FUNDING ANALYSIS OF MURABAHAH, MUSYARAKAH, AND MUDHARABAH ON RETURN ON ASSET ON SHARIA BANKS IN INDONESIA

Rihfenti Ernayani[1], Robiyanto[2]

Universitas Balikpapan[1],
Universitas Kristen Satya Wacana[2]
Email: rihfenti@uniba-bpn.ac.id[1],
robiyanto.robiyanto@uksw.edu[2]

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Abstract

The purpose of this study to examine, analyze, and prove the effect of mudharabah financing, musyarakah financing and murabahah financing on return on assets of Sharia Commercial Banks in Indonesia. The sample is taken by purposive sampling; there are eight Sharia Commercial Banks registered at Bank Indonesia which become samples in this study. Regression analysis used to analyze the data. Mudharabah financing and murabahah financing doesn't affect return on assets significantly, while musyarakah financing has a negative significant effect toward return on assets.

Kata kunci:

Perbankan Syariah; Mudharabah; Musyarakah; Murabahah.

Abstrak

Tujuan penelitian ini untuk menguji, menganalisis, dan membuktikan pengaruh pembiayaan mudharabah, pembiayaan musyarakah dan pembiayaan murabahah terhadap *return on asset* Bank Umum Syariah di Indonesia. Sampel diambil secara *purposive sampling*, terdapat delapan Bank Umum Syariah yang terdaftar di Bank Indonesia yang menjadi sampel dalam penelitian ini. Analisis regresi digunakan untuk menganalisis data. Pembiayaan mudharabah dan pembiayaan murabahah tidak mempengaruhi *return on asset* secara signifikan, sedangkan pembiayaan musyarakah memiliki pengaruh negatif signifikan terhadap *return on asset*.

INTRODUCTION

According to "Act of the Republic of Indonesia Number 21 of 2008 Concerning Sharia (Islamic) Banking" 2008), Sharia bank is a bank that runs its business activities based on Islamic sharia principles. Sharia bank's activities also to provide services in traffic of payment. Sharia Principles is a principle of Islamic law in banking activities based on "permission" or *fatwa* issued by the authorized institutions in the establishment of *fatwa* in the field of sharia. Among these principles, the main thing is not allowed to use the system of interest, but using the profit sharing principles (Ernayani, Robiyanto, & Sudjinan, 2017; Muharam, Anwar, & Robiyanto, 2019; Wahyudi, Nofendi, Robiyanto, & Hersugondo, 2018). The principle of profit sharing is the basic foundation for sharia bank operations as a whole (Alsyahrin, Atahau, & Robiyanto, 2018). Sharia, the principle is based on the principle of Al-Mudharabah. The legal basis for mudharabah financing is "Act of the Republic of Indonesia Number 10 of 1998 Concerning Banking" 1998) on the amendment of Act No.7 of 1992 concerning banking based on decree of the directors of Bank Indonesia No.32/Kep/Dir, concerning commercial banks based on sharia principles in conducting their business activities which include the distribution of funds through profit sharing based on mudharabah principles. In addition to mudharabah there are musyarakah financing and murabahah financing.

In this study, the level of profitability represented by the ratio of financial return on assets (ROA) because the ROA is more focused on the ability of banks to obtain earnings in the overall operation. In addition, in determining the soundness of a bank, Bank Indonesia is more concerned with ROA valuation than ROE. Dendawijaya (2009) stated that Bank Indonesia prioritizes the profitability of a bank as measured by assets whose funds are mostly derived from public savings funds. Based on that ROA is viewed more representative in measuring the level of bank profitability. The greater the bank's ROA, the greater the level of profit achieved by the bank. So, the better the bank's position regarding asset usage (Rivai, 2006).

Research on mudharabah, musyarakah and murabahah financing of profitability has been widely used, among others by Permata (2014) which concludes that mudharabah financing do not has any effect on profitability, while research conducted by Thomi (2014) and Fadhila (2015) stated that mudharabah financing affects profitability significantly. Research conducted by Emha (2014); Fahrul (2012); Permata (2014); Thomi (2014) and Reinissa (2015) have concluded that musyarakah financing affects the profitability level of Sharia Banks, while the results of research conducted by Aisyah (2016); Oktriani (2012) stated that musyarakah financing has no significant effect on profitability. Research conducted by Aisyah (2016) which states that murabahah financing variables do not affect profitability, while research conducted by Bowo (2013); Fadhila (2015); Reinissa (2015); Thomi (2014) concluded that murabahah financing affects profitability significantly.

Mudharabah, musyarakah and murabahah are the financing scheme used by the sharia banks. The higher these financing, the higher fund deployed by the sharia banks to the business. In return, the sharia banks will get the shared profit from those financing, and the sharia banks will get more profit that will boost their return on assets Based on these facts, so the effect of mudharabah, musyarakah and murabahah financing toward the return on asset are positive.

Based on previous research's results, there are some research gaps between one study and another. Thus, the general purpose of this research is to examine and analyze the effect of mudharabah, musyarakah, and murabahah financing either partially or simultaneously to return on assets of Sharia Commercial Bank in Indonesia. Furthermore, based on theoretical and empirical studies, then formulated research questions as follows: (1) Does mudharabah financing effect on return on assets. (2) Does musyarakah financing effect on return on asset? (3) Does murabahah financing effect on return on asset? (4) Does murabahah, musyarakah and mudharabah financing simultaneously affect the return on assets of Sharia Commercial Bank in Indonesia?

LITERATURE REVIEW

Mudharabah financing, according to IAI (2008b), is an agreement between two parties in business cooperation where the first party (the owner of the fund) provides all funds, while the second party (manager of funds) acts as the manager, and the business profit is divided among them based on the agreement while the loss is only borne by the manager of fund. However, if the loss is caused by negligence of the manager, then the loss is borne by the manager. Musyarakah financing under IAI (2008c), is a cooperation contract between two or more parties for a particular business, in which each party contributes funds. And the profit is divided based on the agreement while the loss is divided based on the contribution of the fund. Both forms of this financing product are included in the natural uncertainty contracts product. This means that the financing that has been channeled brings uncertainty of earnings or profits to the firm. Large losses will affect the profitability of banks.

A low level of profitability identifies that management's ability to generate profit has not been maximized. Meanwhile, Murabahah is a contract of sale and purchase of goods at certain selling price of the acquisition cost plus an agreed profit or margin, and the seller must disclose the cost of the item to the buyer. This understanding indicates that murabahah transactions do not have to be in the form of tough payments, but may also be in the form of cash after receiving the goods, suspended in installments after receiving the goods, or suspended by paying in advance (IAI, 2008a).

Musyarakah, mudharabah and murabahah financing to large amounts of people can bring profitable results for the bank. The greater the income, the greater the bank in the payment of liabilities to other parties, so that profitability becomes an important factor in the assessment of Islamic banking activities in its activities (Oktriani, 2012). Profitability is the ability of a bank to generate profit; profitability shows the comparison between profits with assets or capital that generate profits (Sugiyarso & Winarni, 2006). The bank's ability to generate profits will depend on the bank's management capabilities in managing existing assets and liabilities. The common indicators that frequently used to measure the profitability performance of banks are equity based such as ROE (return on equity) and asset based such as ROA (return on assets). Return on asset is profit or ratio that shows the ability of all existing assets and used to generate profit, while return on equity is ratio which describes the amount of return on total capital to yield profit (Harahap, 2008).

Usually, the sharia banks offer three funding schemes, which are mudharabah, musyarakah and murabahah. All of these funding schemes will produce the shared profit to the sharia banks, which will lead to higher profitability. So, the effects of mudharabah, musyarakah and murabahah financing toward the ROA are positive. Based on that explanation, the hypotheses formulated as below:

H1: mudharabah financing have a positive effect towat the ROA

H2: musyarakah financing have a positive effect towat the ROA

H3: murabahah financing have a positive effect towat the ROA

METHODS

Variables

Variables in this research use dependent variable that is Return on Assets (ROA), while independent variables are musyarakah financing, murabahah financing, and mudharabah financing. Here is the definition of each of these variables:

1. Return On Assets (ROA) is the rate of profit generated by using assets owned by the company. ROA is calculated based on the quarterly profit growth volume with the average balance of total assets (Ernayani, Oktiviana, & Robiyanto, 2017).
2. Mudharabah financing is a financing made by the Islamic bank to finance 100% of the funding needs of a project/business, while the customer by the expertise to run the business as well as possible.
3. Musyarakah financing is a financing made by the sharia bank to customers for a particular business, in which each party contributes funds according to the agreement.
4. Murabahah financing is the financing of the sale and purchase of goods at acquisition price

plus the margin agreed by both parties, whereas the seller previously informed the buyer of the first acquisition cost.

Population and Samples

The population in this study are Sharia Commercial Bank registered in Bank Indonesia, namely 12 Banks namely Bank Mega Syariah, Bank BNI Syariah, Bank Mandiri Syariah, Bank BCA Syariah, Bank BRI Syariah, Bank Muamalat Indonesia, Bank Jabar Banten Syariah, Bank Victoria Sharia , Bank Maybank Syariah Indonesia, Syariah National Pension Savings Bank, Bank Syariah Bukopin and Bank Panin Syariah. The sample is taken by purposive sampling with the following criteria: (1) Sharia Commercial Bank which publishes annual financial statements for the period of 2011-2015 and has been published on Bank Indonesia website or the website of each Syariah bank. (2) Sharia Commercial Bank having data required for research during the period 2011-2015. Based on the sample criteria, there are 8 (eight) Sharia Banks registered at Bank Indonesia namely Bank BNI Syariah, Bank Mega Syariah, Bank Muamalat Indonesia, Bank Mandiri Syariah, Bank BCA Syariah, Bank Syariah Bank, Bank Syariah Bukopin and Bank Panin Syariah. Research data that can be processed as much as 40 in 5 years period.

Technique of Analysis

Technique analysis used is multiple linear regression, the equation is as follows:

$Y = \alpha + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$

Where:

Y = ROA (Return On Asset)

α = Constant

b1- b3 = Regression coefficient of each independent variables

X1 = Mudharabah financing

X2 = Musyarakah financing

X3 = Murabahah financing

ε = Error

Analytical techniques used include (1) classical assumption test to test the feasibility of using regression model. The classical assumption test itself consists of multicollinearity test, heteroscedasticity test, and autocorrelation test. (2) Multiple regression method includes t-test (partial) and F (simultaneous) test.

RESULTS AND DISCUSSION

Result of Regression Analysis

In using multiple linear regression analysis, it is important to know whether the application of multiple linear regression models has qualified the classical assumptions to test the feasibility of the model used. The test results show that multiple linear regression is eligible for use because it does not deviate from classical assumptions. The results of multiple regression analysis can be seen in Table 1.

Table 1. Result of Regression Analysis

	Unstandardized Coefficient	Standardized Coefficient	Sig
Constant	1.205		0.000*
Mudharabah	0.000	0.565	0.084
Musyarakah	-9.535	-0.577	0.013*
Murabahah	-2.260	-0.262	0.376
F : 2.282* sig 0.049	R Square :	0.194	

* significant at 5% level

Based on the results of multiple regression analysis, multiple linear regression equation is as follows:

$Y = 1.205 + 0.000X1 – 9.535X2 – 2.260X3 + e$

Where:

Y = Return On Asset (ROA)

X1 = Mudharabah financing

X2 = Musyarakah financing

X3 = Murabahah financing

ε = Error

Hypothesis Testing

The Effect of Mudharabah Financing on Return on Assets

Mudharabah financing is a financing made by the sharia bank to finance 100% of the funding needs of a project/business, while the customer by the expertise to run the business as well as possible. Profits are divided according to the agreement outlined in the contract. If there is a loss will be borne by the owner of capital during the loss is not due to negligence of the manager. But if the manager has a share in losses then the manager must bear it (Antonio, 2001). Based on the partial test that has been done, the result that mudharabah financing at Sharia Public Bank does not affect profitability (ROA/return on asset). It can be known from the value of regression coefficient Mudharabah (X1) has a significant level of 0.084 this value is greater than the value of significance 0.05, so the proposed hypothesis is not proven. This indicates that the higher mudharabah financing of a bank, not necessarily affect a profit obtained by the bank.

The results of this study support the previous research of Permata (2014) which concluded that easy financing does not significantly affect profitability. Profit or profit sharing ratio of mudharabah is uncertain. That is because the profit or profit-sharing ratio is determined by Sharia Commercial Bank by the business turnover obtained (Reinissa, 2015). Therefore, the income's calculation is constantly changing regarding the achievement of business turnover, thus causing mudharabah financing do not affect return on assets (Reinissa, 2015).

The Effect of Musyarakah Financing on Return on Assets

Musyarakah financing is a partnership where two or more parties work together as business partners in the business. Each party includes its capital and participates in managing the business. Gains and losses will be divided based on the percentage of equity participation (Ascarya, 2011). Based on the results of partial tests that have been done obtained the result that musyarakah financing Sharia Commercial Bank has a significant negative impact on profitability (Return On Asset). It is known from the value of musyarakah regression coefficient (X2) has a significant level of 0.013, this value is less than 0.05 or sig> significance value α. In table 1 above also shows that the value of Musyarakah's β coefficient is negative -0.577. The negative effect shown in this study indicates that the higher musyarakah financing issued by a bank will decrease the level of bank income reflected in the return on assets, so the hypothesis that states musyarakah financing affects the return on asset, proven.

The results of this study support the results of research conducted by Emha (2014); Fahrul (2012); Permata (2014); Reinissa (2015); Thomi (2014) which stated that musyarakah financing affects the Sharia Bank's profitability level. In addition to the results of supporting research, there are also research results that do not support this research is the results of research conducted by Oktriani (2012) and Aisyah (2016) stating that musyarakah financing has no significant effect on profitability, according to the researcher the small amount of financing disbursed to the public will not affect the return on assets of the Sharia Commercial Bank.

The Effect of Murabahah Financing on Return on Assets

Based on the partial test that has been done obtained the result that murabahah financing does not affect the profitability. The value of the Murabahah regression coefficient (X3) has a significant level of 0.376 this value is greater than 0.05 or the significance value of sig> α. This means that the hypothesis that Murabahah has a significant influence on profitability is not proven. Murabahah is a contract of sale and purchase of goods by stating the price of acquisition and profit (margin) agreed by the seller and buyer (Karim, 2008).

The results of this study are consistent with Aisyah (2016) which states that murabahah financing variables have no effect on profitability, meaning that a lot or little financing is channeled by Bank to society with murabahah contract will not affect return on assets. However, the results of this study differ from the results of research conducted by Bowo (2013); Fadhila (2015); Thomi (2014) and Reinissa (2015) which states that murabahah financing has a significant effect on profitability.

Simultaneous Test Results (F Test) and Coefficient Determination Test Results (R^2)

F statistic test is used to test the significant level of regression coefficient of independent variable simultaneously to the dependent variable. Table 1 above shows the calculation of F test statistic of 2.282 with probability 0.049 below 0.05; it means mudharabah financing, musyarakah financing, and murabahah financing have a significant effect on return on asset simultaneously.

The magnitude of the Coefficient of Determination (R^2) is 0.194. This figure can be used to see the influence of the three variables, namely mudharabah financing, musyarakah financing, and murabahah financing to return on asset of 19.4%, while the remaining 80.6% is influenced by other variables not examined in this study.

CONCLUSION

Based on the results of data analysis and discussion that have been described, it can be concluded as follows: (1) mudharabah financing doesn't have any significant effect toward return on assets, (2) musyarakah financing has a significant negative effect on return on assets, (3) murabahah financing doesn't have any significant effect toward return on assets, (4) murabahah, musyarakah and mudharabah financing have a significant effect on return on asset simultaneously, (5) based on the coefficient of determination, all independent variables used such as murabahah, musyarakah and mudharabah financing could explains 19.4% profitability of sharia banking variations, while the remaining 80.6% is influenced by other variables outside this study.

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