

Effect of Capital Adequency Ratio, Non Performing Financing, and BOPO on Mudharabah Financing

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Abstract

This study aims to determine whether the influence of Capital Adequency Ratio (CAR), Non Performing Financing (NPF), and Operating Expenses to Operating Income (BOPO) simultaneously or partially affect mudharabah financing in Islamic commercial banks in Indonesia. This study uses secondary data in quantitative form and annual financial reports on each bank's website for 5 years, namely 2017 to 2021. The sampling technique uses a purposive sampling technique, while the statistical test used is panel data regression analysis, as well as the classical multicollinearity test and heteroscedasticity test by considering the hypothesis using Eviews 10. The results show that CAR, NPF and BOPO simultaneously affect mudharabah financing, partially CAR and NPF have no effect on mudharabah financing, while BOPO has a positive effect on mudharabah financing. The coefficient of determination (R²) in this study is 36.6% which indicates that the variables CAR, NPF and BOPO can explain mudharabah financing, the remaining 63.4% can be explained by other variables.

Keywords: CAR, NPF, BOPO and Mudharabah Financing.

INTRODUCTION

Mudharabah Financing (Mudharabah Financing) is one of the product distribution of funds provided by Islamic banks by adhering to the principle of profit



sharing. Mudharabah financing is a cooperation contract between fund financiers (shahibul mall) and fund managers (mudharib) to carry out certain business activities, in which the distribution of profits between the two parties is determined by a predetermined ratio at the start of the investment. (Arviyan & Veithzal, 2010). Where the majority of Indonesian people are also comfortable with the conventional banking system, which is currently a problem for Islamic banking. Offering productive financing is one way for Islamic banks to improve the people's economy. This is done by providing funds to customers through contracts, one of which is the mudharabah (profit sharing) contract, in which the funds have been collected by Islamic banks in the form of deposits in the form of savings, time deposits and demand deposits. As a result, to foster positive perceptions of Islamic banks, an effective marketing strategy is needed.

So far, murabaha financing is still the dominant distribution of financing in Islamic banks. The total amount collected by mudharabah based on profit sharing will never exceed half of the total amount collected by murabaha based on sale and purchase. Islamic banks should also prioritize profit-sharing financing (mudharabah) so that it becomes dominant compared to other non-profit-sharing financing because mudharabah maintains one of the wheels of the country's economy with the principle of profit-sharing. Table 1. Sharia Banks in Indonesia that have fluctuated up and down for 5 years (In Millions of Rupiah):

Table 1. Sharia Banks in Indonesia that have fluctuated up and down

Bank	Year	Mudharabah Financing
Bank Jabar Banten Syariah	2017	156,113
	2018	126,504
	2019	178,172
	2020	166,283
	2021	172,626

Source: Financial Services Authority financial reports

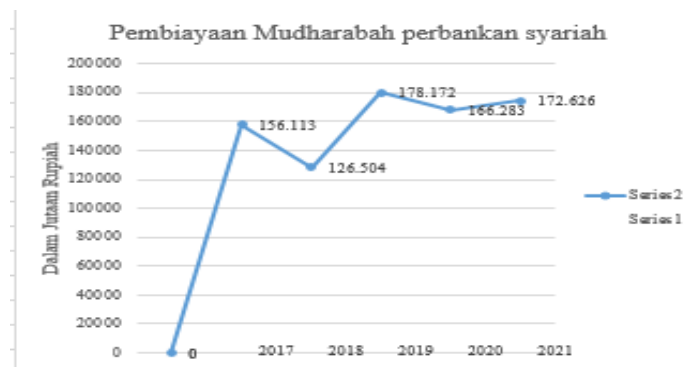


Figure 1. Graph of Mudharabah Financing

Based on the graphic data above, it can be seen that the movement of mudharabah financing in Islamic banking in Indonesia from 2017 - 2021 has experienced fluctuations, namely PT. Bank Jabar Banten Syariah, Mudharabah financing at Bank Jabar Banten Syariah in 2017 reached 156,113 and decreased in 2018 by 126,504, then increased again in 2019 by 178,172, which in 2020 decreased again by 166,283, then in 2021 experienced another increase of 172,626. These fluctuations are caused by several factors, one of which is the Capital Adequacy Ratio, Non-Performing Financing and Operating Expenses to Operating Income. Therefore, in channeling mudharabah financing, the bank must pay attention to CAR, NPF and BOPO.

The financial performance of Islamic banks is measured by the capital adequacy ratio, which is a factor that can affect the amount of mudharabah financing paid by banks, because a higher bank capital adequacy ratio (CAR) will generate more financial energy for banks to increase their financing allocation. This is consistent with and reinforced by the results of the study Bahalwan (2022) entitled "Determinants of Mudharabah Financing in Islamic Commercial Banks" where the results of his research state that CAR has a positive effect on mudharabah financing. However, in contrast to the results of research conducted by Japalsyah & Hakim (2020) who concluded that CAR has no effect on mudharabah financing. And also different from research conducted by Purnomo & Santoso (2015) who concluded that, CAR has a negative effect on mudharabah financing.

Non Performing Financing (NPF) is a comparison between non-performing financing and total financing disbursed by Islamic banks. These costs are related to the performance of banking institutions, so that the lower the NPF level, the smaller the amount of financing paid by the bank, and vice versa. Regarding the effect of NPF

on mudharabah financing, previous research has some results, the results of NPF research conducted by Ryan (2019) concludes that NPF has a positive effect on mudharabah financing. This is different from research Laserari (2017) who concluded that NPF has a negative effect on mudharabah financing. In contrast to the research conducted by Giannini (2013) that NPF has no effect on mudharabah financing.

The lower the BOPO, the higher the operational efficiency of the bank, i.e. the higher the efficiency of bank assets to generate profits which is reflected in the increase in mudharabah financing capital participation carried out by the bank. There is a study on the impact of BOPO on mudharabah financing. Research conducted by Pasaribu (2019) concluded that BOPO had a positive effect on mudharabah financing. This is different from research conducted by Nafis & Sudarsono (2021) concluded that BOPO had a negative effect on mudharabah financing. But this is also different from the findings Sekarrini (2018) who concluded that BOPO had no effect on Mudharabah Financing. Therefore it can be explained that this research was conducted to determine the impact of CAR, NPF and BOPO on Mudharabah Financing in the Indonesian Sharia Banking sector.

LITERATURE REVIEW

Stewardship theory

According to Donaldson and Dabis (in Raharjo, 2007: 37–46), Stewardship Theory describes a situation where managers are not motivated by personal goals, but instead focus on their main outcome goals for the benefit of the organization. The theory has psychological and sociological principles that have been created so that executives as stewards motivated to act on desire the principal and attitude stewards not affect the organization. Stewardship theory can be understood in banking institution financing products and can also be used to explain the relationship between the obligations and responsibilities of directors and *Capital Adequacy Ratio* (CAR), *Net Performing Financing* (NPF), and Operating Costs to Operating Income (BOPO).

Mudharabah Financing

Mudharabah financing is financing through a partnership agreement between the capital owner (Sohibul Mal) and the capital manager (Mudhorib), where the capital owner invests his funds in the capital manager to be used in accordance with sharia law. Trade profits are distributed according to the agreements negotiated by both parties.



CAR (Capital Adequacy Ratio)

CAR is a bank capital adequacy ratio which will later be used to calculate potential losses or bank risks (Pratama, 2011).

NPF (Non Performing Financing)

NPF is the ratio used to measure a bank's ability to assess the risk of the debtor's inability to repay the loan (the party receiving the financing). Almilia (2005) emphasizes that when this ratio increases, the quality of bank credit decreases, causing an increase in the number of non-performing loans.

BOPO (Operating Expenses Against Operating Income)

Often referred to as the efficiency ratio, this ratio is used to assess the ability of a bank's management team to manage operational costs versus operating income. Veithzal, et al (2013: 722) shows that the more efficient a bank is in operational costs, the smaller the BOPO ratio.

The Influence of CAR on Mudharabah Financing

CAR is a ratio that describes the extent to which bank assets that contain risk (credit, reports, securities, claims to other banks) are also financed from their own capital, and banks receive funds other than outside the bank, funds such as public funds, loans (debt) etc. (Dendawijaya, 2005). The higher the CAR, the more financial resources are available for business development purposes and to prepare for possible loan losses. The explanation above is in accordance with the research conducted by Bahalwan (2022) which concludes that, CAR has a positive effect on mudharabah financing.

H1: CAR has a positive effect on Mudharabah Financing

The Effect of NPF on Mudharabah Financing

Non Performing Financing (NPF) is a term used to describe an indication of financing risk, where the risk is caused by customers who fail to fulfill their obligations. If the NPF is high, the risks associated with bank financing are smaller. NPF greatly affects the financing that will be distributed to customers. The above explanation is appropriate based on research conducted by Ryan (2019) who concluded that NPF had a positive effect on Mudharabah financing.

H2: NPF has a positive effect on mudharabah financing

The Influence of BOPO on Mudharabah Financing

Operational efficiency is measured by the BOPO ratio. The lower the BOPO, the higher the operational efficiency of the bank, namely the more efficient the bank's assets generate profits, as evidenced by the increase in bank funding in its mudharabah financing. However, a high BOPO ratio indicates inefficient bank operations, characterized by high operational costs, which result in reduced profits and mudharabah financing. The explanation above is based on research conducted by Pasaribu (2019) that BOPO has a positive effect on mudharabah financing.

H3: BOPO has a positive effect on Mudharabah Financing

RESEARCH METHODS**Sampling Method**

In this study, using quantitative research, with secondary data taken from the websites of each bank and OJK. And this study used a Purposive Sampling Technique, where sampling was based on certain considerations such as population characteristics or previously known characteristics (Notoatmodjo, 2010). There are 12 Islamic Banks in Indonesia registered with the OJK in 2017 - 2021, of the 12 banks that were included as samples in this study, namely 7 (seven) banks, which were taken based on the following criteria:

1. Sharia Banking in Indonesia Using Rupiah Currency During the 2017 - 2021 Period.
2. Islamic Banking in Indonesia Has Mudharabah Financing Data in Annual Financial Reports for the 2017 – 2021 Period.
3. Sharia Banking in Indonesia Supervised by the Financial Services Authority (OJK) During the 2017 – 2021 period.

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

No	Variable	Variable Definitions	Measurement	Scale
1.	<i>Capital Adequacy Ratio (CAR)), (X1)</i>	The capital adequacy ratio is used to calculate the possibility of a loss occurring at the bank.	$\frac{\text{Total Modal}}{\text{ATMR}} \times 100\%$ Source: Hasibuan (2009:58)	Ratio

2.	<i>Non Performing Financing (NPF), (X2)</i>	The ratio that describes the amount of non-performing financing to the total financing provided by the bank.	$\frac{\text{Pembiayaan Mudharabah}}{\text{Total Pembiayaan}} \times 100\%$ Source: Wangsawidjaja (2012:90)	Ratio
3.	<i>Operating Expenses Operating Income (BOPO), (X3)</i>	The profitability of a company is used to compare operating expenses with the company's operating income	$\frac{\text{Beban Operasional}}{\text{Pendapatan Operasional}} \times 100\%$ Source: BI Circular Letter No 15/29/DKBU dated 31 July 2013	Ratio
4.	<i>Mudharabah Financing (PMD), (Y)</i>	Calculations to find out the amount of revenue sharing that will be received by both parties.	$(\text{Total Pembiayaan Mudharabah})$ Source: Anwar and Hanifah (2020)	Ratio

Panel Data Regression Analysis

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

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

Where :

Y = Mudharabah Financing

a = Constant

X1 = CAR

X2 = NPF

X3 = BOPO



X_k = Independent Variable k

RESULTS

Descriptive Statistical Analysis

	PMD	CAR	NPF	BOPO
Mean	5543.867	22.91086	6.042571	104.0526
Median	19.56230	23.15000	4.270000	97.68000
Maximum	193379.0	45.26000	22.55000	217.4400
Minimum	15.22630	11.51000	0.320000	80.46000
Std. Dev.	32683.75	8.063732	5.640364	29.95745
Skewness	5.659453	0.915714	1.667282	2.847026
Kurtosis	33.02941	3.674493	5.016329	10.22694
Jarque-Bera	1501.913	5.554888	22.14465	123.4493
Probability	0.000000	0.062197	0.000016	0.000000
Sum	194035.4	801.8800	211.4900	3641.840
Sum Sq. Dev.	3.63E+10	2210.808	1081.666	30513.27
Observations	35	35	35	35

Source: Processed Results of Eviews 10, 2022

In the table above, it can be explained that the amount of data (Observation) used in this study was 35 data.

1. **Means** is the average of the data, obtained by adding up all the data and dividing it by the number of data. The largest mean value was obtained by the PMD variable which was 5543.867 while the smallest NPF variable was 6.042571.
2. **Median** is the middle value, the largest median is obtained by the BOPO variable, which is 97.680000, while the smallest variable is obtained by the NPF, which is 4.270000.
3. **Minimum** is the smallest value of the data, the largest minimum is obtained by the BOPO variable of 80.46000 while the NPF variable has the smallest minimum of 0.320000.
4. **std. Dev (Standard Deviation)** is a measure of dispersion or what is known as the spread of data. The largest standard deviation value is obtained by the PMD variable 36283.75, while the smallest variable is obtained by NPF 5.640364.
5. **Skewness** is a measure of the asymmetry of the distribution of data around the mean, the skewness of the symmetric distribution (normal distribution) is 0 (zero). The PMD, NPF and BOPO variables have values above 0 (zero), which means that the asymmetry of the data distribution around the mean is not



normal, while the CAR variable has values around 0 (zero), which means that the asymmetry of the data distribution around the mean is normal.

6. **kurtosis** is a measure of the height of a distribution, the kurtosis of a normally distributed data is 3. If the kurtosis exceeds 3, then the data distribution is said to be leptokurtic to normal. If the kurtosis is less than 3, the data distribution is flat. The PMD, NPF and BOPO variables have a kurtosis value of more than 3 which means that the height of the data distribution is not normal, while the CAR variable has a kurtosis value of 3 which means that the height of the data distribution is normal.
7. **Jarque – Bera** is a statistical test to determine whether the data is normally distributed. This test measures the difference in the skewness and kurtosis of the data and is compared to when the data is normal. With H_0 in normally distributed data, the Jarque-Bera test is distributed with X^2 with a degree of freedom of 2.
8. **probability** indicates the probability that the Jarque-Bera value exceeds (in absolute value) the observed value under the null hypothesis. Small probability values tend to lead to rejection of the null hypothesis of the normal distribution. The probability value of the CAR variable is 0.062197 (greater than $\alpha = 5\%$) which means that the H_0 data is normally distributed.

Panel Data Regression Estimation

a) CEM

Dependent Variable: PMD
Method: Panel Least Squares
Date: 10/29/22 Time: 07:50
Sample: 2017 2021
Periods included: 5
Cross-sections included: 7
Total panel (balanced) observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-70505.74	25051.66	-2.814414	0.0084
CAR	444.1671	625.8775	0.709671	0.4832
NPF	-1467.984	892.2909	-1.645185	0.1100
BOPO	718.3268	155.1098	4.631086	0.0001
R-squared	0.422185	Mean dependent var	5543.867	
Adjusted R-squared	0.366267	S.D. dependent var	32683.75	
S.E. of regression	26018.66	Akaike info criterion	23.27823	
Sum squared resid	2.10E+10	Schwarz criterion	23.45598	
Log likelihood	-403.3690	Hannan-Quinn criter.	23.33959	
F-statistic	7.550131	Durbin-Watson stat	1.377435	
Prob(F-statistic)	0.000624			

Source: Processed Results of Eviews 10, 2022



b) FEM

Dependent Variable: PMD
Method: Panel Least Squares
Date: 10/29/22 Time: 08:52
Sample: 2017 2021
Periods included: 5
Cross-sections included: 7
Total panel (balanced) observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-85490.42	31628.41	-2.703134	0.0122
CAR	1220.757	909.9446	1.341573	0.1918
NPF	-2011.923	1087.242	-1.850483	0.0781
BOPO	722.9315	205.7999	3.512788	0.0017

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.478753	Mean dependent var	5543.867
Adjusted R-squared	0.288384	S.D. dependent var	32683.75
S.E. of regression	27571.14	Akaike info criterion	23.52188
Sum squared resid.	1.90E+10	Schwarz criterion	23.98627
Log likelihood	-401.6329	Hannan-Quinn criter.	23.67528
F-statistic	2.530958	Durbin-Watson stat	1.655094
Prob(F-statistic)	0.032225		

Source: Processed Results of Eviews 10, 2022

c) BRAKE

Dependent Variable: PMD
Method: Panel EGLS (Cross-section random effects)
Date: 10/29/22 Time: 06:53
Sample: 2017 2021
Periods included: 5
Cross-sections included: 7
Total panel (balanced) observations: 35
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-70505.74	26546.44	-2.655940	0.0124
CAR	444.1671	663.2222	0.669711	0.5080
NPF	-1487.984	945.5319	-1.552548	0.1307
BOPO	718.3268	164.3649	4.370319	0.0001

Effects Specification

	S.D.	Rho
Cross-section random	0.000000	0.0000
Idiosyncratic random	27571.14	1.0000

Weighted Statistics

R-squared	0.422185	Mean dependent var	5543.867
Adjusted R-squared	0.366267	S.D. dependent var	32683.75
S.E. of regression	26018.66	Sum squared resid.	2.10E+10
F-statistic	7.550131	Durbin-Watson stat	1.377435
Prob(F-statistic)	0.000624		

Unweighted Statistics

R-squared	0.422185	Mean dependent var	5543.867
Sum squared resid.	2.10E+10	Durbin-Watson stat	1.377435

Source: Processed Results of Eviews 10, 2022

Selection of Panel Data Regression Model Techniques**a. Chow test**

Redundant Fixed Effects Tests
Equation: EQ01
Test cross-section fixed effects

Effects Test	Statistic	df	Prob.
Cross-section F	0.434532	(6,25)	0.8488
Cross-section Chi-square	3.472019	6	0.7477

Source: Processed Results of Eviews 10, 2022

Based on the calculation results above, the profitability value of CrSoss Section F and Cross Section Chi-Square $> \alpha$ (0.05), it can be concluded that the Common Effect Model (CEM) is more appropriate to use than the Fixed Effect Model (FEM).

b. Hausman test

Correlated Random Effects - Hausman Test
Equation: EQ01
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Cross-section random	1.752398	3	0.6253

Source: Processed Results of Eviews 10, 2022

Based on the calculation results above, the probability value (Prob.) Cross-Section random $> \alpha$ (0.05), it can be concluded that REM is more feasible to use than FEM.

c. LM test

Lagrange multiplier (LM) test for panel data
Date: 10/29/22 Time: 06:10
Sample: 2017 2021
Total panel observations: 35
Probability in ()

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	2.292156 (0.1300)	0.123150 (0.7256)	2.415306 (0.1202)
Honda	-1.513987 (0.9350)	-0.350927 (0.6372)	-1.318693 (0.9064)
King-Wu	-1.513987 (0.9350)	-0.350927 (0.6372)	-1.229356 (0.8905)
GHM	-- --	-- --	0.000000 (0.7500)

Source: Processed Results of Eviews 10, 2022

Based on the results of the calculation above, the value of the Probability (Prob.) Cross-Section Breusch-pagan $> \alpha$ (0.05), it can be concluded that CEM is more appropriate to use than REM.

Conclusion Models

Conclusion of the Panel Data Regression Model that is used:

Table 3. Conclusion of Panel Data Regression

No	Method	Testing	Results
1	Chow test	CEMs vs FEMs	CEM
2	Hausman test	REM vs FEM	BRAKE
3	Lagrange Multiplier Test	CEM vs REM	CEM

Based on the results of the three tests that have been carried out, it can be concluded that the Panel Data Regression Model used in the Hypothesis Test and Panel Data Regression Equation is the CEM model.

Classic assumption test

a) Multicollinearity Test

	PMD	CAR	NPF	BOPO
PMD	1.000000	0.062551	-0.149703	0.573209
CAR	0.062551	1.000000	-0.444636	-0.242518
NPF	-0.149703	-0.444636	1.000000	0.231403
BOPO	0.573209	-0.242518	0.231403	1.000000

Source: Processed Results of Eviews 10, 2022

From the output above the CAR, NPF and BOPO variables do not have a value above 0.8 so it can be concluded that there is no multicollinearity in the regression model.

b) Heteroscedasticity Test

Residual Cross-Section Dependence Test
 Null hypothesis: No cross-section dependence (correlation) in residuals
 Equation: EQ01
 Periods Included: 5
 Cross-sections Included: 7
 Total panel observations: 35
 Note: non-zero cross-section means detected in data
 Cross-section means were removed during computation of correlations

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	22.95655	21	0.3463
Breusch-Pagan, scaled LM	0.301902		0.7627
Breusch-Pagan, CD	-0.339349		0.7343

Source: Processed Results of Eviews 10, 2022

From the output above, it can be seen that the Prob.Breusch-Pagan LM value is $0.3463 > \alpha 0.05$, it can be concluded that the panel data regression model does not have heteroscedasticity.

Hypothesis testing

a) F test

R-squared	0.422185	Mean dependent var	5543.867
Adjusted R-squared	0.366267	S.D. dependent var	32683.75
S.E. of regression	26018.66	Akaike info criterion	23.27823
Sum squared resid	2.10E+10	Schwarz criterion	23.45598
Log likelihood	-403.3690	Hannan-Quinn criter.	23.33959
F-statistic	7.550131	Durbin-Watson stat	1.377435
Prob(F-statistic)	0.000624		

Source: Processed Results of Eviews 10, 2022

Based on the output above, it shows that the F-Table with a level of $\alpha = 5\%$, $df_1 (k-1) = 3$ and $df_2 (nk) = 31$, the F table value is 2.91133. Thus F-Statistic (7.550131) $>$ F Table (2.91133) and Prob(F-Statistic) value $0.000624 < 0.05$ it can be concluded that H1 is accepted, which means that the independent variables in this study which consists of CAR, NPF and BOPO jointly have influence on Mudharabah Financing.

b) Coefficient of Determination (R2)

R-squared	0.422185	Mean dependent var	5543.867
Adjusted R-squared	0.366267	S.D. dependent var	32683.75
S.E. of regression	26018.66	Akaike info criterion	23.27823
Sum squared resid	2.10E+10	Schwarz criterion	23.45598
Log likelihood	-403.3690	Hannan-Quinn criter.	23.33959
F-statistic	7.550131	Durbin-Watson stat	1.377435
Prob(F-statistic)	0.000624		

Source: Processed Results of Eviews 10, 2022



The table above shows that the Adjusted R-Squared value is 0.366267, meaning that variations in changes in the ups and downs of Mudharabah Financing can be explained by CAR, NPF and BOPO of 36.6 percent, while the remaining 63.4 percent is explained by variables others that were not examined in this study.

c). t test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-70505.74	25051.66	-2.814414	0.0084
CAR	444.1671	625.8775	0.709671	0.4832
NPF	-1467.984	892.2909	-1.645185	0.1100
BOPO	718.3268	155.1098	4.631086	0.0001

Source: Processed Results of Eviews 10, 2022

Based on the results of the t test on the panel data regression analysis, it can be concluded that the results of the hypothesis are as follows:

- 1) The CAR t-statistic value is 0.709671, while t table with a level of $\alpha = 5\%$, df (nk) = 31 is 2.03951. Thus the t-statistic CAR (0.709671) < t table (2.03951) and the prob value is 0.4832 > 0.05. So it can be concluded that the CAR variable has no influence on Mudharabah Financing.
- 2) The NPF t-statistic value is -1.645185, while t table with a level of $\alpha = 5\%$, df (nk) = 31 obtained a t table value of 2.03951. Thus the NPF t-statistic (-1.645185) < t table (2.03951) and a prob value of 0.1100 > 0.05. Which means that the NPF variable has no effect on Mudharabah Financing.
- 3) The t-statistic BOPO value is 4.631086, while t-table with a level of $\alpha = 5\%$, df (nk) = 31, the t-table value is 2.03951. Thus the BOPO t-statistic (4.631086) > t table (2.03951) and a prob value of 0.0001 < 0.05. Which means that the BOPO variable has a positive effect on Mudharabah Financing.

Panel Data Regression Analysis

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \epsilon_{it}$$

$$Y = -70505.74 + 444.1671 - 1467.984 + 718.3268 + \epsilon$$

Based on the calculation results, using eviews 10 it can be seen that of the four variables above, namely Mudharabah Financing, Capital Adequacy Ratio, Non Performing Financing and Operating Costs Operating Income.



DISCUSSION

The Influence of CAR on Mudharabah Financing

In this study, the results of the calculation of the t-test of the CAR variable show that t-statistic CAR (0.709671) < t table (2.03951) and prob value 0.4832 > 0.05. Which means that the CAR variable has no influence on Mudharabah Financing. Because CAR has no effect on mudharabah financing, the size of the CAR value generated will not affect mudharabah financing because Islamic banks in providing financing will look more at the NPF value than the CAR value. If the NPF is high, it means that there are problems in terms of financing, thus making Islamic banks reconsider adding capital in mudharabah financing. This is supported by research Japalsyah & Hakim (2020) that CAR has no effect on mudharabah financing.

The Effect of NPF on Mudharabah Financing

In this study, the results of the t test calculation of the NPF variable show that NPF t-statistic (1.645185) < t table (2.03951) and a prob value of 0.1100 > 0.05, which means that NPF has no effect on mudharabah financing. If the NPF has increased, the mudharabah financing distributed has increased and vice versa. A high NPF level causes banks to experience difficulties and the bank's health level has decreased, therefore banks are expected to maintain NPF stability. The results of this study are in accordance with research conducted by Giannini (2013) who concluded that NPF had no effect on mudharabah financing.

The Influence of BOPO on Mudharabah Financing

In this study, the results of the t-test calculation of the BOPO variable show that t-statistic BOPO (4.631086) > t table (2.03951) and a prob value of 0.0001 < 0.05, then BOPO has a positive effect on mudharabah financing. The results of this study are not in accordance with the theory which states that the smaller the BOPO, the higher the level of bank efficiency as indicated by the increase in mudharabah financing. This is because the BOPO is inconsistent, namely the increase or decrease in the amount of mudharabah financing each month, as well as the high costs incurred to generate profits that are achieved by the bank, will have an impact on reducing the amount of mudharabah financing due to the profit obtained by the bank has decreased due to the high operational costs that issued by the bank. The results of this study are in accordance with the research Pasaribu (2019) which states that there is a positive influence on mudharabah financing.



CONCLUSION

Based on the results of the research conducted, regarding the effect of CAR, NPF and BOPO on Mudharabah Financing in Islamic banks in Indonesia in 2017 – 2021, it can be concluded that:

1. Partially CAR and NPF have no effect on Mudharabah financing.
2. Meanwhile, BOPO partially has a positive effect on Mudharabah financing.
3. Simultaneously CAR, NPF and BOPO affect Mudharabah financing, as much as 36.6 percent of Mudharabah financing can be explained by CAR, NPF and BOPO. And the remaining 63.4 percent is based on R-Square, which means that this research still provides space for further researchers to re-test by adding other variables besides the variables above that have been described by the researcher, you can use FDR, TPF or ROA variables which can affect Mudharabah Financing.

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