

Analysis of Revenue Sharing and Liquidity for Total Profit Sharing Financing with BI Rate as a Moderation in Indonesia Sharia Commercial Bank and Sharia Business Unit

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Keywords: Revenue sharing, Liquidity, Profit Sharing Financing, BI Rate

Abstract: Sharia banking is a banking system based on Al-Qur'an and Al-Hadist. Islamic banks do not use interest, because the interest contains a riba. Indonesia has a dual banking system that uses bank interest and equivalent rate. From the dual banking system, sharia banking uses interest rates as the objective to determine the revenue rate and financing equivalent rate to maintain power between sharia banks and conventional banks. This research uses quantitative methods, by using secondary data from the financial statements of Sharia Commercial Bank and Sharia Business Unit issued by OJK and Bank Indonesia interest rate report which was issued by Bank Indonesia for 2013-2017. This research uses a Moderated Regression Analysis technique with dependent variable of total profit sharing financing, revenue sharing and liquidity as independent variables and BI Rate as moderation variable. The results of this study show revenue sharing for total profit sharing financing is negative significant. While liquidity has positive and significant to total financing. And BI Rate as moderate has the positive and significant relationship between revenue sharing of total profit sharing financing. BI Rate as moderate has the negative and significant relationship between liquidity and total profit sharing financing.

1 INTRODUCTION

Syariah banking is basically a banking system business based on Al-Qur'an and Al-Hadist. Islamic banks themselves operate not on the basis of interest, as commonly done by conventional banks because interest contains elements of usury that is prohibited in the Qur'an. In Indonesia there is a dual banking system that makes bank interest and margin unidirectional but not the same.

Previous research by Faisal (2013) studied the effect of equivalent rate to mudharabah financing at PT BRI Medan. The results show that the ratio has a weak influence on financing at PT BRI Medan, as well as Hidayat (2014) the effect of equivalent rate on mudharabah financing distribution and the impact on profit and social welfare distribution. The results of this study indicate that equivalent rate has a negative effect on distribution of mudharabah financing by 91.65%, the distribution of mudharabah financing has a positive effect on earnings of 0,000635 and the distribution of mudharabah

financing has a positive effect on welfare equity (this index) of 3.2.

While for Ridha (2008), influence of liquidity and profitability on financing at Bank Mandiri Syariah Purwakarta, the results showed that every change in the level of liquidity and profitability would increase the financing funds distributed by BSM. And for Agustin (2016) and the effect of liquidity and profitability on sharia financing in commercial banks in Indonesia, the results of this study indicate that liquidity affects the financing of Islamic commercial banks. Also, profitability significantly affects the amount of financing issued by Islamic commercial banks. But the variables of profitability and liquidity have no effect simultaneously on the financing of General Islamic Banking in Indonesia.

This previous research shows how liquidity and equivalent rates affect the total financing, but Indonesia uses a dual banking system that makes the BI Rate as one of the references for taking profits in some Islamic banks. The level of revenue sharing

and financing margin is to maintain competitiveness between sharia banks and conventional banks. It is true that BI Rate can intervene in liquidity and the equivalent rate on total financing. So the researcher is interested to test the level of influence of liquidity, revenue sharing with BI Rate as moderation in total financing at profit sharing of syariah banks, that is mudharabah and musyarakah at Syariah Commercial Bank and Sharia Business Unit in Indonesia.

2 LITERATURE STUDY

2.1 Revenue Sharing Theory

Revenue sharing is profit-sharing principle set forth in a partnership, the share of revenue sharing is determined at the time of the contract of cooperation. If a business makes a profit, then the profit share is done according to the agreement, if the profit-sharing loss is adjusted to the capital contribution of each party (Ascarya, 2006).

According to Rivai and Arifin (2010), in calculate revenue sharing ratio the bank set a spread of 2.4613% calculated from the expected profit desired by the bank. The projection can be quantified by calculating how much profit is estimated by the average number of outstanding loans in a month.

2.2 Liquidity Theory

Liquidity is a bank's management capability in providing sufficient funds to meet its obligations at all times. As we know, the importance of liquidity can affect public confidence. According to Rivai and Arifin (2010), managing liquidity will always be a conflict of interest between the decision to maintain liquidity and increase revenue.

The liquidity variable is proxied by a precautionary liquidity which is the combined ratio between cash, current accounts with central banks and commercial banks against assets (Wuryandani et al., 2014).

2.3 Bank Indonesia Interest Rate Theory

BI Rate is a policy rate reflecting the stance of monetary policy stipulated by Indonesian banks and announced to the public. The operational targets of monetary policy are reflected in the development of the Overnight Interbank Money Market Rate (PUAB

O/N). The movement in the interbank money market rate is expected to be followed by developments in deposit rates, and in turn bank lending rates (source: www.bi.go.id).

3 RESEARCH METHODOLOGY

3.1 Research Methods and Data Collection

The research used a quantitative method, by using quarterly secondary data from financial statements of Sharia Commercial Bank and Sharia Business Unit issued by OJK concerning Sharia Bank and Bank Indonesia Interest Rate report published by Bank Indonesia for 2013-2017 period.

3.2 Analysis Method

This research uses a Moderated Regression Analysis (MRA) technique. The moderating variable is the independent variable that will strengthen or weaken the relationship between the other independent variables to the dependent variable (Ghozali, 2011).

4 ANALYSIS OF RESEARCH RESULTS

4.1 Coefficient of Determination (R²)

The test of coefficient of determination is used to measure the ability of the model in explaining the variation of the dependent variable where the coefficient of determination ranges between zero and one.

Table 1: Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 ^a	.782	.757	16940.06619

a. Predictors: (Constant), RS, BI rate, revenue sharing, liquidity, BI rate, liquidity

Source: Output Data SPSS

Based on the above table, it can be seen that the magnitude of R Square is a value of 0.757. This shows that 75% of total profit sharing financing variables can be explained by the variation of the

independent variables, while the remaining 25% is explained by other causes outside the model. By conclusion the model used is good enough.

4.2 Individual Parameter Significance Test (t Test)

The t test statistic is used to show how far each independent variable is influenced individually in explaining its dependent variable (Ghozali, 2011).

Table 2: Coefficients^a

Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	228643.280	88030.222		2.597	.014
	Revenue Sharing	-48612.237	10988.367	-.688	-4.424	.000
	Liquidity	10065.109	3821.465	2.363	2.634	.013
	RS. BI rate	5623.295	1384.788	1.062	4.061	.000
	Liquidity. BI rate	-1848.894	563.976	-2.509	-3.278	.025

a. Dependent Variable: total profit sharing financing
Source: Output Data SPSS

It can be seen that the variable revenue sharing has a negative effect and is significant to total profit sharing financing. Liquidity has a positive effect and is not significant to total profit sharing financing. While revenue sharing moderated by BI Rate has a positive effect and is significant to total profit sharing financing at Sharia Bank. And variable of liquidity which is moderated by BI Rate has a negative and significant effect on total profit sharing financing generated by Sharia Bank. The results of multiple linear regression equations can be written: Total profit sharing financing = -228643.280 + 10065.109 liquidity - 48612.237 revenue sharing - 1848.894 liquidity BI rate + 5623.295 rs. BI rate.

5 DISCUSSION

5.1 Effect of Revenue Sharing for Total Sharing Financing

The results of this study show revenue sharing for total profit sharing financing in sharia banks and

Islamic business units have a negative and significant impact. Agreeing with previous research by Faisal (2013) results show that the ratio has a weak influence on financing at PT BRI Medan. Also, Hidayat's (2014) results of this study indicate that equivalent rate has a negative effect on distribution of mudharabah financing.

5.2 Effect of Liquidity for Total Sharing Financing

Based on the results of the research that has been described previously, Ridha (2008), the results showed that every change in the level of liquidity and profitability would increase the financing funds distributed by BSM. And in Agustin (2016) the results of this study indicate that liquidity affects the financing of Islamic commercial banks. This research shows that the influence of liquidity to total profit sharing for sharia commercial banks and sharia business units has a positive and significant influence. Liquidity has a positive significant effect because more liquidity of banks will fund more provided for total sharing financing.

5.3 Effect of Revenue Sharing for Total Profit Sharing Financing with BI rate as Moderation

Based on previous research revenue sharing has weak influence on total profit sharing but such as the theory that increasing BI Rate affects revenue sharing for total profit sharing financing. This may be due to fluctuations in the BI Rate affecting the determination of revenue sharing and the total profit sharing financing of the bank's share in the Sharia Commercial Bank and Sharia Business Unit in Indonesia in 2013-2017.

This should not happen because sharia banks are different from conventional banks. If the profit-taking decisions depend on interest, it can give the impression that the sharia bank system is the same as conventional banks, it would be better if sharia banks and sharia business units implement owning a sharia margin system.

5.4 Effect of Liquidity for Total Profit Sharing with BI Rate as Moderation

As previous research shows, liquidity has a positive effect on total profit sharing financing. But in this research the effect of liquidity to total profit sharing

financing with BI Rate as a moderation has a negative effect. Truly that sharia bank should not be influenced by interest rate in managing liquidity to total profit sharing financing.

<https://www.bi.go.id/id/moneter/bi-rate/penjelasan/Contents/Default.aspx> accessed on 20 May 2018

6 CONCLUSION

Revenue sharing for total profit sharing financing is negative significant. While liquidity is positive and significant to total financing for the results. And BI Rate as moderate has a positive and significant relationship between revenue sharing for total profit sharing financing. BI Rate moderates the negative and significant relationship between liquidity and total profit sharing financing.

It shows sharia banking still needs supervision and innovation in transactions and performance to make a better sharia banking system.

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