

## CHAPTER V

### CONCLUSIONS AND SUGGESTIONS

#### A. Conclusions

Based on the research findings and discussions presented in the preceding chapters regarding the effect of Capital, Profitability, Efficiency, Financing Risk, and Liquidity on Financing, with Inflation, BI Rate, and Covid-19 as control variables in Islamic banking companies listed on the Indonesia Stock Exchange for the period 2017-2021, the summarized conclusions are as follows:

1. Capital doesn't has significant effect to financing. This indicates that the existing capital disclosed by companies in their annual reports did not affect Financing.
2. Profitability doesn't has significant effect to financing. This suggests that the existing profitability disclosed by companies in their annual reports did not affect Financing.
3. Efficiency doesn't has significant effect to financing. This indicates that the efficiency reported by companies in their annual reports did not affect Financing.
4. Financing Risk doesn't has significant effect to financing. This suggests that the financing risk disclosed by companies in their annual reports did not affect Financing.
5. Liquidity is has positive effect to financing. This indicates that the liquidity reported by companies in their annual reports did affect Financing.

## **B. Implications**

Based on the analysis and discussion of the effect of Capital, Profitability, Efficiency, Financing Risk, and Liquidity on Financing with Inflation and BI Rate as control variables, the implications of this research are as follows:

### **1. Theoretical Implications**

The theoretical implications of the absence of effect of Capital, Profitability, Efficiency, Financing Risk, and Liquidity's on Financing stem from the understanding that these factors are contingent upon appropriate strategies and implementations to have a significant impact on Financing. Companies must still consider all stakeholders and determine appropriate policies to effectively manage Capital, Profitability, Efficiency, Financing Risk, and Liquidity's thereby strengthening the foundation of the company. Mismanagement of these factors or only fulfilling procedural requirements without substantial impact on Financing would not be beneficial for Islamic banking financing.

### **2. Practical Implications**

#### **a. For Companies**

The findings of this research can serve as a basis for companies to enhance the implementation and financial reporting awareness related to Capital, Profitability, Efficiency, and Financing Risk, and Liquidity's as per the interests of individual stakeholders. Additionally, it serves as a consideration for strengthening direct relationships between shareholders and other stakeholders to ensure that the benefits of and financial reporting related to Capital, Profitability, Efficiency, and Financing Risk, and Liquidity's as well as their effects in shaping the company's image, can be felt.

#### **b. For Prospective Investors**

Prospective investors are encouraged to familiarize themselves with information and financial reporting related to Capital, Profitability, Efficiency, Financing Risk, and Liquidity's effect on Financing conducted by Islamic banking institutions. This information should be taken into

account when making investment decisions.

c. For Regulators

This research provides empirical evidence that regulators can reconsider policies and guidelines related to financial reporting, Capital, Profitability, Efficiency, Financing Risk, and Liquidity. Regulators can develop assessments on other factors that contribute to better business decision-making.

### **C. Research Limitations**

The limitations of this research include the merging of periods before the COVID-19 pandemic in Indonesia (2017-2019) and periods after the COVID-19 pandemic in Indonesia (2020-2021). As a result, the research was conducted on sample companies during a period of instability.

### **D. Suggestions**

Based on the aforementioned limitations, it is recommended that future research focus on using years when companies are in stable conditions. This approach would lead to more accurate results and findings.



