

## DETERMINANTS OF GROWTH OF MUDHARABAH DEPOSITS IN SHARIA COMMERCIAL BANKS IN INDONESIA

Ana Mufidah<sup>1</sup>  
Novi Puspitasari<sup>2</sup>  
Sophis Melaty<sup>3</sup>

*Faculty of Economics and Business, University of Jember, Jember, 68111, Indonesia<sup>1,2,3</sup>*

Received : 2021/11/10      Corresponding author:  
Revised : 2021/11/19      Name: Ana Mufidah  
Accepted : 2021/12/07      E-mail: [mufidah.fe@unej.ac.id](mailto:mufidah.fe@unej.ac.id)

### ABSTRACT

The growth of mudharabah deposits is the level of deposit of funds by Islamic bank customers (creditors) for a certain period of time using the profit sharing principle. This study will empirically examine the effect of profit sharing, financing to deposit ratio (FDR), net performing loan (NPF), and bank size as independent variables (X) on the growth of mudharabah deposits at Islamic Commercial Banks in Indonesia. 2016-2019 years. The population used in this thesis research is the entire population of Islamic Commercial Banks (BUS) in Indonesia and registered with the Financial Services Authority. The sample in this study was all Islamic Commercial Banks in Indonesia, which amounted to 14 BUS in 2016-2019 with sensus method. The data analysis method used in this research is descriptive statistical method with multiple linear regression analysis. The results of this study that the profit sharing ratio (TBH) has no significant effect, The liquidity ratio (FDR) has a significant effect, The NPF ratio has no significant effect and The bank size ratio (SIZE) has a significant effect on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia.

**Keywords:** Mudharabah Deposit, Financing To Deposit Ratio, Net Performing Loan, And Bank Size

### INTRODUCTION

Deposits in Islamic banks are better known as mudharabah deposits. The time deposit product is a time deposit and is one of the Islamic Banking products that uses a profit-sharing system based on the principle of a mudharabah contract. The mudharabah deposit product is the largest and most influential Third Party Fund (DPK) collection product in the activities and policies of the Islamic banking world.

The impact of the decline in mudharabah deposits for Islamic banks is the ratio (profit sharing rate). A small ratio (profit sharing rate) will later cause Islamic Banks to no longer

withdraw Third Party Funds (DPK) from customers (creditors). The collection of mudharabah deposit funds has many inhibiting and supporting factors. The inhibiting factors for Islamic Bank mudharabah deposits, among others, are the high interest rates provided by Conventional Banks, especially for depositors (savers), thus making it difficult for customers to transact and also difficult to know the products of Islamic Banks. In addition to the inhibiting factors for Islamic Bank mudharabah deposits, there are also factors that can support the growth of Islamic Bank mudharabah deposits.

*Resource based theory* is a theory that explains the company's performance will be optimal if the company has a competitive advantage so that it can generate value for the company. Competitive advantage is something that is inherent in a company and is difficult for other companies to imitate. Competitive advantage is obtained by utilizing and managing its resources properly.

In resource theory (*resource based theory*) in this case, the Islamic Commercial Bank company has the resources to support its financial performance, which in this case will be optimal if the company has a competitive advantage, so that it can generate value or profit (profit) for the Sharia Commercial Bank company. Resource Based Theory is a thought that developed in the theory of strategic management and competitive advantage of companies that believe that companies will achieve excellence if they have superior resources (Solikhah et al., 2010).

According to the Fatwa of the National Sharia Insurance Council of the Indonesian Ulema Council Fatwa of the DSN-MUI No. 02/DSN-MUI/2000 concerning savings, it is stated that the definition of mudharabah deposits or abbreviated as DM is deposits with a contract between the owners of funds/capital as "shohibul maal" (customer) with the bank as the fund manager or "mudharib" to manage the funds and earn profits and divided according to the agreed profit sharing rate. Thus, mudharabah deposits are fund deposits under a mudharabah contract, in which case the customer as the owner of the funds entrusts his funds to fully managed by Islamic Banks with profit sharing according to the agreed ratio from the start.

The growth of mudharabah deposits is measured by comparing the number of mudharabah deposits from time to time, between the current period and the previous period. Thus, the factors that influence the growth of mudharabah deposits, namely the bank's business in raising funds are influenced by factors that come from outside the bank (external) and factors originating from the bank itself (internal). External factors that influence the collection of banking funds include economic conditions, government activities and conditions, capital market conditions or developments, government policies and Bank Indonesia regulations, while internal factors include bank products, profit sharing policies, service quality,

Profit sharing or also known as nisbah is an agreement on the amount of each profit sharing portion that will be received by the owner of the fund (shahibul maal) and the manager of the fund (mudharib) which is stated in the contract or agreement that has been signed at the beginning before the implementation of the cooperation. So from the notion of profit sharing or ratio, the meaning of profit sharing rate (TBH) is the rate of return on bank customers' investments in the form of deposit or savings funds. This profit sharing rate is the data obtained by dividing the total profit sharing of mudharabah deposits received by customers by the total profit sharing of mudharabah deposits (deposits and savings) and this data is in the form of data in the form of percentages.

Liquidity is "a ratio that describes the company's ability to meet its short-term obligations (debt). The liquidity ratio serves to show or measure the company's ability to meet its maturing obligations, both obligations to parties outside the company (business entity liquidity) and within the company (company liquidity).

This liquidity is proxied by using the financing to deposit ratio (FDR), because in this case FDR is one of the indicators for assessing the soundness of a bank which describes the efficiency level of implementing the bank's function as an intermediary institution in raising funds and their allocation, as one of the indicators of bank assessment criteria. anchor (minimum FDR 50%), as a determining factor for the size of the Statutory Reserves (GWM) of a bank, and as one of the requirements for granting tax relief for banks that will be merged.

The term FDR is used because in Islamic Banking there is no known term debt (loan). Islamic banks only recognize financing or financing. The effectiveness of a bank in carrying out its function as an intermediary institution can be seen from the value of the bank's Financing to Deposit Ratio (FDR). The greater the FDR value of a bank, the more effective the bank is in carrying out its function as an intermediary institution. FDR is the ratio of financing to Third Party Funds (OJK, 2017:7).

Financing Non-Performing Financing (NPF) is a loan that has difficulty paying off principal installments and or profit sharing after 90 days or more has passed due to internal factors, namely intentional and external factors are events beyond our control. creditor. Another definition of non-performing financing (NPF) is financing whose collectability category is included in the criteria for substandard financing, doubtful financing, and non-performing financing. According to Dendawijaya (2005), non-performing financing is the failure of the debtor to fulfill its obligations to pay the agreed principal installments. The function of calculating NPF is very much needed by a bank or investor, because it can be used as a reflection of payment risk. The higher the NPF ratio, the higher the financing risk that must be borne. As a result, the bank must be able to provide a larger reserve of funds to cover this risk.

The hypothesis to be studied in this study is H1 The rate of profit sharing has a significant effect on growth mudharabah deposits, H2 Financing to Deposit Ratio (FDR) has a significant effect on the growth of mudharabah deposits, H3 Non-Performing Financing (NPF) has a significant effect on the growth of mudharabah deposits, H4 Bank size has a significant effect on the growth of mudharabah deposits.

## RESEARCH METHODS

This research design uses an explanatory research type. The population used in this thesis research is the entire population of Islamic Commercial Banks (BUS) in Indonesia which were analyzed (by the census method) and registered with the Financial Services Authority. The sample in this study was all Islamic Commercial Banks in Indonesia, which amounted to 14 BUS in 2016-2019 which will be used as objects of observation and research. The variables used in this study are the dependent variable (Y) and the independent variable (X). The dependent variable (Y) in this study is the growth of mudharabah deposits. While the independent variables are Profit Sharing Rate (X1), Liquidity (FDR) (X2), NPF (X3) and Bank Size (X4).

The growth of mudharabah deposits (pertDM) (Y) is the level of deposit of funds by Islamic bank customers (creditors) for a certain period of time using the profit sharing principle. Measured by the formula:

$$\text{PertDM} = \frac{\text{Dmt} - \text{Dmt-1}}{\text{Dmt-1}} \times 100\%$$

DM<sub>t</sub> = Mudharabah deposits in the current period

DM<sub>t-1</sub> = Mudharabah deposits in the previous period

Profit sharing rate (TBH) is data obtained by dividing the total amount of profit sharing for mudharabah deposits received by customers by the total profit sharing for mudharabah deposits (deposits and savings) and this data is in the form of data in the form of percent. Measured by the formula:

$$\frac{\text{Profit Sharing Received}}{\text{Total Disbursed Financing}} \times 100\%$$

FDR is a bank's ability to meet its short-term financial obligations that must be met immediately. It is measured by the formula (Bank Indonesia Circular No. 6/23/DPNP dated 31 May 2004):

$$\frac{\text{Amount of Financing Granted}}{\text{Total Capital} + \text{Total Third Party Fund}} \times 100\%$$

NPF or non-performing financing is a loan that is experiencing difficulties in repaying/paying principal installments and or profit sharing after 90 days or more has passed due to internal and external factors. Measured by the formula ( guidelines for calculating financial ratios in Bank Indonesia Circular Letter Number No.9/24/DPBs):

$$\frac{\text{Troubled Financing}}{\text{Total Financing}} \times 100\%$$

The size of the bank is the size of the assets owned by a bank, so it really determines the customer's desire to save money in Islamic banks. The ratio of bank size (bank size) can be measured using the following formula:

$$\text{SIZE} = \text{Ln}(\text{Asset Growth}).$$

## RESULTS ANALYSIS

Table 1 Data and Statistical Description of Mudharabah Deposit Growth Variable (%)

No.	Bank Name	2016	2017	2018	2019
1.	BCA SHARIA	17.72	16.30	15.76	-1.71
2.	BNI SHARIA	21.97	12.05	10.28	2.90
3.	BRI SHARIA	6.48	17,17	3.32	0.04
4.	BJB SHARIA	10.52	13.56	-18.71	12.68
5.	BANK NET	-43.80	-31.33	-100.00	0.00
	INDONESIA SHARIA				
6.	INDONESIAN	-6.02	15,70	-7.79	-20.69
	MUAMALAT				
7.	PANIN DUBAIS	14.81	13.46	-11.76	35.69
8.	SHARIA BUKOPIN	13.33	1.73	-17.48	17.79
9.	SHARIA MANDIRI	11.27	6.50	21.43	-34.15
10.	MEGA SHARIA	10.21	4.56	0.20	14.94
11.	VICTORIA SHARIA	10.65	25.29	3.26	9.25
12.	BTPN SHARIA	43.19	19.04	14.08	26.50
13.	ACEH SHARIA	7.09	32.29	-18.27	7.23
14.	BPD NTB SHARIA	36.93	34.06		107.30
				100.00	

No.	Bank Name	2016	2017	2018	2019
	Minimum	-43.80	-31.33	-	-34.15
	Maximum	43.19	34.06	100.00	107.30
	Average (Mean)	11.03	12.88	-0.41	12.70
	Median	10.96	14.63	1.73	8.24
	Standard Deviation	20.05	15,80	41.34	32.43

*Source: processed data*

The minimum value range of the mudharabah deposit growth variable in 2016-2019 has an uneven distribution of data for those 4 years. The maximum value of the mudharabah deposit growth variable in 2016-2017 decreased significantly, which was -21,14%, which means that the maximum value range of the mudharabah deposit growth variable in 2016-2017 has an uneven distribution of data during 1 year, while the maximum value of the mudharabah deposit growth variable in 2017-2019 has increased significantly, which means that the maximum value range of the mudharabah deposit growth variable in 2017-2019 has an even distribution of data over the 3 years.

### Multiple Linear Regression Analysis

Multiple linear regression is a linear regression model involving more than one independent variable or predictor. The complete multiple linear regression analysis test results can be seen in the following :

### Multiple Linear Regression Analysis Results

Tabel 2 Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	8,988	6,094	
Profit Sharing (X1)	-,612	,373	-,184
1 FDR (X2)	-7,969E-005	,000	-,241
Non Performing loan(NPF) (X3)	-,601	,518	-,138
Bank size ratio (X4)	,874	,245	,454

*Source : processed data*

Based on the multi regression model in the tabel 2 the model in this research is:  
 $PertDMit = 8,988 - 0.612TBHit - 7,877FDRit - 0.601NPFit + 0.874SIZEit + eit$

Tabel 3 RSquare

Model	R	R Square	Adjusted R Square
1	0.615a	0.379	0.330

*Source: processed data*

The value of the coefficient of determination or R Square/R<sup>2</sup> is 0.379. The R Square/R<sup>2</sup> value of 0.379 comes from the square of the correlation coefficient or "R", which is 0.615 x 0.615 = 0.379. The magnitude of the coefficient of determination (R Square/R<sup>2</sup>) is 0.379 or equal to 37.9%. This shows that the magnitude of the effect of the variables X1, X2, X3, and X4 on the Y variable is 37.9%, while the rest is = 62.1%, which comes from 100% - 37.9% = 62.1% this is still influenced by other variables outside the regression equation model in the study or variables not examined.

Tabel 4 T-Test

Model	Sig.	Keterangan
(Constant)	0,146	
1 Profit Sharing (X1)	0,107	Not significant
FDR (X2)	0,055	Significant
NPF (X3)	0,251	Not Significant
Bank Size (X4)	0,001	Significant

Source : processed data

Tabel 4 shows that the result of t Test in this research. Based on tabel 4 profit sharing, and NPF are not significant in the level 1%, 5%, and 10%, that means not influence on the growth of mudharabah deposits. Furthermore FDR and bank size are significant in the level of significance 10% and bank size in the 1%. So that FDR and bank size are influence on the growth of mudharabah deposits.

The result of t test use to answer hypotesis testing . the result of hypothesis testing are : H1 which states that the level of profit sharing has a significant effect on the growth of mudharabah deposits is not accepted/rejected.

H2 which states that the Financing to Deposit Ratio (FDR) has a significant effect on the growth of mudharabah deposits is accepted.

H3 Non-Performing Financing (NPF) has a significant effect on the growth of mudharabah deposits is rejected.

H4 Bank size has a significant effect on the growth of mudharabah deposits is accepted.

## INTERPRETATION

### The Effect of Profit Sharing Rate on the Growth of Mudharabah Deposits

The results of this study indicate that the rate of profit sharing does not have a significant effect on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia in 2016-2019. This can be influenced by the movement in value of the growth of mudharabah deposits in 2016-2017 which decreased by -7.77% in 2017, while in 2018-2019 the growth value of mudharabah deposits began to increase again by 7.30% in 2019. Results This study shows that regardless of the level of profit sharing obtained by the customer (the creditor), it does not affect the total financing that will be distributed by the Islamic Commercial Bank company to the customer (the creditor).

### Effect of Liquidity (FDR/Financing to Deposit Ratio) on the Growth of Mudharabah Deposits

The results of this study indicate that liquidity as proxied by FDR (Financing to Deposit Ratio) has a significant influence on the variable growth of mudharabah deposits (Y)



at Islamic Commercial Banks in Indonesia in 2016-2019. The results of this study indicate that the higher the FDR, the higher the effectiveness of the bank in distributing financing, so that the higher the funds that can be distributed by the bank. This is due to the level of customer confidence in banks that have FDR, which is greater. The increased FDR makes customers expect to get more returns, because the existing mudharabah deposits are used optimally and efficiently without exceeding the regulated limit. Therefore, customers (creditors) will save more funds in the form of mudharabah deposits and increase the growth of mudharabah deposits at Islamic commercial banks in Indonesia. The results of this study are consistent with research conducted by Pimada et al., 2017 and Rahmawaty, 2016 which showed that FDR had a significant positive effect on mudharabah deposits.

### **The Effect of NPF/Non-Performing Financing on the Growth of Mudharabah Deposits**

The results of this study indicate that NPF (Non Performing Financing) does not have a significant effect on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia in 2016-2019. The results of this study indicate that if there is an increase in NPF, then mudharabah deposits will decrease, so that it will have an impact on withdrawing customer funds stored in Islamic banks. Thus, banks do not have adequate prudence in their financing activities and therefore, Non-Performing Financing (NPF) or non-performing financing creates costs that become a burden and loss for a Sharia Bank.

### **The Effect of Bank Size on the Growth of Mudharabah Deposits**

The results of this study indicate that bank size has a significant influence on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia in 2016-2019. Large asset growth has a strong tendency to generate high and maximum profit (profit). Depositors generally deposit their funds in Islamic banks using the profit maximization motive (maximizing profits). The larger the size of the bank, the public will tend to save their money in the bank, because people think it will feel safe and comfortable to store their funds there and also the larger the size of the bank, then there are wider opportunities for banks to increase their income. so that the bank will be able to provide higher profit sharing to customers. This of course will lead to the desire of customers to save money, especially in Islamic banks. The results of this study are consistent with research conducted by Hall and Weiss (1967) which concluded that bank size has a strong tendency to generate high profits.

## **CONCLUSION**

Based on the results of the research that has been done above, the conclusions that can be drawn in this study are as follows:

The profit sharing ratio (TBH) has no significant effect on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia in 2016-2019, so this ratio is not a factor affecting the growth of mudharabah deposits. While the liquidity ratio (FDR) has a significant effect on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia in 2016-2019, so that this ratio is a factor that affects the growth of mudharabah deposits. Furthermore, NPF has no significant effect on the variable growth of mudharabah deposits (Y) at Islamic Commercial Banks in Indonesia in 2016-2019, so that this ratio is not a factor affecting the growth of mudharabah deposits.

## **IMPLICATIONS**

For companies, especially the Sharia General Banking sector, this research can be used as a comparison material and also for decision considerations which will later be implemented into special policies for Sharia Commercial Banks in the future. This research can be used as a reference in decision making related to performance evaluation at Islamic

Commercial Banks in Indonesia in terms of carrying out activities for channeling public deposits in the form of investment funds, namely in particular mudharabah deposits properly proxied to the growth rate of mudharabah deposits during the latest research period. Thus, Islamic Commercial Bank companies must get the full attention of customers (creditors), which in this case can be obtained from mudharabah deposit income. If the resulting mudharabah deposits increase,

As for further research, it is recommended to add other independent variables such as inflation rate, Gross Domestic Product (GDP)/Gross Domestic Product (GDP) growth, promotion costs, and number of offices. Further researchers can also extend the latest research period (updated), so that more accurate results are obtained and of course maximum.

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