

Effect of Financing To Deposit Ratio (FDR), Return On Assets (ROA), and Third Party Fund (TPF) on Mudharabah Financing in Islamic Banking

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Abstract

This study aims to determine the effect of Financing to Deposit Ratio, Return On Assets, Third Party Funds on mudharabah financing. The population in this study is Islamic Commercial Banks registered with the Financial Services Authority (OJK) for the period 2017-2021. The sampling technique used purposive sampling technique. The results in this study are (1) FDR has an effect on mudharabah financing, (2) ROA has no effect on mudharabah financing, (3) TPF has an effect on mudharabah financing.

Keywords: Financing to Deposit Ratio, Return On Assets, Third Party Funds, mudharabah financing.

INTRODUCTION

Generally, mudharabah is a contract between two parties in which one party, known as an investor (sahibul mal), entrusts capital or money to a second party, called a mudharib (entrepreneur/skill man) to run a commercial business. Meanwhile, according to Khotibul Umam (2016: 131) Mudharabah financing is the investment of

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IJEBIR, Volume 02 Issue 02, 2023



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funds from the owner of the funds (Shahibulmaal) to the fund manager (mudharib) who carries out certain business activities by dividing using profit and loss sharing methods or income sharing methods (revenue sharing) between the two parties based on the ratio.



Figure 1. Table of Mudharabah Financing for the 2017-2021 Period

Source: Financial Services Authority, 2021

As illustrated in the graph above, from 2017-2021 Islamic banks that have experienced fluctuations are PT. Bank Jabar Banten Syariah. This fluctuation occurs due to several factors, namely the Financing to Deposit ratio, Return On Assets and Third party funds. Based on the table above, it explains the rise and fall of mudharabah financing at Bank Syariah Indonesia from 2017-2021.

Hypothesis Development

Effect of Financing to Deposit Ratio (FDR) on Mudharabah Financing

As an investor before investing, you must look at the liquidity of the company in balancing the amount of financing provided to customers, by meeting the need for withdrawing funds at any time by customers. According to Muhamad and Mohamad

(2021) FDR has no effect on Mudharabah Financing, this is supported by the statements of Indarti and Arini (2020) FDR has a negative effect on mudharabah financing, whereas according to Devi (2017) FDR has a positive effect on mudharabah financing.

H1: FDR has a positive effect on Mudharabah Financing

Effect of Return On Assets (ROA) on Mudharabah Financing.

Before investing their money, investors must know whether the bank is capable of managing the funds invested. As research conducted by Giannini (2013) which shows that ROA has a positive effect on mudharabah financing, this is in contrast to Anwar and Miqdad's research (2017) ROA has a negative effect on mudharabah financing, this is supported by research by Annisa and Fernanda (2017) ROA has no effect on mudharabah financing.

H2: ROA has a negative effect on Mudharabah Financing

The Effect of Third Party Financing (TPF) on Mudharabah Financing

Investors before investing must look at the funds obtained from the community, in the sense of the community (individuals, companies, governments etc.) in rupiah or foreign currency. According to Suci and Dedi (2020) TPF has no effect on Mudharabah Financing, this is in contrast to Muhamad and Mohamad's research (2021) TPF has a positive effect on mudharabah financing, which is supported by research. According to Dita (2011) TPF has a significant effect on mudharabah financing.

H3: TPF has a positive effect on Mudharabah Financing.

RESEARCH METHODS

Research Approach

The research method uses Panel Data Regression Analysis. The sampling method in this study used purposive sampling. In this study, the sample used was a company registered with an Islamic Commercial Bank in 2017-2021, with the following criteria:

- a. Sharia Banking Company supervised by OJK for the 2017-2021 period.
- b. Banking companies that use the rupiah as currency in their financial statements for the 2017-2021 period.
- c. Sharia Banking Company that reports mudharabah financing in its 2017-2021 financial statements.



Definition and Measurement of Variables**Table 2. Variable Definitions and Measurements**

Variabel	Variabel Definitions	Measurement	Scale
X1 Financing to Deposit Ratio (FDR)	According to Kasmir the Financing to Deposit Ratio (FDR) is the ratio to measure the composition of the amount of financing provided compared to the amount of public funds and own capital used.	$\frac{\text{Total Financing}}{\text{Total Deposit} + \text{Equity}} \times 100$	Ratio
X2 Return On Assets (ROA)	According to Isna and Sunaryo (2012), Return On Assets (ROA) is a ratio that describes a bank's ability to manage funds invested in assets that generate overall profit.	$\frac{\text{Current Asset}}{\text{Current liabilities}}$ (Werner, 2013:64)	Ratio
X3 Third Party Financing (TPF)	Third Party Financing or also known as Third Party Funds, are funds obtained from the community, in the sense of the community as individuals, companies, governments, households, cooperatives, foundations, and others in rupiah and foreign currencies. (Rivai and Arifin, 2010:579).	TPF = Total Savings + Total Deposito (Antonio, 2001:87)	Ratio
Y Mudharabah Financing	Mudharabah Financing is the investment of funds from the owner of the fund (Shahibulmaal) to the fund manager (mudharib) who carries out certain business activities by sharing using the profit and loss sharing method or the revenue sharing method	Mudharabah Financing Distributed by Islamic Banks	Ratio



	between the two parties based on a ratio		
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Panel Data Regression Analysis

The general form of the regression equation for k variables, can be formulated as follows (Suharyadi and Purwanto, 2009):

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_k X_k$$

Information :

Y= Mudharabah Financing

a= Constant

X1= FDR

X2= ROA

X3= TPF

Xk= Independent Variable k

RESULTS

Descriptive Statistical Analysis

	PMD	FDR	ROA	TPF
Mean	12.43299	0.771737	0.000518	16.22225
Median	12.43011	0.824400	0.002290	15.83377
Maximum	15.81320	1.720600	0.019670	20.15498
Minimum	8.318498	0.009600	-0.112270	14.02652
Std. Dev.	1.594855	0.301422	0.021590	1.501282
Skewness	-0.489049	-0.130958	-4.348473	0.743638
Kurtosis	3.648683	5.620556	22.88297	3.072277
Jarque-Bera	2.008804	10.11488	686.8305	3.233433
Probability	0.366264	0.006362	0.000000	0.198550
Sum	435.1546	27.01080	0.018120	567.7786
Sum Sq. Dev.	86.48114	3.089086	0.015848	76.63078
Observations	35	35	35	35

The largest median was experienced by the TPF variable, which was 15.83377, while the variable had the smallest median, namely ROA, which was 0.002290. The biggest maximum experienced by the TPF variable is 20.15498. while the ROA variable has the smallest maximum of 0.019670. While the ROA variable has the

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lowest level of risk, which is equal to 0.021590. This shows that the ROA variable during the study period experienced changes that were not too volatile. For all variables in this study, namely TPF, it has a value above 0 which means that the asymmetry of the data distribution around the mean is not normal. While the variables FDR, ROA and mudharabah financing have values around 0, which means that the asymmetry of the data distribution around the mean is normal. The probability value of the TPF variable is 0.

Panel Data Regression Estimation CEM

Dependent Variable: PMD				
Method: Panel Least Squares				
Date: 10/27/22 Time: 19:06				
Sample: 2017 2021				
Periods included: 5				
Cross-sections included: 7				
Total panel (balanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.685873	2.820682	-3.079352	0.0043
FDR	3.009864	0.736289	4.087886	0.0003
ROA	-10.40534	7.677123	-1.355370	0.1851
TPF	1.158990	0.148244	7.818128	0.0000
R-squared	0.672701	Mean dependent var	12.43299	
Adjusted R-squared	0.641027	S.D. dependent var	1.594855	
S.E. of regression	0.955548	Akaike info criterion	2.854146	
Sum squared resid	28.30520	Schwarz criterion	3.031900	
Log likelihood	-45.94756	Hannan-Quinn criter.	2.915507	
F-statistic	21.23819	Durbin-Watson stat	1.295234	
Prob(F-statistic)	0.000000			

FEM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.044137	4.674932	1.506789	0.1444
FDR	0.894087	0.860327	1.039241	0.3086
ROA	-8.903674	6.015651	-1.480085	0.1513
TPF	0.289939	0.254209	1.140553	0.2649
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.861635	Mean dependent var	12.43299	
Adjusted R-squared	0.811823	S.D. dependent var	1.594855	
S.E. of regression	0.691838	Akaike info criterion	2.336027	
Sum squared resid	11.96601	Schwarz criterion	2.780413	
Log likelihood	-30.88048	Hannan-Quinn criter.	2.489429	
F-statistic	17.29788	Durbin-Watson stat	1.882203	
Prob(F-statistic)	0.000000			

REM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.044137	4.674932	1.506789	0.1444
FDR	0.894087	0.860327	1.039241	0.3086
ROA	-8.903674	6.015651	-1.480085	0.1513
TPF	0.289939	0.254209	1.140553	0.2649
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.861635	Mean dependent var	12.43299	
Adjusted R-squared	0.811823	S.D. dependent var	1.594855	
S.E. of regression	0.691838	Akaike info criterion	2.336027	
Sum squared resid	11.96601	Schwarz criterion	2.780413	
Log likelihood	-30.88048	Hannan-Quinn criter.	2.489429	
F-statistic	17.29788	Durbin-Watson stat	1.882203	
Prob(F-statistic)	0.000000			

Selection of Panel Data Regression Model Techniques

a. Chow test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.689450	(6,25)	0.0008
Cross-section Chi-square	30.134155	6	0.0000

Based on the calculation above, the cross-section F and cross-section ChiSquare $< \alpha$ (0.05) it can be concluded that the Fixed Effect Model (FEM) is more feasible to use than the Common Effect Model (CEM)

b. Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	14.433013	3	0.0024

Based on the calculation above, the value of probability (prob) Cross-section random $< \alpha$ (0.05) it can be concluded that the Fixed Effect Model (FEM) is more feasible to use than the Random Effect Model (REM)

c. LM test

Lagrange multiplier (LM) test for panel data			
Date: 10/30/22 Time: 13:10			
Sample: 2017 2021			
Total panel observations: 35			
Probability in ()			
Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	3.062953 (0.0791)	1.272204 (0.2604)	4.365066 (0.0366)
Huobs	1.765008 (0.0366)	-1.127920 (0.8703)	0.445984 (0.3285)
King-Wu	1.765008 (0.0366)	-1.127920 (0.8703)	0.236738 (0.4064)
GM	—	—	2.662983 (0.0031)

Based on the results of the data processing above, Breuschpagan's Cross-section Probability $> \alpha$ 0.05, it can be concluded that the Common Effect Model (CEM) is more appropriate to use than the Random Effect Model (REM).

Based on the results of the three tests that have been carried out, it can be concluded that the Panel Data Regression Model that will be used in the Hypothesis Test and the Panel Data Regression equation is the Fixed Effect Model (FEM) model

Classical Assumption Test

Multicollinearity Test

	PMD	FDR	ROA	TPF
PMD	1.000000	-0.148650	-0.053392	0.687211
FDR	-0.148650	1.000000	-0.125066	-0.673811
ROA	-0.053392	-0.125066	1.000000	0.145384
TPF	0.687211	-0.673811	0.145384	1.000000

From the output above, it can be seen that there are no independent variables that have values above 0.8, so it can be concluded that there is no multicollinearity in the regression model.

Heteroscedasticity Test

R-squared	0.672701	Mean dependent var	12.43299
Adjusted R-squared	0.641027	S.D. dependent var	1.594855

From the output above, it can be seen that the Prob value. Breusch-pagan LM $0.1369 > \alpha$ (0.05), it can be concluded that the panel data regression model does not occur heteroscedasticity

Hypothesis testing

a. F test

F-statistic	21.23819	Durbin-Watson stat	1.295234
Prob(F-statistic)	0.000000		

Based on the output above, it shows that F Table with a level of $\alpha = 5\%$, df_1 (k-1) = 3 and df_2 (nk) = 31, the F table value is 2.94669. Thus F-statistic (21.23819) $>$ F Table (2.91133) and prob(Fstatistic) value $0.000000 < 0.05$, it can be concluded that



H1 is accepted, which means that the independent variables in this study consist of FDR, ROA, and TPF jointly has influence on Mudharabah Financing (PMD)

b. Determination Coefficient Test (R2)

R-squared	0.672701	Mean dependent var	12.43299
Adjusted R-squared	0.641027	S.D. dependent var	1.594855

The table above shows that the Adjust R-Squared value of 0.641027 means that the variation in changes in the rise and fall of PMD can be explained by FDR, ROA and TPF of 64.1 percent, while the remaining 35.9 percent is explained by other variables that are not included. carefully in this research. While the R-Squared value of 0.672701 means that the variation in changes in the rise and fall of PMD can be explained by FDR, ROA and TPF of 67.2 percent, while the remaining 32.8 percent is explained by other variables not examined in this study.

c. t test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.685873	2.820682	-3.079352	0.0043
FDR	3.009864	0.736289	4.087886	0.0003
ROA	-10.40534	7.677123	-1.355370	0.1851
TPF	1.158990	0.148244	7.818128	0.0000

1. Financing to Deposit Ratio variable in this study has an influence on mudharabah financing.
2. Return On Assets (ROA) in this study has no effect on mudharabah financing.
3. Third Party Fund (TPF) in this study has an effect on mudharabah financing.

DISCUSSION

H1: FDR has a positive effect on mudharabah financing

t-values statistics FDR is 4.087886 while t Table with a level of $\alpha = 5\%$, df (nk) = 31 obtained t value Table 2.04840. Thus t-statistics FDR (4.087886) > t table (2.03451) and prob value 0.0003 < 0.05. This shows that FDR has a significant positive effect Mudharabah financing. Thus H1 is accepted that the variable Financing to Deposit Ratio in this study has an influence on Mudharabah Financing. The higher the FDR value indicates the greater the profit-sharing financing that has been distributed to customers. If FDR increases If the ratio is high, the opportunity for banks to earn profits is also higher so that banks will be more interested in channeling profit-sharing



financing in the following year. This is consistent with research conducted by Devi (2017) which states that FDR has a positive effect on mudharabah financing.

H2: ROA has a negative effect onMudharabah Financing

The ROA t-statistic value is -1.355370, while t table with a level of $\alpha = 5\%$, df (nk) = 31 gets the value of t table (2.04840). Thus the t-statistic ROA (-1.355370) < t table (2.04840) and the prob value is 0.3931 > 0.05. This shows that ROA has no significant effect onmudhdarabah financing. So it can be concluded that Return On Assets (ROA) in this study has no effect onmudhdarabah financing. Thus H2 which states ROA has a negative effect onMudharabah Financing accepted. The higher the ROA value, the higher the value of mudharabah financing will be. This is in line with the research of Annisa and Fernanda (2017) which states that ROA has no effect onmudhdarabah financing. This research is not in line with the research of Giannini (2013) which shows that ROA has a positive effect onmudhdarabah financing.

H3: TPF has a positive effect onmudhdarabag financing.

The TPF t-statistic value is 0.848329, while t table with a level of $\alpha = 5\%$, df (nk) = 31, the t table value is 2.04840. Thus the TPF t-statistic (7.818128) > t table (2.03451) and a prob value of 0.0000 < 0.05. It can be concludedThird Party Funds (TPF) in this study has an effect onmudhdarabah financing. Thus H3 which states TPF has a positive effect onmudhdarabag financingaccepted. The greater the funds collected by the bank from the public, the amount of bank funds raised will also increase. This means that if third party funds have increased, the distribution of financing has also increased. This is in line with Dita's research (2011) that TPF has a significant effect onMudharabah Financing. However, it is contrary to the research of Suci and Dedi (2020) which states that TPF has no effect onMudharabah Financing.

CONCLUSION AND RECOMMENDATION

In this study, based on the simultaneous test F-statistic (21.23819) > F Table (2.91133) and the prob value (F-statistic) 0.000000 < 0.05. So FDR, ROA, and TPF have an effect on mudharabah financing. Meanwhile, based on the FDR partial test, the FDR t-statistic (4.087886) > t table (2.03451) and a prob value of 0.0003 < 0.05. So it can be concluded that FDR has an effect on mudharabah financing. The ROA partial test shows the t-statistic ROA (-1.355370) < t table (2.04840) and the prob value is 0.3931 > 0.05. So it can be concluded that ROA has no effect on Mudharabah



Financing. The TPF partial test shows the TPF t-statistic (7.818128) > t table (2.03451) and a prob value of 0.0000 < 0.05. So it can be concluded that TPF has an effect on Mudharabah Financing

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