FITRIAN APRILIANTO 1

by Turnitin Instructor

Proceedings of Femfest International Conference on Economics, Management, and Business

Volume 2, 2024 E-ISSN: 3026-3549
https://ejournal.unida.gontor.ac.id/index.php/FICCOMSS

The Influence of Islamic Financing on Profitability of Sharia Commercial Banks in Indonesia

Muhammad Fachrizal Wahyu Darma Putra[1], Fitrian Aprilianto[2*], Afifah Nur Millatina[3]

[1,2,3] Universitas Muhammadiyah Malang, Indonesia

*Corresponding author: fitrianapril30@umm.ac.id
Contributing authors: fachri100700@gmail.com, fitrianapril30@umm.ac.id, afifahmillatina@umm.ac.id

Abstract

The aims of this study to analyze this is to analyze the effect of murabahah financing, musyarakah financing, mudharabah financing and ijarah financing on the profitability (ROA) of Islamic commercial banks for the period 2015-2021. The type of research used is a type of quantitative research with an associative approach. The dependent variable used in this study is profitability (ROA). The results of this study indicate that; murabahah financing partially has a negative and insignificant effect on the profitability (ROA) of Islamic commercial banks, musyarakah financing partially has a positive and significant effect on the profitability (ROA) of Islamic commercial banks, mudharabah financing partially has a negative and insignificant effect on the profitability (ROA) of banks general sharia, ijarah financing partially has a positive and significant effect on the profitability (ROA) of Islamic commercial banks. Murabahah financing, musyarakah financing, mudharabah financing and ijarah financing simultaneously have a significant effect on the profitability (ROA) of Islamic Commercial Banks.

Keywords: *Profitability (ROA), murabahah, musyarakah, mudharabah, ijarah*

Introduction

The financing distributed by sharia banking in 2021 experienced positive growth, which had an impact on increasing the growth of sharia banking assets by 13.94%. This indicates that financing is a crucial aspect for increasing the profitability of sharia banking, which is shown by the great interest of customers in using financing products at sharia banks. Although this financing is not without risk, for example when the economy is deteriorating or experiencing a decline, Islamic banks cannot increase their financing margins, unlike conventional banks which use a floating rate system where interest rates can change depending on the Bank Indonesia (BI) interest rate reference or market interest rates. One of the impacts is that sharia banks have to bear the consequences of the contract if the customer experiences bankruptcy. This is the risk of return (rate of return) from the consequences of financing contracts at Islamic banks (Muchtar, 2021).

The role of Sharia Banks in developing the economy of each country has a huge impact, especially in Indonesia (FQ, Hakim, & Millatina, 2023). Profitability is the ratio of a bank's net profit to core capital or the ratio of its gross profit to its total assets in a certain period. To ensure that the calculation results correspond to realistic figures, the capital/asset situation is calculated as an average over the period. Profitability also reflects the ability of each business to generate profits, where a company will be considered performing well if it is profitable (Rosita, 2021).

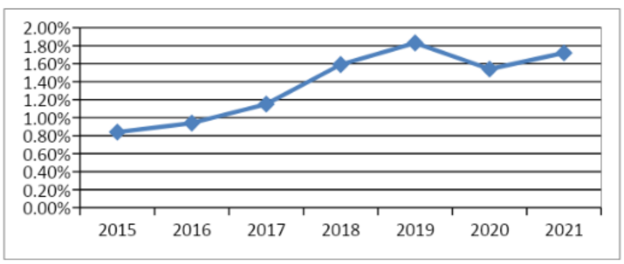
In general, there are two ways to assess bank profitability, namely by looking at it using indicators, the first Return on Equity (ROE) is an analysis of how effectively a company manages its capital/equity to run its business. The second indicator is Return on Assets (ROA), which is an indicator that is useful for calculating company management performance in order to create profits through all the assets owned. In this case, researchers prefer to use Return on Assets (ROA) as a parameter for measuring profitability, because ROA shows the company's efficiency in using all its assets, including the total amount of debt owned by a company (Almira & Wiagustini, 2020).

Table 1. Report Murabahah, Mudharabah, Musyarakah, Ijarah and ROA Financing in Indonesian Sharia Banking (2015-2021)

Year	*Murabaha* (In Trillions of Rupiah)	*Musharakah* (In Trillions of Rupiah)	*Mudharabah* (In Trillions of Rupiah)	*Ijarah* (In Trillions of Rupiah)	ROA (%)
2015	122.111	60,713	14.82	10.63	0.84
2016	139,536	78,421	15.29	9.15	0.94
2017	144.021	88.120	15,562	8,970	1.15
2018	161.75	130.48	15.05	10.64	1.59
2019	168.11	158.61	14.02	10.63	1.83
2020	181.95	176.47	12.11	8.69	1.54
2021	199.03	189.71	10.42	7.02	1.72

Source: Sharia Financial Development Report 2015-2021

Based on table 1, financing reports submitted by sharia banking from 2015 to 2021, murabahah financing is still the most dominant financing, reaching 56% of total financing, with an increase every year. In the second largest position there is musyarakah contract financing which reaches 34.5%, with an increase every year. Meanwhile, mudharabah and ijarah contracts are 6% and 3.5% respectively, which have stagnated every year.



Source: Sharia Financial Development Report 2015-2021

Figure 1. Return on Assets Indonesian Sharia Banking

In theory, from the explanation above, the higher the financing, the higher the profitability value, and vice versa, low financing will be followed by low profitability. In fact, from 2015 to 2021, murabahah financing and musyarakah financing experienced an upward trend without any decline, while the ROA level, although experiencing an increasing trend, in 2020 decreased by 1.54%, which was not followed by a decrease in murabahah and musyarakah levels. Likewise with mudharabah financing and Ijarah financing, from 2018 to 2019, when this financing was experiencing a downward trend, the ROA level increased by 0.25%.

Literature Review

Sharia Commercial Bank

Banks are essentially bodies that collect funds in the form of savings and distribute them again in the form of financing, or fulfill the function of a financial intermediary. Sharia banks themselves are banks that work on the principle of profit sharing, where all activities must comply with the provisions of Islamic Sharia and avoid things that are prohibited and involve usury (Syakhrun et al., 2019). Sharia banks are banks that operate using a profit sharing method and in accordance with sharia principles. All activities must comply with the provisions of Islamic Sharia by avoiding prohibited elements and adapting usury (Hasbi, 2022).

Sharia Commercial Banks are one of three sharia banks according to their institutions, the other two types are Sharia Business Units and Sharia People's Credit Agency (Fitrowati, 2018). What is meant by a Sharia Commercial Bank is an independent sharia bank without any interference from a conventional bank as its parent in any of its activities, so that its financial reports will also be separate from the parent bank. Sharia Commercial Banks also offers payment transaction services for foreign exchange and non-foreign currency business activities (Rifa'i & Pratiwi, 2017).

Akad

The Arabic word for akad is رربط (ar-Rabtu). It means connecting or linking through a series of ends and binding them into one cohesive whole. Akad also comes from its original Greek root as διάκοσμος (diakosmos), which means a promise or agreement between the parties. The related words are synonyms for promise and agreement (al-'ahdu) and (al-sabtu) respectively (Dinaratu & Muttaqin, 2017). In Islam, a akad is an agreement that follows the rules between two or more parties. This can be considered a conceptual bond between assent to and adherence to Islam; this idea is supported by the Koran and other Islamic sources. Alternatively, a akad can be seen as an agreement between two parties to create a certain connection (Nawawi, 2012).

Financing

Financing means funding or spending in its broadest sense. This means that the funds provided to support the proposed investment are made by yourself or by someone else. Narrowly defined financing is loans offered to the public (customers) by banks, such as Islamic banks (Loliyani & Yana, 2021).

Murabahah

In language, murabaha refers to the exchange of certain commodities for other commodities. Another name for murabahah in Arabic is "al-bay" or "asy-syira", which means the same as buying and selling when referring to the commodity being sold. The third term murabahah is at-tijarah (Chikmah, 2014), which means the same as exchanging something as contained in the QS. Fathir (35): 29 which means, "They hope for tijarah (trade) that will not result in losses".

Murabahah describes the buying and selling business, the selling price is the accumulated costs of obtaining the goods being sold, as well as the profit desired by the seller. This is referred to as margin. The purchase price is what the buyer is willing to pay; it is determined by what you want to add to the margin. This can be calculated by adding the purchase costs to the additional benefits sought by the buyer (Al-Kasani). In a Murabahah contract involving a bank, it is necessary to explain the price to be paid and the benefits the customer wants. Doing so requires discussing consumer demand (Nawawi, 2012).

Musyarakah

Musharakah refers to a business contract between two or more parties. Meanwhile, linguistically it is a combination of two or more things that are difficult to distinguish. Meanwhile, the term refers to two or more parties who participate in a particular business by providing predetermined business capital, who are contractually bound to manage the business together and share profits or losses in a specified portion. Or, a cooperation agreement between several for a certain business, where each party contributes funds and expertise, with the agreement that profits and risks are shared according to the agreement (Nawawi, 2012).

Another definition of musyarakah is a business agreement between two or more parties, each of whom contributes funds and participates in sharing risks and profits according to the agreement (Zuhaily, 1989). The difference with mudharabah which is also classified as profit sharing financing lies in the provision of profits and losses as well as the participation of the parties involved in the business being run (Latif, 2020).

Mudharabah

Dharb and mudharaba both come from Arabic; both mean walking. Iraqi culture uses the term mudharabah, while Hijaz society uses qiradh. Both terms refer to conducting business by walking or hitting (Nawawi, 2012). Mudharabah in terms, it is a business partnership between several parties, where one party acts as a business manager (mudharib) and the other acts as a business owner (shahibul mal) or as a capital provider for both parties, profits are given based on the agreement agreed at the beginning of the contract. , which is generally in the form of a percentage (ratio) (Zuhaily, 1989).

Owner of capital or shahibul mal, shall be responsible for losses caused by its operation, as long as the losses are not due to negligence. If the loss is caused by negligence on the part of the mudharib, that party is obliged to compensate. And the mudharib must bear the losses for the hard work and time spent managing the business (Sayyid, 1983).

Ijarah

Ijarah comes from the Arabic word al-ajru, which means "replacing", "selling benefits", or "buying benefits". Ijarah is a form of contract that allows reimbursement of benefits obtained through sales or through wages. The term sharia defines ijarah as a type of contract that allows benefits to be obtained by way of reimbursement (Sayyid, 1983). Another definition explains that ijarah is a transaction for the transfer of use rights to commodities within a limited time limit. This right comes with the condition that the owner relinquishes ownership rights to the goods (Zuhaily, 1989). According to Malikiyah, ijarah refers to the transfer of ownership of certain commodities which are entitled within a certain period of time for a certain fee.

Ijarah transactions are identified with the transfer of benefits. So the principle of ijarah is basically the same as the principle of buying and selling. However, the difference is, the object of the transaction is goods, so in ijarah the object of the transaction is services. The rental and selling prices are mutually agreed between the bank and the customer at the beginning of the contract (Santoso & Anik, 2017).

Profitability

Profitability ratios are an effective method for assessing the success and effectiveness of business management. Banks can calculate their profitability by reviewing the bank's financial reports and results. This analysis will illustrate the bank's capability to increase and generate profits (Nuraini & Muttaqin, 2018).

Profitability is also important for maintaining the resilience of a business over a long period of time, because profitability tells whether the business has promising opportunities for the future (Sanjaya & Rizky, 2018). To calculate a company's profitability, it is only necessary to divide profits by assets or capital. The value of these two variables is the company's ability to earn profits while holding the equivalent value of each asset, capital and sales (Dewi & Fachrurrozie, 2021).

Research Method

This research uses a quantitative approach with a method that originates from data in the form of numbers and is processed and interpreted using certain mathematical formulas to prove hypotheses that have been made previously to look for cause and effect of related variables (Sugiyono, 2013), which comes from reports monthly sharia banking and processed using statistical analysis software, namely E-Views 12, to verify the answers to the hypotheses that have been proposed. With this type of associative research, research questions the causal relationship between two or more variables, the independent variable as the variable that has an influence with the dependent variable as the variable that has the influence (Sugiyono, 2013). The aim of this research is to try to show the relationship between variables, namely murabahah, musyarakah, mudharabah and ijarah financing as independent variables affecting profitability (ROA) as the dependent variable.

Data collection in this research uses documentation by extracting data from exploring information that occurred in the past based on facts stored in the form of financial reports, activity journals, archival documents and others (Sugiyono, 2013). Obtained from the 2015-2021 sharia banking statistics report via the website www.ojk.go.id. Data analysis techniques in this research include multiple linear regression, t test, f test, coefficient of determination test, and classic assumption tests (normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test calculated using E-views 12.

The independent variable (X) includes financing murabaha (Mur1), musyarakah financing (Musy2), mudharabah financing (Murd3), and ijarah financing (Ija4). Meanwhile, the dependent variable (Y) is the profitability of Islamic commercial banks in Indonesia with the ROA indicator. The description of each independent variable is: (1) Murábahah is the delivery of buying and selling commodities according to customer orders with the selling value accumulated from costs in the form of purchases and additional profits according to the agreement (Nawawi, 2012), (2) Musyarakah is a cooperation agreement in business/certain project with both parties agreeing to contribute funds with risks and profits proportional to their contribution (Latif, 2020), (3) Mudhárábah is financing mudharabah is a business cooperation agreement where one is the main contributor of capital (shahibul maal) and the other as business manager of the capital (mudharib) (Latif, 2020), (4) Ijarah is the transfer of the right to use a commodity or service for a limited period of time through rent without transferring ownership rights to the commodity or service (Sayyid, 1983). And the dependent variable is: Profitability is the ratio of the bank's net profit to core capital or the ratio of gross profit to its total assets in a certain period. To ensure that the calculation results correspond to realistic figures, the capital/asset situation is calculated as an average during that period (Gaol & Veronika, 2023).

Result and Discussion

This research is entitled analysis of the effect of murabahah financing, musyarakah financing, mudharabah financing and ijarah financing on profitability in view of Return on Assets (ROA) of Sharia Commercial Banks in Indonesia (Period 2015-2021). The financial ratio data used corresponds to the research period, namely 2015-2021, which was obtained on a monthly scale for all Sharia Commercial Banks which has been published on the Financial Services Authority (OJK) website.

The function of multiple linear regression is to predict the impact of two or more independent variables on the dependent variable (Y) to prove whether these variables have a functional relationship (Hamid, 2020).

Table 2. Multiple Linear Regression Results

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	0.654922	0.825688	0.793183	0.4302
Mur1	3.852102	4.52E-06	0.852530	0.3967
Musy2	4.648998	5.95E-06	0.781514	0.4370
Murd3	-0.000112	5.92E-05	-1.893107	0.0623
Ija4	0.000216	4.66E-05	4.631395	0.0000
@ISPERIOD(2017M11)	-0.396866	0.193657	-2.049322	0.0440
@ISPERIOD(2017M12)	-0.554973	0.191401	-2.899525	0.0049
@ISPERIOD(2018M01)	-0.804991	0.194196	-4.145258	0.0001
@ISPERIOD(2018M02)	-0.563307	0.196262	-2.870171	0.0053
@ISPERIOD(2021M02)	0.468860	0.191693	2.445894	0.0168
R-squared	0.868815	Mean dependent var	1.191318	
Adjusted R-squared	0.852860	S.D. dependent var	0.489623	
S.E. of regression	0.187813	Akaike info criterion	-0.395392	
Sum squared resid	2.610268	Schwarz criterion	-0.106009	
Log likelihood	26.60645	Hannan-Quinn Criter.	-0.279062	
F-statistic	54.45436	Durbin-Watson stat	0.862201	
Prob(F-statistic)	0.000000			

Based on the results of multiple regression, the following equation formula is obtained:

$$Y=a+b1Mur1+b2\,Musy2+b3\,Mudh3+b4\,Ija4+e$$

$$Y=0.654922+3.852102Mur1+4.648998–Musy2\ 0.000112Mudh3+0.000216\ Ija4$$

Based on the results of the equation formula that has been explained, it can be explained as follows:

1. Based on the formula from the multiple regression equation, it is known that the constant value is 0.655. This means that if murabahah financing (Mur1), musyarakah financing (Musy2), mudharabah financing (Murd3), and ijarah financing (Ija4) are zero or constant, then the value of profitability (ROA) is 0.654922.
2. Based on the formula of the multiple regression equation, it is known that the value (Mur1) 3.852102, so if the murabahah financing value is Rp. 1 (one billion rupiah), profitability will increase by Rp.3.852102 billionit is assumed that other variables remain constant.
3. Based on the formula of the multiple regression equation, it is known that the value (Musy2) is 4.648998, so if the value of the musyarakah loan is Rp. 1 (one billion rupiah), profitability will increase by Rp.4.648998 billion is assumed that other variables remain constant.
4. Based on the formula of the multiple regression equation, it is known that the value (Murd3) -0.000112, so if the value of the mudharabah loan is Rp. 1 (one billion rupiah), profitability will be reduced by Rp.0.000112 billionit is assumed that other variables remain constant.

5. Based on the formula of the multiple regression equation, it is known that the value (Ija4) 0.000216, so if the value of the ijarah loan is Rp. 1 (one billion rupiah), profitability will increase by Rp.0.000216 billion it is assumed that other variables remain constant.

The t test or partial test aims to verify whether each individual independent variable has an influence or not on the dependent variable.

Table 3. T-Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.654922	0.825688	0.793183	0.4302
Mur1	3.852102	4.52E-06	0.852530	0.3967
Musy2	4.648998	5.95E-06	0.781514	0.4370
Murd3	-0.000112	5.92E-05	-1.893107	0.0623
Ija4	0.000216	4.66E-05	4.631395	0.0000
@ISPERIOD(2017M11)	-0.396866	0.193657	-2.049322	0.0440
@ISPERIOD(2017M12)	-0.554973	0.191401	-2.899525	0.0049
@ISPERIOD(2018M01)	-0.804991	0.194196	-4.145258	0.0001
@ISPERIOD(2018M02)	-0.563307	0.196262	-2.870171	0.0053
@ISPERIOD(2021M02)	0.468860	0.191693	2.445894	0.0168

The results of the partial hypothesis test for each individual independent variable related to the dependent variable can be explained as follows:

1. Based on the results of the t test, it shows that murabahah (Mur1) has a probability value of 0.397. It can be seen from the murabahah probability value (Mur1) = 0.397 > 0.10, meaning that murabahah financing has an insignificant impact on profitability.
2. Based on the results of the t test, musyarakah (Musy2) has a probability value of 0.437. It can be seen from the probability value of musyarakah (Musy2) = 0.437 > 0.10, meaning that musyarakah financing has an insignificant impact on profitability.
3. Based on the results of the t test, mudharabah (Murd3) has a probability value of 0.062. It can be seen from the mudharabah probability value (Murd3) = 0.062 < 0.10, meaning that mudharabah financing has a significant impact on profitability.
4. Based on the results of the t test, ijarah (Ija4) has a probability value of 0.000. It can be seen from the probability value of ijarah (Ija4) = 0.000 < 0.10, meaning that ijarah financing has a significant impact on profitability.

The f test or simultaneous test aims to verify whether the independent variables simultaneously have an influence on the dependent variable.

Table 4. F-Test Results

R-squared	0.868815	Mean dependent var	1.191318
Adjusted R-squared	0.852860	S.D. dependent var	0.489623
S.E. of regression	0.187813	Akaike info criterion	-0.395392
Sum squared resid	2.610268	Schwarz criterion	-0.106009
Log likelihood	26.60645	Hannan-Quinn criter.	-0.279062
F-statistic	54.45436	Durbin-Watson stat	0.862201
Prob(F-statistic)	0.000000		

Based on the results of the f test, it shows that F = 0.000 < 0.05. It can be explained that murabahah financing (Mur1), musyarakah financing (Musy2), mudharabah financing (Murd3), and ijarah financing (Ija4) together have a significant impact on profitability.

The coefficient of determination is a visualization of the percentage of the independent variable influencing the dependent variable (Y). The higher the percentage, the better the independent variable is in describing the dependent variable (Y).

Table 5. Coefficient of Determination Results

R-squared	0.868815	Mean dependent var	1.191318
Adjusted R-squared	0.852860	S.D. dependent var	0.489623
S.E. of regression	0.187813	Akaike info criterion	-0.395392
Sum squared resid	2.610268	Schwarz criterion	-0.106009
Log likelihood	26.60645	Hannan-Quinn criter.	-0.279062
F-statistic	54.45436	Durbin-Watson stat	0.862201
Prob(F-statistic)	0.000000		

Based on the results of the coefficient of determination, it can be seen from the R-squared value of 0.869, meaning that in this case the dominant influence caused by the independent variable explains 86.9% of the profitability variable (ROA), while other factors are not analyzed in this research, explains the remaining 13.1%.

This normality test functions to determine whether the distribution of data is close to a normal or abnormal distribution, the meaning of normal distribution itself is the probability of an activity occurring because the experiment was carried out randomly but has a normal curve (Hamid, 2020). In detecting data normality, this research applies the Jarque-Bera test.

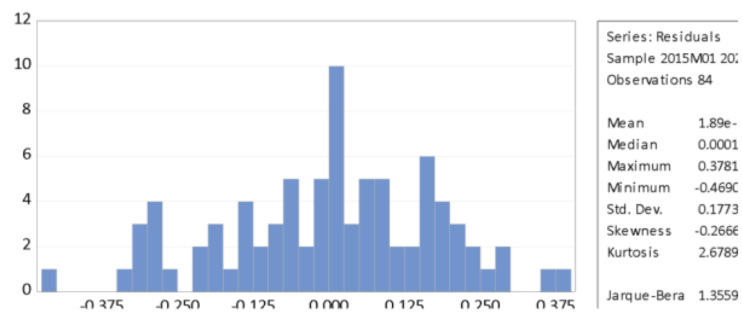


Figure 2. Normality Test Results

Based on the normality results, it can be seen that the probability value is 0.507 > 0.05, as a result it can be assumed that normality is met. Multicollinearity is an event when an independent variable can influence other independent variables so that they have an almost perfect relationship or correlation, which causes increasing variations in regression models and makes it difficult to get accurate estimates (Hamid, 2020). Multicollinearity can be detected by the Variance Inflation Factor (VIF) value.

Table 6. Multicollinearity Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.004193	1.479808	NA
Mur1	1.26E-09	1.436962	1.251314
Musy2	1.77E-09	1.445723	1.166325

Murd3	6.58E-08	1.169721	1.093908
Ija4	4.57E-07	1.146101	1.144576

Based on the multicollinearity results, it can be seen that the VIF value of the four independent variables is less than 10.00, it can be assumed that there are no symptoms of multicollinearity. The purpose of carrying out a heteroscedasticity test is to detect the presence of very diverse values in the research data, which causes an error term (not constant) in the data. Heteroscedasticity occurs when the variance of the residuals is not the same for each observation (Hamid, 2020). The heteroscedasticity test in this study applies the Breusch Pagan Godfey test.

Table 7. Heteroscedasticity Results

F-statistic	1.793076	Prob. F(9,74)	0.0838
Obs*R-squared	15.03883	Prob. Chi-Square(9)	0.0899
Scaled explained SS	9.798000	Prob. Chi-Square(9)	0.3671

Based on the heteroscedasticity results, it can be seen that the value of Prob. Chi-Square 0.089 > 0.05, as a result it can be assumed that heteroscedosity does not occur. The autocorrelation test is a testing technique through checking linear regression to find a relationship between the current residual time and the previous residual time (Hamid, 2020). The autocorrelation test in this study applies the Durbin-Watson (DW) test.

Table 8. Autocorrelation results

R-squared	0.868815	Mean dependent var	1.191318
Adjusted R-squared	0.852860	S.D. dependent var	0.489623
S.E. of regression	0.187813	Akaike info criterion	-0.395392
Sum squared resid	2.610268	Schwarz criterion	-0.106009
Log likelihood	26.60645	Hannan-Quinn criter.	-0.279062
F-statistic	54.45436	Durbin-Watson stat	0.862201
Prob(F-statistic)	0.000000		

Based on the autocorrelation results, it can be seen that the Durbun Watson value is between -2 and +2 or -2 < 0.86 < +2, as a result it can be assumed that there is no autocorrelation. Murabahah financing partially has a positive and insignificant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia. This is because the largest portion of the distribution of financing funds from Sharia Commercial Banks to its customers is murabahah financing. Many banks offer these contracts to their customers because of the lower risk involved compared to profit sharing based financing contracts. At the beginning of the contract, the profit margin has been determined, so the returns obtained by the bank will be predicted more easily. Based on guaranteed returns and easy operations, the amount of murabahah financing distributed to customers is proven to have a positive influence on the profitability of Sharia Commercial Banks.

These results are similar to the statement in research examined by Reinissa (2015), that murabahah financing has been proven to have a negative and insignificant impact on profitability (ROA). This is because murabahah financing dominates the portion of financing distribution to sharia commercial banks which has an influence on bank profitability. This is the same as the statement researched by Maulidizen & Nabila (2019), that Murabaha financing is the most popular financing and is most sought after by banks and customers because the process is easy and fast. And Aprilianto (2020) That murabahah financing has certainty of profits and income, both the amount and time of payment, making this financing a financing with a low level of risk

Musyarakah financing partially has a positive and insignificant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia. This is because musyarakah financing involves both parties participating in providing business capital, which allows all parties to participate directly in the management process. If profits are received, they will be given according to a percentage based on the profit sharing ratio/profit based on the initial agreement. But if the business suffers a loss, both parties will bear the loss together. So the bank can minimize the losses incurred so that this financing is quite popular financing after murabahah financing.

These results are similar to the statement in research examined by Afridani (2018) and Putri et al (2022), that musyarakah financing has been proven to have a positive and insignificant impact on profitability (ROA). Because covering losses and providing capital in musyarakah financing is divided based on the proportions of each party, so that the profits obtained from this financing can increase the amount of profitability (ROA).

Mudharabah financing partially has a negative and insignificant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia. This is because of the implications for sharia banks, where sharia banks are 100% capital providers so they require more careful calculations for each transaction and the profits they get tend to be small and too volatile so they are riskier than musyarakah financing. Another risk is information asymmetry, which occurs because there is a gap in information between capital managers and banks. Where the bank does not have sufficient information regarding the manager's performance in carrying out his business. This causes the management to hide some information for personal interests which can cause losses to the bank.

These results are similar to the statement in research examined by Suryandari (2018), that mudharabah financing has been proven to have a negative and insignificant impact on profitability (ROA). Because the profits obtained from mudharabah financing are very dependent on the performance of the real sector, if the income obtained from the business is lost then the bank will bear the losses.

This is the same as the statement in research examined by Putri (2016), that mudharabah financing is less attractive for banks, because mudharabah financing based on the profit sharing principle does not provide constant profits but is based on customers' business profits, so banks are at greater risk of experiencing losses. As well as research carried out by Reinissa (2015), who believes that mudharabah financing has more impact on equity than assets, so that this financing contributes little to profitability (ROA).

Ijarah financing partially has a positive and significant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia. Ijarah financing may not be very popular compared to murabahah financing, but this financing can be an alternative because it has several advantages compared to other financing. Compared to murabahah financing, ijarah financing is more flexible in terms of transaction objects. Compared to investment, ijarah financing has less risk because the principle of ujrah (rental wages) is constant.

These results are similar to the statement in research examined by Sari (2019) and Hartati et al (2021) that ijarah financing has been proven to have a positive and significant impact on profitability (ROA). Because ijarah financing will result in profits in the form of ujrah which can increase the bank's profitability ROA. This is the same as the statement in research conducted by Eprianti and Adhita (2017), who are of the opinion that Bank Jabar Banten Syariah's superior product, namely gold pawning, is experiencing an increase, which is because this product is very suitable for people who need loans with a fast process.

Conclusion

Based on the explanation that has been described, the author is able to conclude that murabahah financing partially has a positive and insignificant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia, musyarakah financing partially has a positive and insignificant impact on profitability (ROA) in Banks. General Sharia in Indonesia, partial mudharabah financing has a negative and insignificant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia, Partial ijarah financing has a positive and significant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia, Murabaha financing, musyarakah financing, mudharabah financing and ijarah financing simultaneously have a significant impact on profitability (ROA) in Sharia Commercial Banks in Indonesia.

References

Afridani, L. (2018). Pengaruh Pembiayaan Musyarakah terhadap Profitabilitas pada Bank Umum Syariah di Indonesia (Periode 2015-2017). Institut Agama Islam Negeri (IAIN) Bengkulu.

Almira, N. P. A. K., & Wiagustini, N. L. P. (2020). Return on Asset, Return on Equity, dan Earning per Share Berpengaruh terhadap Return Saham. *E-Jurnal Manajemen Universitas Udayana*, 9(3), 1069. https://doi.org/10.24843/ejmunud.2020.v09.i03.p13

Aprilianto, F. (2020). An Analysis of Financing Scheme Effect on Non-Performing Financing Asset at Islamic Banks in Indonesia. *Falah: Jurnal Ekonomi Syariah*, 5(1), 25–32. https://doi.org/10.22219/jes.v5i1.11400

Chikmah, A. N. (2014). Analisis Perbandingan Sistem Pemberian Kredit Bank Konvensional Dengan Pembiayaan Bank Syariah Pada Usaha Mikro, Kecil, dan Menengah. *International Journal of Academic Research in Business and Social Sciences*, 5(11), 1–19. https://doi.org/10.6007/ijarbss/v5-i11/1921

Dewi, C. R., & Fachrurrozie, F. (2021). The Effect of Profitability, Liquidity, and Asset Structure on Capital Structure with Firm Size as Moderating Variable. *Accounting Analysis Journal*. https://doi.org/10.15294/aaj.v10i1.44516

Dinaratu, D. A., & Muttaqin, A. (2017). Kualitas Produk, Pelayanan dan Nilai Syariah terhadap Persepsi Mahasiswa Ekonomi Islam untuk Menjadi Nasabah Bank Syariah. *FALAH: Jurnal Ekonomi Syariah*, 2(2), 196. https://doi.org/10.22219/jes.v2i2.5106

Eprianti, N., & Adhita, O. (2017). Pengaruh Pendapatan Ijarah terhadap Profitabilitas. *Amwaluna: Jurnal Ekonomi dan Keuangan Syariah*, 1(1), 19–33. https://doi.org/10.29313/amwaluna.v1i1.1994

FQ, A. Iedar Zulfikar; Hakim, Imamul; Millatina, Afifah Nur. (2023). The Impact of Bank Image on Customer Loyalty: Bank Syariah Indonesia (BSI). FICCOMSS: *Proceedings of Femfest International Conference on Economics, Management, and Business*, 1, 504–515. Retrieved from: https://ejournal.unida.gontor.ac.id/index.php/JTS/article/view/10920

Gaol, L., & Veronika, E. (2023). Pengaruh Profitabilitas dan Likuiditas terhadap Nilai Perusahaan. *Majalah Iptek Politeknik Negeri Medan Polimedia*.

Hamid, R. (2020). Panduan Praktis Ekonometrika: Konsep Dasar dan Penerapan Menggunakan Eviews 10. AA. Rizky.

Hartati, D. S., Dailibas, D., & Mubarokah, I. (2021). Pengaruh Pembiayaan Mudharabah, Musyarakah dan Ijarah terhadap Profitabilitas Bank Umum Syariah di Indonesia. *Jurnal Ilmiah Ekonomi Islam*, 7(1), 235.

Hasbi, H. (2022). Pengaruh Struktur Modal, Pembiayaan Jual Beli dan Pembiayaan bagi Hasil terhadap Profitabilitas pada Bank Umum Syariah yang terdaftar di Bank Indonesia. *Jurnal Akuntansi dan Keuangan Syariah (Jurnal Akunsyah).*

Latif, C. A. (2020). Pembiayaan Mudharabah dan Pembiayaan Musyarakah di Perbankan Syariah. *Aksy: Jurnal Ilmu Akuntansi dan Bisnis Syariah.*

Loliyani, R., & Yana, R. L. (2021). Pengaruh Pembiayaan Jual Beli. Pembiayaan bagi Hasil, Pembiayaan Sewa dan Rasio Non Performing Financing terhadap Profitabilitas Bank Syariah di Indonesia. *Journal of Accounting Taxing and Auditing (JATA).*

Maulidizen, A., & Nabila, N. (2019). Pengaruh Pembiayaan Murabahah terhadap Profitabilitas Bank Umum Syariah di Indonesia Periode 2010-2017. *Jurnal Penelitian*, 13(2), 215–250.

Muchtar, M. (2021). Analisis Risiko Akad Murabahah di Perbankan Syariah. *Info Artha*. 5 (1), 67-74.

Nawawi, I. (2012). *Fikih Muamalah: Klasik dan Kotemporer.* Ghalia Indonesia.

Nuraini, & Muttaqin, A. (2018). Korelasi Antara Penerapan Akad Mudharabah dan Profitabilitas pada Bank Syariah Mandiri. *FALAH: Jurnal Ekonomi Syariah*, 3(1), 25.

Putri, F. L. (2016). Pengaruh Pembiayaan Mudharabah terhadap Profitabilitas Bank Syariah (Studi pada PT Bank Syariah Mandiri). Universitas Pendidikan Indonesia.

Putri, N. S., Meriyati, Fadilla, Aravik, H., & Saprida. (2022). the Effect of Musyarakah, Mudharabah, and Murabahah Financing on Return on Asset (ROA) During the Covid-19 Pandemic (Case Study on BCA Syariah Bank & Bukopin Syariah Kb for the 2019-2021 Period). *International Journal of Economics and Management Research*, 1(2), 98–107.

Reinissa R. D. P. (2015). Pengaruh Pembiayaan Mudharabah, Musyarakah, dan Murabahah Terhadap Profitabilitas Bank Syariah Mandiri, Tbk. *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, 3(2).

Rifa'i, M. N., & Pratiwi, W. I. (2017). Implementasi Akad Murabahah dan Ijarah Muntahiyah Bit Tamlik pada Produk KPR BRI Syariah KC Malang Kawi. FALAH: *Jurnal Ekonomi Syariah*, 2(2), 157.

Rosita, Y. (2021). Faktor-Faktor yang Mempengaruhi Profitabilitas Bank. PRISMAKOM.

Sanjaya, S., & Rizky, M. F. (2018). Analisis Profitabilitas dalam Menilai Kinerja Keuangan Pada PT. Taspen (Persero) Medan. *KITABAH*, 2(2).

Santoso, H., & Anik. (2017). Analisis Pembiayaan Ijarah pada Perbankan Syariah. *Jurnal Ilmiah Ekonomi Islam*, 1(02), 106–116.

Sayyid, S. (1983). *Fiqh Sunnah*. Darul Fikri.

Silfia, S. P. (2019). Pengaruh Pembiayaan Murabahah, Mudharabah, Ijarah dan Qardh Terhadap Tingkat Laba Bersih pada Bank Umum Syariah di Indonesia Periode Tahun 2014-2017. *Journal of Chemical Information and Modeling*, 53(9), 150.

Sugiyono. (2013*). Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alphabeta.

Suryandari, D. M. (2018). Pengaruh Pendapatan Bagi Hasil Pembiayaan Mudarabah dan

Musyarakah terhadap Laba Bersih pada PT. Bank Syariah Bukopin, Tbk. Institut Agama Islam Negeri.

Syakhrun, M., Anwar, A., & Amin, A. (2019). Pengaruh CAR, BOPO, NPF dan FDR terhadap Profitabilitas pada Bank Umum Syariah di Indonesia. *Bongaya Journal for Research in Management (BJRM).*

Zuhaily, W. (1989). *Al-Fiqh Al-Islāmy Wa 'Adillatuhu*. Darul Fikri.

FITRIAN APRILIANTO 1

ORIGINALITY REPORT

0%	4%	2%	3%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

Exclude quotes	Off	Exclude matches	< 2%
Exclude bibliography	Off		