Table 4.8 Panel Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.534213	1.817053	4.696734	0.0000
X1	3.185372	1.089670	2.923246	0.0054
X2	0.166879	0.077283	2.159329	0.0361
X3	8.695705	1.981055	4.389431	0.0001

ROA = 8.534213 + 3.185372 Leverage + 0.166879 Firm Size + 8.695705 ICSR

The regression results indicate that leverage, firm size, and ICSR have positive coefficients, suggesting that increases in these variables tend to improve the financial performance of Islamic Commercial Banks in Indonesia.

The leverage coefficient of 3.185372 indicates that an increase in leverage may increase ROA by 3.185372 units, assuming other variables remain constant. The firm size coefficient of 0.166879 indicates that larger company size contributes positively to financial performance. Meanwhile, the ICSR coefficient of 8.695705 shows that stronger Islamic social responsibility disclosure has a positive contribution to improving financial performance.

6. Hypothesis Testing

a. Simultaneous Test (F-Test)

The F-test results show an F-statistic value of 8.851742 with a probability value of 0.000097 (<0.05). This indicates that leverage, firm size, and Islamic Corporate Social Responsibility simultaneously have a significant effect on financial performance (ROA) of Islamic Commercial Banks in Indonesia.

b. Partial Test (t-Test)

The partial test results are as follows:

1. Leverage (X1)

The leverage variable has a t-statistic value of 2.923246 with a probability value of 0.0054 (<0.05). Therefore, leverage has a positive and significant effect on financial performance. This finding indicates that effective leverage management can support profitability improvement in Islamic Commercial Banks.

2. Firm Size (X2)

   Firm size has a t-statistic value of 2.159329 with a probability value of 0.0361 (<0.05). This means that firm size has a positive and significant effect on financial performance. Larger Islamic banks tend to have better resources and operational capacity to improve profitability.

3. Islamic Corporate Social Responsibility (X3)

   ICSR has a t-statistic value of 4.389431 with a probability value of 0.0001 (<0.05). This result indicates that ICSR has the strongest positive influence on financial performance. The implementation of Islamic social responsibility can increase stakeholder trust and strengthen the reputation of Islamic banks.

c. Coefficient of Determination (R^2)

The adjusted R^2 value obtained from the Random Effect Model is 0.519647, indicating that leverage, firm size, and Islamic Corporate Social Responsibility explain 51.96% of the variation in financial performance (ROA). Meanwhile, the remaining 48.04% is explained by other factors outside this research model.

5. Conclusion

This study aims to analyze the effect of leverage, firm size, and Islamic Corporate Social Responsibility (ICSR) on the financial performance of Islamic Commercial Banks in Indonesia during the 2021-2025 period. Based on the results of panel data regression analysis using the Random Effect Model (REM), it can be concluded that the three independent variables have important roles in determining the financial performance of Islamic banks. First, leverage has a positive and significant effect on financial performance. This finding indicates that effective leverage management enables Islamic Commercial Banks to utilize external funding sources efficiently to support operational activities and improve profitability. Second, firm size has a positive and significant effect on financial performance, indicating that larger

Islamic banks tend to have greater resources, stronger operational capacity, and better ability to achieve higher profitability through economies of scale and risk diversification.

Third, Islamic Corporate Social Responsibility (ICSR) has a positive and significant effect on financial performance. This result confirms that the implementation of social responsibility based on Islamic values can strengthen stakeholder trust, improve corporate reputation, and provide competitive advantages that contribute to better financial performance. Furthermore, the simultaneous test shows that leverage, firm size, and ICSR jointly have a significant effect on the financial performance of Islamic Commercial Banks. Overall, this study highlights that improving Islamic banking performance requires a balanced approach involving financial management strategies, organizational capacity development, and commitment to Islamic social responsibility. Islamic Commercial Banks should not only focus on financial efficiency but also strengthen ethical and social practices to achieve sustainable performance. This research contributes to the Islamic finance literature by integrating financial structure factors and Islamic social responsibility dimensions in explaining the determinants of Islamic banking performance in Indonesia. Future studies may consider additional variables, such as corporate governance, risk management, digital transformation, and macroeconomic factors, to provide a more comprehensive understanding of Islamic bank financial performance.

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