

## **The Effect of Murabahah and Mudharabah Financing on Profitability with NonPerforming Financing (NPF) as a Moderating Variable (at Islamic Commercial Banks in Indonesia)**

<sup>1</sup>Ismawati, <sup>2</sup>M. Alfira Yuningsih., <sup>3</sup>Kamaruddin,  
<sup>4</sup>Samsul Arifai.

<sup>1,2,3,4</sup>Islamic Banking Faculty of Economics and Islamic Business, State Islamic University (UIN) Alauddin Makassar

\*<sup>1</sup>Email: [ismawati@gmail.com](mailto:ismawati@gmail.com)

### **Abstract**

This study aims to determine the effect of Murabahah and Mudharabah financing on profitability with Non Performing Financing (NPF) as a moderating variable in Islamic commercial banks in Indonesia for the 2013-2019 period. The population used is all Islamic Commercial Banks registered with the Financial Services Authority as many as 14 Islamic Banks. The sampling technique used was the purposive sampling method, and 8 samples were selected. This research is a type of quantitative research using Multiple Linear Regression Analysis and Moderated Regression Analysis (MRA). The results of the study state that Murabahah financing has a negative and significant effect on ROA, Mudharabah financing has a positive and significant effect on ROA, Non-Performing Financing (NPF) does not moderate the relationship between Murabahah financing and ROA and Non-Performing Financing (NPF) has a significant influence on moderating the financing relationship. Mudharabah on ROA.

**Keywords:** Murabaha Financing, Mudharabah, Non Performing Financing (NPF), and Profitability (ROA)

### **INTRODUCTION**

The condition of the banking world in Indonesia has undergone many changes from time to time. Not only conventional banks, Islamic banks have also experienced significant developments in Indonesia. The development of Islamic banking in Indonesia began in 1992 with the start of Bank Muamalat, with the birth of Law no. 10 of 1993 which contains provisions concerning the permission for banks to operate with a profit sharing system.

In sharia economics, all muamalah activities are basically permissible as long as there is no evidence that forbids them and avoids elements of deviant activities such as usury, gharar, maytsir or things that can cause harm to the transacting party. As explained in QS Al-Baqarah: 275 which means that Allah has permitted buying and selling and forbidden usury. So based on the paragraph it has been emphasized that financial institutions or banking in carrying out their operational systems must avoid the elements of usury and generate profits from halal transactions.

Based on the 2015 Islamic banking statistics, the number of Islamic commercial banks was 12 until 2016. Then, in 2017 the number increased to 13 Islamic commercial banks and in 2018 it increased to 14 Islamic commercial banks until 2019. Over time, the the improvement and development of Islamic banks is a separate opportunity to continue to improve the quality of its products in order to be able to meet the needs and interests of the community, for example the development of services offered by Islamic banks and packaged in financing products.

The higher the public interest in using the products offered by Islamic banks, it will encourage an increase in the funds raised by the Islamic banking sector. So that Islamic banking can allocate these funds through the distribution of financing products. In its activities, the main objective of Islamic banks apart from social functions is the same as conventional banks, namely profit optimization. The greater the volume of financing transactions disbursed, the greater the level of profit sharing and profit margins that will be received by Islamic banks. This, of course, will affect the performance of Islamic banks, one of the main benchmarks of which is profitability. The purpose of disbursement of financing is for profitability and safety. According to Rivai and Arifin (2010),

Profitability is a company's ability to earn a profit. The indicators used to measure profitability include Gross Profit Margin (GPM), Operating Profit Margin (OPM), Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Return On Capital Employed (ROCE), Return On Investment (ROI), and Earning Per Share (EPS). In this study, the authors only use two indicators of profitability measurement, namely ROA. ROA is a ratio to assess how much the bank's ability to manage assets to generate net income. Some literatures explain that ROA better describes the level of profitability of a bank, especially Islamic banks.

ROA is very important, because this ratio prioritizes the value of a bank's profitability as measured by productive assets whose funds mostly come from Third Party Funds (TPF). The greater the ROA of a bank, the greater the level of profit achieved by the bank, and the better the position of the bank in terms of asset use (Romdhoni & Yozika, 2018). As with conventional commercial banks, Islamic commercial banks cannot be separated from the possibility of non-performing financing. Problems arise when the high growth rate of Islamic commercial bank assets is not matched by a healthy growth in financing volume. Financing products as an asset-forming element and a valuable resource, are used as a tool used to implement the company's strategy in producing good performance. The large volume of financing is suspected to have an influence on the performance of Islamic commercial banks, it is necessary to do an analysis of the influence that can be caused by the large volume of financing disbursed when there is an NPF or there is a financing problem.

## METHOD

The research used in this study is a quantitative research approach. According to Sugiono in Umami (2019), quantitative research is a research

method based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing predetermined hypotheses.

Data analysis is a method used to process and predict research results with the aim of obtaining a conclusion. Data analysis in this study used multiple linear regression and moderated regression analysis by first testing the classical assumptions.

## RESULTS AND DISCUSSION

**Table 1. Multiple Linear Regression Test Results Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	-3,520	2,915	-1.208	.236
	Murabaha	-.248	.120	-2.065	.047
	Mudharabah	.440	.144	3.053	.005
	NPF	-.160	.072	-2.217	.034

a. Dependent Variable: ROA

From the results of the analysis in the table above, the multiple linear regression equation can be arranged:

$$Y = + 1X_1 + 2 X_2 + 3 Z + e$$

$$ROA = -3.520 - 0.248 \text{ Murabaha} + 0.440 \text{ Mudharabah} - 0.160 \text{ NPF}$$

The coefficient value of the Murabahah variable of -0.248 indicates a negative relationship between the murabahah variable and Return On Assets (ROA), so the higher the murabahah financing, the lower the Return On Assets (ROA) in Islamic banks.

The value of the mudharabah variable coefficient of 0.440 indicates a positive relationship between the mudharabah variable and Return On Assets (ROA), namely the higher the mudharabah financing, the higher the Return On Assets (ROA) value in Islamic banks.

### Hypothesis testing

#### Coefficient of Determination Test R<sup>2</sup>

**Table 2. Coefficient of Determination Test Results R<sup>2</sup> Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.565a	.319	.254	.46096	1,223

a. Predictors: (Constant) Mudharabah, Murabaha

b. Dependent Variable: ROA

Based on the results of the analysis of the table above, the value of the coefficient of determination (R Square) of 0.254, which means 25% of the dependent variable (ROA) can be explained by the Murabahah and Mudharabah variables, while 75% is explained by other factors or variables not included in this study.

**Simultaneous Regression Test (F Statistics Test)**

**Table 3. F . Statistical Test Results  
ANOVAa**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.092	3	1.031	4.851	.007b
	Residual	6.587	31	.212		
	Total	9,679	34			

a. Dependent Variable: ROA

b. Predictors: (Constant), Mudharabah, Murabahah

Based on the table above, the test results show a significance value of 0.007 or less than 5% (0.05). The Fcount value of 4.851 is greater than the value of Ftable 2.98 which means that H0 is accepted, this proves that the murabahah and mudharabah variables have a simultaneous effect on Return On Assets (ROA).

**Individual Parameter Significance Test (Test Statistical t)**

**Table 4. t statistic test results**

**Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3,520	2,915		-1.208	.236
	Murabaha	-.248	.120	-.539	-2.065	.047
	Mudharabah	.440	.144	.752	3.053	.005
	NPF	-.160	.072	-.422	-2.217	.034

a. Dependent Variable: ROA

Based on the table above, the interpretation of the proposed hypothesis is as follows:

1. The Effect of Murabaha Financing on Profitability of Islamic Banks The results of the t-test indicate that in murabahah financing the t-count value is -2.065 with a significance level of 0.047. The significance level of the Murabahah variable is 0.047 which shows a value smaller than the significance value of 5% (0.05) and the t-count value -2.065 is smaller than the t-table 0.025, this result interprets

H0 being rejected and this result indicates that there is a significant negative effect between murabahah financing on Islamic bank profitability.

2. The Effect of Mudharabah Financing on the Profitability of Islamic Banks The results of the t-test indicate that in mudharabah financing the t-count value is 3.053 with a significance level of 0.005. the significance level of the mudharabah variable 0.005 indicates a value less than the 5% significance level (0.05) and the t-count value of 3.053 is greater than the t-table value of 2.0395 then interprets that H0 is rejected. Thus, these results prove that there is a significant positive effect between mudharabah financing and the profitability of Islamic banks so that H2 is accepted.

**Table 5. Research result**

Test	Results	Information
Determinant Coefficient (R <sup>2</sup> )	25%	25% Profitability (ROA) can be explained by Murabahah, Mudharabah and NPF financing and 75% is explained by other variables or factors.
F stats	0.007	The independent variable has a simultaneous effect on the dependent variable
t statistics	(X1 0.047) (X2 0.005)	X1 has a negative and significant effect on Y (H1 Accepted) X2 has a positive and significant effect on Y (H2 Accepted)
MRA	X1Z (0.419) X2Z (0.006)	Z is not able to moderate the relationship between variable X1 and variable Y (H3 Rejected) Z is able to moderate the relationship between X2 and Y variables (H4 Accepted)

## CONCLUSION

Based on research that has been carried out starting from data collection, data processing and data analysis that provides research results on the Effect of Murabahah and Mudharabah Financing on Profitability with Non-Performing Financing as Moderating Variables (at Islamic Commercial Banks in Indonesia 2015 - 2019), it can be drawn the following conclusions:

1. Murabahah financing has a negative effect on the profitability of Islamic banks, which means if murabahah financing means that if murabahah financing increases or decreases, it will reduce the increase in the profitability of Islamic banks.
2. Mudharabah financing has a positive effect on the profitability of Islamic banks, which means that if mudharabah financing increases, it will increase the profitability of Islamic banks.

3. Non-Performing Financing (NPF) cannot moderate, weaken or strengthen the influence of murabahah financing on the profitability of Islamic commercial banks in Indonesia. This means that the high or low level of murabahah financing that is channeled with NPF as a moderating variable does not affect the level of profitability of the Islamic bank.

4. Non-Performing Financing (NPF) moderates the influence of mudharabah financing on the profitability of Islamic commercial banks in Indonesia. That is, the higher the mudharabah financing, the higher the profitability of the Islamic Commercial Bank. However, high mudharabah financing followed by NPF will decrease profitability, this shows that NPF is able to moderate and weaken the effect of mudharabah financing on profitability.

## REFERENCES

- Ade Dyah, Dwi Martika, et al. (2017). Effect of Mudharabah Financing, Financing Musyarakah and Ijarah Lease Against the Profitability of Islamic Banks.
- Aisha. 2016. Analysis of the Effect of Mudharabah, Musyarakah, and Financing Murabahah Against Return On Equity of Islamic Commercial Banks, Jurnal Economics and Business, Vol 19 No 02.
- Al-Quran and Translation, Ministry of Religion RI (Jakarta, Wali, 2012)
- Antonio, Muhammad Syafii. 2001. Islamic Banks from Theory to Practice. Jakarta: Tazkia Scholar. Bank Indonesia. 2004.
- Bank Indonesia Number 6/10/PBI/2004 concerning Health Level Assessment System Commercial banks. Jakarta.
- Davit Hidayatullah. 2018. The Effect of Murabaha Mudharabah Financing and Musyarakah on the Profitability of Islamic People's Financing Banks (Study at the Sharia People's Financing Bank of the Special Region of Yogyakarta which Registered with the Financial Services Authority for the Period 2013- 2015). Jurnal Ekobis Dewantara Vol. 1 No. 4.
- Diana, Devi. 2019. The Effect of Mudharabah, Musyarakah and Murabahah Financing on ROA with BOPO and NPF as Moderating Variables in the Bank Sharia General Year 2014 – 2018. Thesis Salatiga: Faculty of Economics and Salatiga State Islamic Institute Business.
- Dewi Wulan Sri and Muh Yusak Anshori. (2017). The influence of Murabaah, Istishna, Mudharabah and Musyarakah on Profitability of Islamic Banks Period March 2015-August 2016
- Faradila, Cut et al. 2017. Effects of Murabahah, Istishna, Ijarah Financing, Mudharabah and Musyarakah on Profitability of Islamic Commercial Banks in Indonesia Indonesia. Journal of Masters in Accounting, Vol. 6 No. 3, 10-18.
- Felani, Herman (2017). Effect of Mudharabah, Musyarakah, and . Income Murabahah Against Provitability in Islamic Commercial Banks Period 2013- 2015.
- Fitriani, A, P., Sutrisno, & Rahman, A, F. (2018). Analyzing Factors that Influence Sharia Commercial Bank Financial Performance in Indonesia Based on

- Sharia Enterprise Theory (SET) Perspective. *Journal of Accounting*, 192-208
- Fitriyani, et al. 2019. The Effect of Murabaha, Mudharabah and Non-Financing Performing Financing (NPF) on the Profitability of Islamic Commercial Banks Registered with Bank Indonesia 2014-2017. *Widya Ganeswara Journal*, Vol. 28 No. 1. Gemina, D., & Supriyadi, D. (2018). The Effect Of Murabaha, Mudharabah and Ijarah Earnings Upon The Profit of Bank BRI Syariah, Branch Office Sukabumi. *The Management Journal Of BINANIAGA*, 03 35-44.
- Ghozali, Imam, *Multivariate Analysis Application: With SPSS 25, 9th IMB Program edn* (Semrang: UNDIP, 2018)
- Hadi Samanto, Ferlangga Al Yozika. (2018). Effect of Mudharabah Financing, Musyarakah and Ijarah on the Profitability of Bank Muamalat Indonesia 2010-2017 period.
- Hariyani, Diyah Santi. 2017. Analysis of Musyarakah Financing Contributions, Murabahah and Ijarah on Profitability (ROE) at Bank BNI Syariah. *Journal of Economics*.
- Hasibuan, Faisal, Umardani, 2019. Analysis of the Effect of Murabahah Financing, Mudharabah, and Musharaka Against Return On Asset Case Study On PT. Bank Muamalah Indonesia TBK. 2015-2018 period. *Human Journal Falah*, Vol 6 No. 1, 19-36.
- Karim A Adiwarman. 2006. *Islamic Bank Fiqh and Financial Analysis*. Jakarta: PT. King Grafindo Persada.
- Karim, A. Adiwarman. 2014. *Islamic Bank Fiqh and Financial Analysis*. Jakarta: PT. RajaGrafindo Persada.
- Lestari, Uun Tri Muji and Hendry Cahyono. 2019. Is it true that Murabaha Financing Effect on Profitability. *Journal of Islamic Economics*, Vol. 2 No. 2, 72- 78.
- Malinda Iriani, Indri Y. (2018). Analysis of influencing factors Murabahah Margin Income for Islamic Commercial Banks in Indonesia with NPF as Moderating Variable.
- Marginingsih, Ratnawaty. 2018. Factors Affecting Profitability Islamic Commercial Banks in Indonesia. *Journal of Ecodemica*, Vol. 2 No. 1, 74-85.