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The Effect of Islamic Corporate Governance Disclosure and Operational Efficiency on Financial Sustainability in Islamic Commercial Banks in Indonesia for the 2020–2024 Period

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Abstract

This study aimed to analyze the effect of Islamic Corporate Governance Disclosure and operational efficiency on Financial Sustainability in Islamic Commercial Banks in Indonesia during the 2020–2024 period. This study used a quantitative approach with secondary data obtained from annual reports and financial statements of 12 Islamic Commercial Banks. The sampling technique used was saturated sampling with a total of 60 observations. Data analysis was conducted using multiple linear regression analysis with IBM SPSS Statistics 31. The results showed that Islamic Corporate Governance Disclosure had a positive but insignificant effect on Financial Sustainability. Meanwhile, operational efficiency had a positive and significant effect on Financial Sustainability. Simultaneously, both variables did not significantly affect Financial Sustainability. These findings indicate that operational efficiency plays a more important role in improving sustainable financial performance in Islamic banks. Therefore, Islamic Commercial Banks are expected to improve operational efficiency to maintain long-term financial sustainability.

Contents

Introduction

The stability and sustainability of the banking sector have become important issues in maintaining the resilience of the national financial system. As financial intermediary institutions, banks play a

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strategic role in collecting public funds and redistributing them in the form of financing and credit to support economic activities. Wilarjo (2014) explained that the banking sector occupies a strategic position in connecting owners of funds with parties requiring working capital and investment financing. Similarly, Sapitriani et al. (2024) stated that banks generally carry out three primary functions, namely collecting public funds, distributing financing and credit, and facilitating payment transactions and the circulation of money. This role is also emphasized in Law Number 10 of 1998 concerning Banking, which states that banks are institutions that collect funds from the public in the form of deposits and redistribute them to society in the form of credit and other financing instruments to improve public welfare.

In Indonesia, the banking industry operates through two systems, namely conventional banking and Islamic banking. Although both perform intermediary functions, Islamic Commercial Banks (*Bank Umum Syariah* or BUS) possess distinct characteristics because all operational activities must comply with Islamic principles as regulated in Law Number 21 of 2008 concerning Islamic Banking. Fundraising activities in BUS are conducted through *wadiah* and *mudharabah* contracts, while financing activities are carried out through contracts such as *murabahah*, *musyarakah*, and *mudharabah*. In addition to commercial functions, Islamic banks also carry social responsibilities through the management of zakat, infaq, alms, and waqf (*ZISWAF*) funds. These characteristics indicate that Islamic banks are not solely profit-oriented institutions but are also required to maintain operational sustainability, accountability, and compliance with sharia principles in all aspects of their activities.

The sustainability of Islamic banking institutions has become increasingly important amid the growing challenges faced by the banking industry in recent years. Based on data published by the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK), 26 banks in Indonesia had their business licenses revoked between 2024 and October 2025. Reports published by IDNTimes (2025) explained that these revocations were caused by banks' inability to fulfill minimum capital requirements, deteriorating financial performance, liquidity problems, declining asset quality, and weak governance practices. Arini (2025) further stated that weak corporate governance contributed significantly to fraudulent practices that eventually led to the collapse of several banking institutions. These conditions indicate that maintaining financial sustainability has become a critical challenge for the banking industry, including Islamic Commercial Banks in Indonesia.

The concept of sustainability in the financial sector refers to an organization's ability to maintain balance between generated income and financial burdens in order to sustain long-term operational continuity. Elkington (1997) explained sustainability as an organizational responsibility to manage resources effectively and responsibly to maintain stable financial performance and resilience against economic pressures. In the context of Islamic banking, *Sustainability Theory* is relevant because Islamic banks are required not only to achieve profitability but also to maintain financial stability, operational continuity, and public trust sustainably. Munandar and Aravik (2022) emphasized that the financial sustainability of Islamic banks is reflected through their ability to maintain stable income, operational efficiency, and effective financial risk management. Therefore, financial sustainability is not merely associated with short-term profitability but also with the bank's capability to survive and maintain operational stability in the long run.

The condition of financial sustainability in Indonesian Islamic Commercial Banks still demonstrates several complex problems. Based on *Return on Assets* (ROA) data from 12 Islamic Commercial Banks during the 2020–2024 period, substantial disparities in profitability performance remain visible among BUS. Astuti et al. (2021) explained that ROA reflects the effectiveness of bank assets in generating net income. Several Islamic banks, such as PT Bank BTPN Syariah Tbk, were able to maintain ROA within the "very healthy" category, reaching 8.4%. However, several other Islamic banks experienced unhealthy financial conditions. PT Bank Muamalat Indonesia, for example, only recorded ROA ranging from 0.02% to 0.04% during the observation period, while PT Bank KB Bukopin Syariah experienced negative ROA of -3.7% in 2021 and -1.0% in 2022. A more severe condition occurred in PT Bank Aladin Syariah Tbk, which recorded a decline in ROA reaching -16.8%.

The low and fluctuating ROA values indicate that several Islamic Commercial Banks have not been able to optimize productive assets effectively and sustainably to generate profits. Sitanggang et al. (2022) explained that ROA is an important financial ratio used to assess how effectively company assets are utilized in generating profit. Similarly, Salsabila et al. (2023) emphasized that ROA is commonly used to measure the financial performance and sustainability of banking institutions. Negative ROA values indicate that operational income was insufficient to cover operational expenses, financing risks, and *cost of fund*. This condition potentially weakens financial resilience and threatens the long-term sustainability of Islamic banks. Therefore, the sustainability of Islamic banking is not only influenced by profitability but is also closely related to governance quality and operational efficiency.

In Islamic banking, governance practices are implemented through *Islamic Corporate Governance Disclosure* (ICGD), which represents governance mechanisms based on Islamic principles and sharia compliance. Iqbal and Mirakhor (2011) defined Islamic Corporate Governance as a governance system applied in Islamic financial institutions based on Islamic values, emphasizing transparency, accountability, responsibility, independence, fairness, and compliance with sharia principles. Billah and Fianto (2021) further explained that ICG functions as a managerial and supervisory mechanism designed to ensure that Islamic bank operations are conducted professionally, transparently, and in accordance with Islamic principles. Effective governance implementation is essential because Islamic banks are not only economically accountable to shareholders but also morally responsible for managing public funds according to Islamic values.

The implementation of Islamic Corporate Governance in Islamic Commercial Banks includes supervisory mechanisms involving the board of commissioners, directors, audit committees, external auditors, and particularly the Sharia Supervisory Board (*Dewan Pengawas Syariah* or DPS). DPS plays a crucial role in ensuring that all operational activities, products, and policies comply with Islamic principles. Kholisah et al. (2024) stated that DPS and the National Sharia Council contribute strategically to strengthening governance and sharia compliance in Islamic financial institutions. Furthermore, Kartika and Azis (2025) emphasized that governance effectiveness, including the role of commissioners, audit committees, and DPS, significantly affects profitability and operational stability in Islamic banks. Conversely, weak governance implementation may increase *moral hazard*, reduce transparency, weaken internal supervision, and ultimately threaten financial sustainability.

From the perspective of *Maqasid Al-Shariah*, governance implementation in Islamic banking is not only intended to improve managerial performance but also to achieve public welfare and prevent financial harm. Al-Ghazali explained that Islamic economic activities should aim to protect religion, life, intellect, lineage, and wealth (*hifz al-mal*). In Islamic banking, the protection of wealth becomes highly relevant because banks manage public funds entrusted by society. Malik et al. (2024) demonstrated that the sustainability and performance of Islamic banks should not only be assessed from profitability but also from the extent to which banks fulfill maqasid sharia objectives through responsible and sustainable financial management. Therefore, the implementation of ICGD reflects not only regulatory compliance but also the bank's commitment to maintaining ethical responsibility and long-term sustainability.

Apart from governance, operational efficiency is also considered an important factor influencing the financial sustainability of Islamic Commercial Banks. Operational efficiency reflects the bank's ability to manage operational costs effectively and optimize resources to generate sustainable revenue. B. G. Siregar et al. (2023) explained that operational efficiency in Islamic banks demonstrates how effectively banks control operational expenses relative to operational income. In Islamic banking studies, operational efficiency is commonly measured using the *Operational Expenses to Operational Income Ratio* (*Beban Operasional terhadap Pendapatan Operasional* or BOPO). Lower BOPO values indicate better efficiency because operational costs are relatively smaller compared to generated income.

Within the framework of *Sustainability Theory*, operational efficiency reflects the bank's capability to maintain balance between revenue and expenses continuously. High operational inefficiency may lead to increasing costs, declining profitability, liquidity pressure, and weakening financial resilience. Efficient operational management also aligns with the principles of *Maqasid Al-Shariah* because it prevents wasteful practices (*israf*) and ensures that organizational resources are managed responsibly. Therefore, operational efficiency becomes one of the strategic internal factors affecting the financial sustainability of Islamic Commercial Banks.

Several previous studies examining the relationship between Islamic Corporate Governance and financial sustainability have produced inconsistent findings. Billah and Fianto (2021), Wibowo (2022), Umiyati et al. (2020), and Almaida and Djuwarsa (2023) found that effective implementation of Islamic Corporate Governance positively influences financial performance and sustainability in Islamic banks. Strong governance mechanisms were considered capable of improving transparency, strengthening internal supervision, and maintaining operational stability. However, different findings were reported by Rismawati and Bawono (2022), Rahdian et al. (2023), and Alifiyah and Adiwijaya (2025), who found that Islamic Corporate Governance did not significantly affect financial performance and sustainability. These inconsistent findings indicate that the influence of governance implementation on Islamic bank sustainability remains inconclusive.

Inconsistencies were also identified in studies examining the relationship between operational efficiency and financial sustainability. Nurhikmah and Rahim (2021) explained that operational efficiency positively contributes to financial sustainability because banks are able to maintain a healthier balance between operational costs and revenue. Conversely, studies conducted by Munandar and Aravik (2022), Safaah and Ayuningtyas (2019), Widodo et al. (2025), Putri et al. (2024), Rahmi Amasari Siregar et al. (2024), Kurnia et al. (2025), and Fadilah and Eprianti (2025) found that operational efficiency, represented by BOPO, negatively affects financial sustainability and profitability. These inconsistent findings indicate that the relationship between operational efficiency and financial sustainability in Islamic Commercial Banks still requires further empirical investigation.

In addition to empirical inconsistencies, studies specifically examining the simultaneous effect of *Islamic Corporate Governance Disclosure* and operational efficiency on financial sustainability during the post-pandemic period remain limited. Most previous studies focused separately on financial performance, profitability, or governance quality, while research specifically addressing financial sustainability in Islamic Commercial Banks during the 2020–2024 period is still relatively scarce. Furthermore, most previous studies measured sustainability using conventional financial ratios without emphasizing long-term sustainability perspectives and sharia-based governance mechanisms.

This study therefore offers several novelties. First, this study examines the influence of Islamic Corporate Governance Disclosure and operational efficiency simultaneously on financial sustainability in Islamic Commercial Banks in Indonesia during the 2020–2024 period, which reflects the post-pandemic banking condition. Second, this study integrates *Sustainability Theory* and *Maqasid Al-Shariah Theory* to explain financial sustainability from both economic and Islamic perspectives. Third, this study measures Islamic Corporate Governance using governance indicators adapted from Sinen (2024), emphasizing supervisory effectiveness and sharia compliance mechanisms in Islamic Commercial Banks. Finally, this study uses financial sustainability represented by ROA as an indicator not only of profitability but also of long-term operational sustainability and financial resilience.

Based on these explanations, this study aims to analyze the effect of *Islamic Corporate Governance Disclosure* and operational efficiency on financial sustainability in Islamic Commercial Banks in Indonesia during the 2020–2024 period. This study is expected to provide empirical evidence regarding the role of sharia governance and operational efficiency in supporting the sustainability of Islamic banking institutions, as well as to contribute theoretically and practically to the development of Islamic banking governance and financial sustainability literature in Indonesia.

Methods

This study employed a quantitative approach with a causal associative research design to examine the effect of Islamic Corporate Governance Disclosure and operational efficiency on financial sustainability in Islamic Commercial Banks in Indonesia. A quantitative approach was selected because the study utilized numerical data analyzed statistically to test the proposed hypotheses (Sugiyono, 2022). The object of this study was Islamic Commercial Banks (Bank Umum Syariah/BUS) in Indonesia during the 2020–2024 period. The data used were secondary data obtained from annual reports, published financial statements, and corporate governance reports accessed through the official websites of each bank and the Financial Services Authority (Otoritas Jasa Keuangan/OJK).

The population consisted of all Islamic Commercial Banks operating in Indonesia and consistently publishing annual reports during the observation period. The sampling technique used was saturated sampling, in which all members of the population were selected as research samples (Sugiyono, 2023). Based on these criteria, 12 Islamic Commercial Banks were obtained, resulting in a total of 60 observations. The independent variables in this study were Islamic Corporate Governance Disclosure (ICGD) and operational efficiency, while the dependent variable was financial sustainability. Islamic Corporate Governance Disclosure was measured using a sharia governance disclosure index referring to Financial Services Authority regulations regarding governance implementation in Islamic Commercial Banks. The ICGD indicators included the number of board of commissioners meetings, board of directors size, number of sharia supervisory board meetings, audit committee size, and external audit (Sinen, 2024). The ICGD value was calculated by comparing the number of disclosed items to the total disclosure items.

Operational efficiency was proxied using the Operating Expenses to Operating Income ratio (BOPO), calculated by comparing total operating expenses to total operating income (Siregar et al., 2023). A lower BOPO ratio indicates higher operational efficiency in managing banking activities. Financial sustainability was proxied using Return on Assets (ROA), calculated as the ratio of net income to total assets (Salsabila et al., 2023). ROA was used to measure the bank's ability to maintain sustainable financial performance through effective asset utilization (Munandar & Aravik, 2022). Data collection techniques included documentation and literature study. Documentation was conducted by collecting annual reports, financial statements, and corporate governance reports of Islamic Commercial Banks during 2020–2024. Literature study was conducted by reviewing scientific journals, books, and other relevant references related to the research topic.

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Data analysis was performed using Microsoft Excel 2021 and EViews 12 SV software. The analysis stages included descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, coefficient of determination analysis, partial hypothesis testing (t-test), and simultaneous hypothesis testing (F-test). Descriptive statistics were used to describe the characteristics of the research data through minimum, maximum, mean, and standard deviation values. Classical assumption tests included normality, multicollinearity, and autocorrelation tests to ensure that the regression model met statistical assumptions (Ghozali, 2021). The multiple linear regression model used in this study was formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e \quad (1)$$

Where:
Y = Financial Sustainability
α = Constant
β_1, β_2 = Regression coefficients
X_1 = Islamic Corporate Governance Disclosure
X_2 = Operational Efficiency
e = Error term

Hypothesis testing was conducted partially using the t-test and simultaneously using the F-test with a significance level of 5%. In addition, the coefficient of determination (R^2) was used to measure the ability of independent variables to explain the dependent variable (Ghozali, 2021).

Results and Discussions

This study examined the effect of Islamic Corporate Governance Disclosure (ICGD) and Operational Efficiency on Financial Sustainability in Islamic commercial banks in Indonesia during the 2020–2024 period. Multiple linear regression analysis was employed using IBM SPSS Statistics 31.

1. Descriptive Statistics

Descriptive statistics were used to describe the characteristics of the research variables, including minimum value, maximum value, mean, and standard deviation.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ICGD	60	4.40	22.80	10.2305	4.9580
Efisiensi Operasional	60	10	4.20	7483	71105
FS	60	-17	.23	0092	04480
Valid (listwise)	60				

The descriptive statistics indicate that Islamic commercial banks in Indonesia had varying levels of governance disclosure and operational efficiency during the observation period. The average value of ICGD was 10.2305, indicating that the implementation of Islamic governance disclosure among banks was relatively moderate. Operational Efficiency had an average value of 0.7483, reflecting differences in cost management efficiency among Islamic banks. Meanwhile, Financial Sustainability measured using Return on Assets (ROA) had an average value of 0.0092, indicating relatively low profitability performance during the research period.

2. Trend of Islamic Corporate Governance Disclosure

Figure 1 illustrates the average trend of Islamic Corporate Governance Disclosure during the 2020–2024 period.

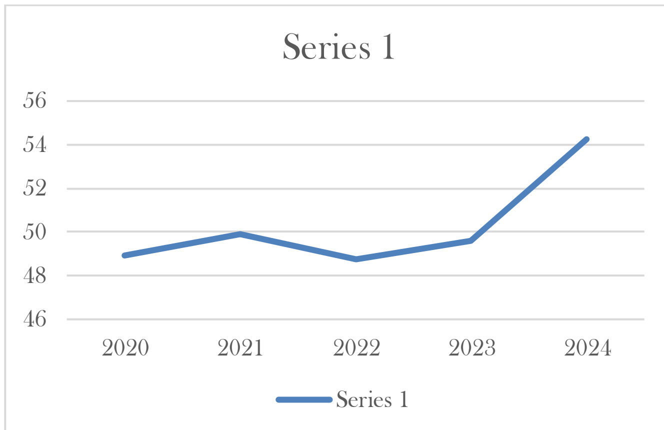

Figure 1. Average Islamic Corporate Governance Disclosure (2020–2024)
Source: Processed research data (2026)

Figure 1 shows that the average ICGD of Islamic commercial banks in Indonesia tended to increase during the observation period. The increase in governance disclosure reflects the growing awareness of Islamic banks regarding transparency, accountability, and compliance with sharia principles. However, several banks still experienced fluctuations in disclosure practices, indicating differences in governance quality and institutional commitment.

3. Trend of Financial Sustainability

Figure 2 presents the average Financial Sustainability trend measured using Return on Assets (ROA).

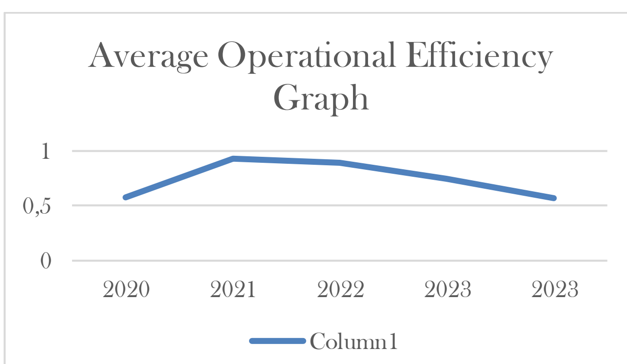

Figure 2. Average Financial Sustainability of Islamic Commercial Banks (2020–2024)
Source: Processed research data (2026)

The figure demonstrates that Financial Sustainability fluctuated significantly throughout the observation period. The decline in 2021 indicates that several Islamic banks experienced profitability pressure, while the increase in 2022 reflects post-pandemic recovery in banking performance. Nevertheless, the subsequent decline in 2023 and 2024 suggests that Islamic banks still faced challenges in maintaining sustainable profitability.

4. Classical Assumption Tests

Classical assumption tests were conducted prior to regression analysis to ensure that the regression model fulfilled the required statistical assumptions.

Table 2. Summary of Classical Assumption Tests

Test	Result	Conclusion
Normality Test	Sig. = 0.200 > 0.05	Normally distributed
Multicollinearity Test	Tolerance > 0.10; VIF < 10	No multicollinearity
Heteroscedasticity Test	Random scatterplot distribution	No heteroscedasticity
Autocorrelation Test	Durbin–Watson = 2.042	No autocorrelation

The results indicate that the regression model fulfilled all classical assumption requirements. Therefore, the data were appropriate for multiple linear regression analysis.

5. Multiple Linear Regression Analysis

The multiple linear regression equation used in this study is formulated as follows:

$$Y = 0.002 + 0.001X_1 + 0.003X_2 + e$$

Where:
Y = Financial Sustainability
X_1 = Islamic Corporate Governance Disclosure
X_2 = Operational Efficiency
e = Error term
The regression results are presented in Table 3.

Table 3. Multiple Linear Regression Results

Variable	B	t-value	Sig.
Constant	0.002	1.250	0.218
Islamic Corporate Governance Disclosure	0.001	1.257	0.216
Operational Efficiency	0.003	2.147	0.026

The regression analysis indicates that ICGD had a positive but insignificant effect on Financial Sustainability. Meanwhile, Operational Efficiency had a positive and significant effect on Financial Sustainability. The coefficient of determination (R^2) was 0.053, indicating that ICGD and Operational Efficiency explained 5.3% of the variation in Financial Sustainability, while the remaining 94.7% was influenced by other variables outside the research model.

6. Hypothesis Testing

Table 4. Hypothesis Testing Results

Hypothesis	t/F-value	Sig.	Result
ICGD → Financial Sustainability	1.257	0.216	Rejected
Operational Efficiency → Financial Sustainability	2.147	0.026	Accepted
ICGD and Operational Efficiency → Financial Sustainability	1.144	0.328	Rejected

The partial test results showed that Islamic Corporate Governance Disclosure did not significantly affect Financial Sustainability. Conversely, Operational Efficiency had a significant positive effect on Financial Sustainability. Simultaneously, both independent variables did not significantly affect Financial Sustainability.

7. Discussion

The findings revealed that Islamic Corporate Governance Disclosure (ICGD) did not have a significant effect on Financial Sustainability. This result suggests that governance disclosure practices among Islamic Commercial Banks in Indonesia during the 2020–2024 period were primarily compliance-oriented rather than performance-oriented. Although ICGD enhances transparency, accountability, and adherence to Sharia principles, these governance mechanisms did not directly translate into improved financial sustainability. This finding indicates that the existence of governance structures and disclosure practices alone is insufficient to generate sustainable financial performance without effective implementation and strategic value creation.

The empirical evidence supports this conclusion. Several Islamic Commercial Banks maintained relatively high levels of governance disclosure throughout the observation period, as reflected in the disclosure of board activities, Sharia Supervisory Board oversight, audit committee functions, and external audit mechanisms. However, some of these banks continued to record relatively low profitability levels. For instance, Bank Muamalat Indonesia, Bank Victoria Syariah, and Bank Jabar Banten Syariah reported relatively low Return on Assets compared with other Islamic banks despite demonstrating adequate governance disclosure practices. This condition indicates that governance disclosure reflects the existence of governance mechanisms but does not necessarily measure their effectiveness in improving asset productivity, operational performance, or profitability. Therefore, governance disclosure may contribute more to regulatory legitimacy and stakeholder confidence than to immediate improvements in financial sustainability.

Furthermore, the insignificant relationship between ICGD and Financial Sustainability may be attributed to the measurement of governance disclosure itself. The indicators used in this study primarily captured structural and disclosure aspects of governance, including board size, board meetings, Sharia Supervisory Board characteristics, audit committees, and external auditing practices. While these mechanisms strengthen monitoring and compliance functions, they do not directly influence revenue generation or operational efficiency. Consequently, the contribution of governance disclosure to Financial Sustainability is likely to be indirect and long-term, requiring effective managerial decisions, productive asset utilization, and sound business strategies before its impact becomes visible in financial performance. This finding is consistent with the studies of Alifiyah and Adiwijaya (2025), Rahdian et al. (2023), and Rismawati and Bawono (2022), which reported that Islamic corporate governance had limited influence on financial performance when governance implementation remained largely formalistic and focused on regulatory compliance.

In contrast, Operational Efficiency was found to have a positive and significant effect on Financial Sustainability. This finding indicates that the ability of Islamic banks to control operational costs and utilize resources efficiently plays a critical role in maintaining sustainable financial performance. Efficient operational management allows banks to reduce unnecessary expenses, optimize resource allocation, and increase the proportion of revenue converted into net income. As a result, operational efficiency directly contributes to the bank's ability to sustain profitability and maintain financial stability over time.

The empirical findings further reinforce this relationship. Islamic banks with stronger financial performance, particularly Bank Syariah Indonesia and Bank BTPN Syariah, consistently demonstrated better profitability during the observation period. Their performance suggests that effective cost management, efficient resource utilization, and productive asset allocation contributed substantially to sustainable earnings generation. Conversely, banks experiencing higher operational burdens tended to report lower profitability and weaker financial sustainability. These findings imply that operational efficiency directly affects a bank's capacity to generate sufficient returns to support long-term business continuity.

The results support the argument of Munandar and Aravik (2022), who stated that operational efficiency reflects a bank's ability to optimize resources and minimize unnecessary expenditures. Banks with lower operational costs are better positioned to generate sustainable returns, strengthen financial resilience, and maintain stable performance under changing economic conditions. From the perspective of Sustainability Theory, efficient resource management is a fundamental requirement for long-term sustainability because it enables organizations to maintain a balance between revenues and expenses while preserving financial stability.

The simultaneous test demonstrated that Islamic Corporate Governance Disclosure and Operational Efficiency jointly did not have a significant effect on Financial Sustainability. This finding suggests that financial sustainability in Islamic banking is a multidimensional phenomenon that cannot be explained solely by governance disclosure and operational efficiency. Although operational efficiency contributed positively to Financial Sustainability, the combined explanatory power of both variables remained insufficient to account for variations in financial sustainability across Islamic Commercial Banks.

Empirically, differences in Financial Sustainability among Islamic banks were influenced by factors beyond governance disclosure and operational efficiency. Banks with strong profitability were often supported by better financing quality, lower levels of non-performing financing, stronger capital structures, and more effective business strategies. Conversely, some banks continued to face sustainability challenges despite maintaining adequate governance practices and operational efficiency due to financing risks, capital constraints, or unfavorable economic conditions. Therefore, Financial Sustainability is influenced not only by governance disclosure and operational efficiency but also by asset quality, financing performance, liquidity conditions, capital adequacy, risk management effectiveness, industry competition, and macroeconomic factors. These findings imply that improving financial sustainability in Islamic banking requires a comprehensive strategy that integrates substantive governance practices, operational excellence, effective risk management, and strong financial fundamentals.

Conclusion

This study aimed to analyze the effect of Islamic Corporate Governance Disclosure and operational efficiency on Financial Sustainability in Islamic commercial banks in Indonesia during the 2020–2024 period. Based on the results of data analysis and discussion, several conclusions can be drawn. First, Islamic Corporate Governance Disclosure in Islamic commercial banks in Indonesia during the 2020–2024 period showed fluctuating average values with relatively stable increases and decreases, indicating no significant tendency toward either continuous improvement or decline. Second, operational efficiency showed fluctuating average values with a tendency to decrease during the observation period. Third, Financial Sustainability also experienced stable fluctuations, with no dominant trend toward either an increase or decrease during 2020–2024.

Furthermore, the hypothesis testing results showed that partially Islamic Corporate Governance Disclosure did not have a significant effect on Financial Sustainability. In contrast, operational efficiency had a positive and significant effect on Financial Sustainability in Islamic commercial banks in Indonesia. Simultaneously, Islamic Corporate Governance Disclosure and operational efficiency did not significantly affect Financial Sustainability. The findings of this study indicate that operational efficiency plays a more important role in improving financial sustainability compared to Islamic Corporate Governance Disclosure. Therefore, Islamic commercial banks are expected to improve operational performance efficiency in order to maintain sustainable financial performance. Future research is recommended to expand the research variables, observation periods, and sample coverage to obtain more comprehensive results regarding factors affecting Financial Sustainability in Islamic banking.

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