

THE INFLUENCE OF THIRD PARTY FUNDS, NON PERFORMING FINANCING, AND CAPITAL ADEQUACY RATIO ON PROFITABILITY WITH PROFIT SHARED FINANCING AS AN INTERVENING VARIABLE AT BANK MUAMALAT INDONESIA PERIOD 2014-2021

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ABSTRACT

This study aimed to assess the impact of third party funds, non-performing financing, and capital adequacy ratio on Bank Muamalat Indonesia's profitability with financing as an intervening variable for the period 2014-2021. This is quantitative study employing an associative methodology. This study's population utilized 32 quarterly financial reports from BUS companies in Indonesia. Data acquired from the website of Bank Muamalat Indonesia. The sample approach utilized in this study was purposive sampling. While data collection procedures are derived from Bank Muamalat Indonesia's data, The classical assumption test, simple and multivariate regression analysis, path analysis, and hypothesis analysis are utilized for the data analysis. The results demonstrated that DPK has a considerable direct effect on profit sharing financing, as indicated by the tcount value of 2.368 > t table 2.04227 and the significance of the t test value of 0.025 < 0.05. The NPF test on profit sharing financing yielded a tcount value of -1.030 < t table 2.04227 and a significant t test value of 0.312 < 0.05, demonstrating that NPF has no direct influence on profit sharing financing. This is indicated by the CAR test on profit sharing financing, which yields a tcount value of 2.741 > t table 2.04227, indicating that there is an effect of CAR on profit sharing financing and a significant value of 0.011 < 0.05 for the t test.

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1. INTRODUCTION

Banking financial institutions have an important role in economic development and growth, namely as collectors and distributors of funds from to many parties. These parties are the general public who deposit their funds in financial institutions. Islamic banking is basically an extension of the concept of Islamic economics. The existence of Islamic banking in Indonesia is currently increasing since the existence of Law no. 21 of 2008 concerning Islamic banking which provides a clearer operational basis for Islamic banks[1].

Warjiyo stated that credit growth was influenced by bank credit offers, offers were influenced by available funds sourced from third party funds (DPK), bank perceptions of the debtor's business, and banking conditions themselves such as capital or CAR (Capital Adequacy Ratio), the number of bad loans, or NPL (Non Performing Loan). Another indicator that also has an effect is the profitability factor or the level of profit reflected in the Return On Assets (ROA).[2].

The level of financing at a bank can be influenced by several variables including third party funds, the level of capital adequacy, non-performing financing, and profitability[3].

DPK itself is explained as cash that is fully owned by the bank in the form of cash or other forms of assets that can easily be converted into cash including deposits, savings and demand deposits. DPK is classified as bank debt to depositors and investors or others, because DPK is a mandate from the community which is contained in the balance sheet position, namely obligations. In a bank, Third Party Funds are the largest and most important source of funds to rely on in other operational activities.[4]The amount of Third Party Funds that enter Islamic banks shows how the level of public trust to save their funds. This will affect the financing disbursed.

NPF is the next factor that influences the distribution of Islamic bank financing. NPF is a non-performing financing which includes financing that is classified as bad, doubtful, or creates a risk.[5]NPF

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has a reverse effect on the amount of Islamic bank capital, if the NPF increases, it will increase the amount of PPAP (productive asset write-off account). The size of the NPF shows the performance of a bank in managing the distributed funds[6].

Another factor that must be considered in providing financing is the capital adequacy ratio or what is called the Capital Adequacy Ratio. Capital is an important part of the bank so there is a need for capital management. CAR is a ratio of total capital to assets calculated in the form of a ratio. This ratio illustrates how the capital adequacy of the bank. The greater the CAR value, the greater the resilience of the bank to possible risks[7].

Islamic banks in Indonesia experienced fluctuations in DPK, NPF, CAR, Financing and ROA in 2016-2021. With this it appears that there has been an increase and decrease in the percentage of Bank Muamalat Indonesia's financial ROA every year. One of the reasons for the increase in the ROA percentage level was the increase in funds collected and distributed funds, as well as the percentage of bank capital adequacy. Likewise, if these factors decrease, ROA will also decrease, as shown in Table 1.1 of the financial statements.

The rate of decline in ROA is due to the fundraising factor, this means that the management of fundraising is experiencing problems or constraints. Errors at the asset management level cause the influence of profits on Bank Muamalat Indonesia to experience problems. The rate of decline in ROA at bank muamalat is influenced by the level of DPK acquisition, the capital adequacy ratio (Capital Adequacy Ratio), and the level of profit sharing financing. Financing continues to run smoothly when the bank's income is above the minimum limit.

In carrying out its operational activities, Islamic banks also hope for maximum results for the financial performance of the bank itself. The performance of a company is mostly measured based on financial ratios for a certain period. These ratios are generally such as liquidity ratios, solvency ratios, asset ratios and profitability ratios. The profitability ratio is a ratio to measure the profit that a company can generate. According to Mawadah, the factors that affect profitability are those that come from the bank's management itself, namely the collection of third party funds, capital management (CAR), liquidity management, and cost management.[8] (Ubaidillah, 2014) While Afif stated that profitability was influenced by financing factors and financing risk (NPF).[10] Profitability itself is inseparable from the influence of bank fees, bank quality, asset quality and capitalization level. One indicator that can be used to measure a bank's profitability performance is Return On Assets (ROA). This ratio is a ratio that describes a bank's ability to manage funds invested in all assets that generate profits[11] [12]. ROA compares between net income and average assets.

Previous research that has been conducted by Muslimin entitled Effect of Asset Structure and NPF on Profitability Levels with Financing as an intervening variable, the results of the study explain that the results of this study are the same as Dila Anggraini that financing mediates NPF on Profitability, but different from Aualin and Dila that NPF has a negative effect on profitability as well as financing. Then, research conducted by Achmad Yasin entitled the influence of DPK on the decision to channel financing to Islamic banks in Indonesia with Financing Risk and Liquidity Risk as intervening, the results of the study explain that the results of this study are DPK and NPF have an effect on financing. Then, the research conducted by Ulin Nuha and Astiwi under the title of the influence of Third Party Funds, CAR and NPF on the profitability of Islamic banks through intervening variables, namely financing, the results of the study explain that partially DPK does not affect financing but does affect profitability. NPF has a negative effect on financing and a positive effect on profitability. And the CAR variable has no significant effect on profitability. DPK, NPF, and CAR variables are not mediated by financing on profitability.

Based on the description stated above, this study seeks to investigate the extent to which bank internal factors influence profitability by using financing as an intermediary factor. So for this reason the author is interested in conducting further research with the title "The Influence of Third Party Funds, Non-Performing Financing, and Capital Adequacy Ratio on Profitability with Financing as an Intervening Variable at Bank Muamalat Indonesia Period 2014-2021".

2. LITERATURE REVIEW

Financing

Funding broadly means financing or spending, namely funding issued to support planned investments, either carried out alone or carried out by other people. In a narrow sense[13] [14], financing is used to define funding made by financing institutions, such as Islamic banks, to

customers.[15]Meanwhile, according to M. Syafi'i Antonio, explained that financing is one of the main tasks of a bank that provides funding facilities to meet the needs of parties classified as deficit units.[16].

a. Factors Affecting Financing

According to Warjiyo, credit growth is influenced by bank credit offers, offers are influenced by available funds sourced from third party funds (DPK), bank perceptions of the debtor's business, and banking conditions themselves such as capital or CAR (Capital Adequacy Ratio).[17], the number of bad loans or NPL (Non Performing Loan), and LDR (Loan to Deposit Ratio). There are other indicators that also influence the bank's decision to issue credit, namely the profitability factor or the level of profit reflected in the Return on Assets (ROA) [18] [19].

The level of financing at a bank can be influenced by several variables, including third party funds, the level of capital adequacy, non-performing financing, and profitability.[3]Meanwhile, according to Fauziyah, the factors that can affect sharia financing are the level of profit sharing, Third Party Funds (DPK), NPF (Non Performing Financing), FDR (Financing to Deposit Ratio), and ROA (Return On Assets).[20]Of course these factors can make the financing channeled by Islamic banks decrease or increase.

Third Party Funds

For a bank Based on Bank Indonesia Circular No. 6/23/DPNP dated 31 May 2004 third party funds are funds entrusted by the public to banks which can be in the form of demand deposits, savings and time deposits[21]. DPK (Third Party Funds) in general are funds obtained from individuals, companies, foundations both in rupiah and foreign currencies. The funds collected from the public turned out to be the largest source of funds that the bank relied on the most, reaching 80% -90% of all funds managed by the bank [21].

Non Performing Financing (NPF)

Non-Performing Financing is the risk of possible losses that will arise from channeling funds by a bank. Non Performing Financing (NPF) shows the collectibility of a bank in collecting back the financing issued by the bank until it is paid off. NPF is the percentage of non-performing financing (with the criteria of substandard, doubtful and loss) to the total financing issued by the bank. The size of this NPF shows the performance of a bank in managing the distributed funds.

Table 2. Health Criteria for Non-Performing Financing (NPF) of Islamic Banks

No	NPF value	Predicate
1	NPF = 2%	Healthy
2	2% < NPF < 5%	Healthy
3	5% < NPF < 8%	Healthy Enough
4	8% < NPF < 12%	Unwell
5	NPF > 12%	Not healthy

Source: SEBI No.9/24/Dpbs dated 17 March 2015

From table 2 it is explained that the NPF value is categorized as healthy if the NPF ratio value is still at a level equal to 2%, and it is also categorized as healthy at a level more than equal to 2% and less than 5%. Categorized quite healthy at the level of more than equal to 5% and less than 8%. Categorized as unhealthy at the level of more than equal to 8% and less than 12%. Finally, it is categorized as unhealthy if the NPF value exceeds the level of 12% or is equal to 12%.

The amount of Non Performing Financing (NPF) provided by Bank Indonesia is a maximum of 5%. If a bank has an NPF value above 5%, it will affect the assessment of the soundness of the bank in question, which is subtracted from the score obtained. Banks, of course, must maintain the NPF level provided by Bank Indonesia.

Capital Adequacy Ratio (CAR)

The Capital Adequacy Ratio (CAR) is a capital ratio that indicates a bank's ability to provide funds for business development purposes and accommodate the risk of loss of funds caused by bank operations. Based on Bank Indonesia Regulation No. 3/21/PBI 2001 the current banking Capital Adequacy Ratio (CAR) is at least 8%, whereas according to the Indonesian Banking Architecture (API) to become an anchor bank, commercial banks must have a Capital Adequacy Ratio (CAR) of at least 12%.

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Based on these 3 monetary indications, the BIS establishes provisions and CAR calculations that must be followed by banks around the world, as a level playing field in fair competition in global financial markets. The formula determined by the BIS is "a minimum ratio of 8% capital to risky assets.

1. 4% of this capital which consists of shareholders equity, preferred stocks and reserve fees.
2. 4% secondary capital consisting of subordinate debt, loan loss provisions, hybrid securities, and revaluation reserve.

Table 3. Bank Health Scale based on CAR

No	Predicate	CAR ratio
1	Healthy	8.00-9.99%
2	Healthy Enough	7.90-8.00%

Source: Financial Management Book, Harmono Year 2009[22]

3. conceptual framework

In this study the researcher used the title with the dependent variable Third Party Funds (X1), Non Performing Financing (X2), and Capital Adequacy Ratio (X3) to the independent variable Profitability (Y1) with Financing (Y2) as an intervening variable carried out at the Bank Muamalat Indonesia. From the title can be described as follows.

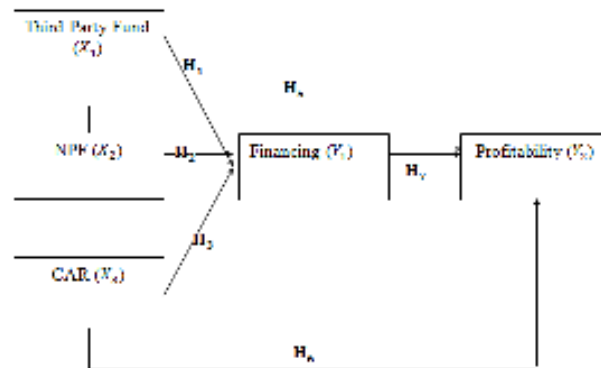


Figure 1. Path Analysis Model

3. METHOD

Research Hypothesis

Based on the theoretical basis and previous research, the temporary hypothesis proposed in this study is as follows:

- H1: There is a significant effect of DPK on financing at Bank Muamalat Indonesia.
- H2: There is a significant effect of NPF on Profit Sharing Financing at Bank Muamalat Indonesia.
- H3: There is a significant effect of CAR on Profit Sharing Financing at Bank Muamalat Indonesia.
- H4: There is a significant effect of TPF on Profitability at Bank Muamalat Indonesia.
- H5: There is a significant effect of NPF on Profitability at Bank Muamalat Indonesia.
- H6: There is a significant effect of CAR on Profitability at Bank Muamalat Indonesia.
- H7: There is a significant effect of Profit Sharing Financing on Profitability at Bank Muamalat Indonesia.
- H8: There is a significant effect of DPK on Profitability by mediating Profit Sharing Financing at Bank Muamalat Indonesia.
- H9: There is a significant effect of NPF on Profitability by mediating Profit Sharing Financing at Bank Muamalat Indonesia
- H10: There is a significant effect of CAR on Profitability by mediating Profit Sharing Financing at Bank Muamalat Indonesia.

Approach and Type of Research

The research approach used by researchers is a quantitative approach. The quantitative approach is a research method based on the philosophy of positivism, which is used in certain population or sample studies. While this type of research is associative. Associative research itself is research that is used to determine the relationship between two or more variables.

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Place of Research Time

The place where the research was conducted was at PT Bank Muamalat Indonesia Tbk. PT Bank Muamalat Indonesia Tbk was chosen as the research location because it is the first Islamic bank in Indonesia and has succeeded in going through the economic crisis that occurred in Indonesia in 1998.

Population and Sample

The population of this research is PT Bank Muamalat Indonesia Tbk. The sampling technique in this study used total sampling, because the total population in this study was less than 30, so the sample was taken as a whole. Part of the sample in this study is the Quarterly Financial Statements of Bank Muamalat Indonesia for the first quarter of 2014 to the fourth quarter of 2021.

Data Analysis Methods

a. Classic assumption test

1) Normality test

The normality test is intended to test whether the residual values that have been standardized in the regression model are normally distributed or not. The residual value is said to be normally distributed if the standardized residual value is mostly close to the average value.

2) Multicollinearity Test

Multicollinearity is the existence of more than one perfect linear relationship. In regression, multicollinearity cannot occur because according to Ragner Frish, if multicollinearity occurs, let alone perfect collinearity (correlation coefficient between independent variables = 1), then the regression coefficient of the independent variables cannot be determined and the standard error is infinite.

3) Heteroscedasticity Test

The heteroscedasticity assumption test aims to test whether in the linear regression model there is an inequality of variance from one residual observation to another. If the variance and residuals from one observation to another observation remain, it is called homoscedasticity and if different is called heteroscedasticity.

4) Autocorrelation Test

The autocorrelation assumption test aims to test whether in a linear regression model there is a correlation between the confounding errors in the t period and the interfering errors in the t-1 period (Imam Ghozali, 2005). In this study using the Runs Test.

b. Hypothesis testing

Hypothesis testing is a test that is used to prove a hypothesis that is carried out jointly and by using statistical tests supported by econometric tests as follows:

1) T test (Test)

The t test is a test to determine a partial relationship between the independent variables and the dependent variable. This test is to test whether the hypothesis used meets and determines whether there is a fundamental difference between the two sample means. This decision-making criterion is if the t value is significant > 0.05 , then there is no significant impact of the independent variable on the dependent variable. Which means H_0 is accepted and H_1 is rejected. And if t is significant < 0.05 , then there is a significant effect between the independent variables on the dependent variable. Means H_0 is rejected and accepts H_1 .

2) F Test (Simultaneous)

The F test is used to show whether all the independent variables in the model have a joint effect on the dependent variable. Decision making criteria:

H_0 is accepted, if F count $< F$ table at $\alpha = 5\%$

H_1 is accepted, if F count $> F$ table at $\alpha = 5\%$

c. Path Path Analysis

Path analysis or path analysis is a technique for analyzing causal relationships that occur in multiple regression if the independent variables affect the dependent variable not only directly, but also indirectly. The purpose of path analysis is to explain the direct and indirect effects of a series of variables, as causal variables on other variables which are effect variables. The direct variable relationship can be seen from the beta coefficient. Meanwhile, the indirect relationship is how big the independent influence is on the dependent variable through moderator or intervening variables. The total effect is obtained by adding up the direct and indirect relationships.

$$ROA = a_0 + b_1X_1 + b_1X_2 + b_1X_3 + e_1$$

$$\text{Profit Sharing Financing} = a_0 + b_1X_1 + b_1X_2 + b_1X_3 + b_1X_4 + e_2$$

Standardized coefficient in equation 1 will give the value of the indirect effect on the independent variables (DPK, CAR, NPF) on the dependent variable (ROA) through the intervening variable (FDR). While the coefficients in equation 2 will give a direct effect on the independent variables (DPK, CAR, NPF) and the intervening variable (PBH) on the dependent variable (ROA).

4. RESULTS AND DISCUSSION

4.1 Classical Assumption Test

1) Normality test

Table 4. Results of Structure Data Normality Test 1

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		32
Normal Parameters, b	Means	.0000000
	std. Deviation	.33987411
Most Extreme Differences	absolute	.117
	Positive	.117
	Negative	-.097
Test Statistics		.117
asympt. Sig. (2-tailed)		.200c,d

Based on table 4. One-Sample Kolmogorof Smirnov above shows that the probability number or Asymp. Sig. (2-tailed) of 0.117, which is greater than 0.05 ($0.117 > 0.05$) so that the data in this study are normal.

Table 5. Results of Structure Data Normality Test 2

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		32
Normal Parameters, b	Means	.0000000
	std. Deviation	3104742.30154149
Most Extreme Differences	absolute	.143
	Positive	.134
	Negative	-.143
Test Statistics		.143
asympt. Sig. (2-tailed)		.096c

Based on table 5. One-Sample Kolmogorof Smirnov above shows that the probability number or Asymp. Sig. (2-tailed) of 0.096, which is greater than 0.05 ($0.096 > 0.05$) so that the data in this study are normal.

2) Multicollinearity Test

Table 6. Substructure Multicollinearity Test Results 1

Coefficientsa			
Model		Collinearity Statistics	Collinearity Statistics
		tolerance	VIF
1	(Constant)	.	
	DPK	.751	1,332
	NPF	.738	1,356
	CAR	.576	1,737

a. Dependent Variable: ROA

Based on the table 6 Coefficients above, using tolerance the following values are obtained: Third

Party Funds of 0.751, Non-Performing Financing of 0.738 and Capital Adequacy Ratio of 0.576. This shows that the tolerance value of all variables is more than 0.10, so there is no multicollinearity in the data being tested. If using VIF, the following values are obtained: Third Party Funds of 1.332, Non Performing Financing of 1.356 and Capital Adequacy Ratio of 1.737. This shows that the VIF value of all variables is less than 10, so it can be concluded that there is no multicollinearity so that the data is free from multicollinearity symptoms.

Table 7. Substructure Multicollinearity Test Results 2

Coefficientsa		
Model	Collinearity Statistics	
	tolerance	VIF
1 (Constant)	.	
DPK	.751	1,332
NPF	.738	1,356
CAR	.576	1,737

b. Dependent Variable: Profit Sharing Financing

Based on table 7. The coefficients above, using tolerance, the following values are obtained: Third Party Funds of 0.751, Non-Performing Financing of 0.738 and Capital Adequacy Ratio of 0.576. This shows that the tolerance value of all variables is more than 0.10, so there is no multicollinearity in the data being tested. If using VIF, the following values are obtained: Third Party Funds of 1.332, Non Performing Financing of 1.356 and Capital Adequacy Ratio of 1.737. This shows that the VIF value of all variables is less than 10, so it can be concluded that there is no multicollinearity so that the data is free from multicollinearity symptoms.

3) Heteroscedasticity Test

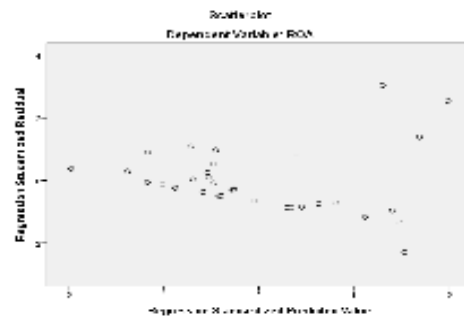


Figure 2. Results of the Structure Heteroscedasticity Test 1.

Based on Figure 2 of the Scatterplot pattern above, it shows the SPSS output results of the scatterplot image, where the points spread below and above the Y-axis and do not form an orderly shape, so it can be concluded that the image above shows that there is no heteroscedasticity.

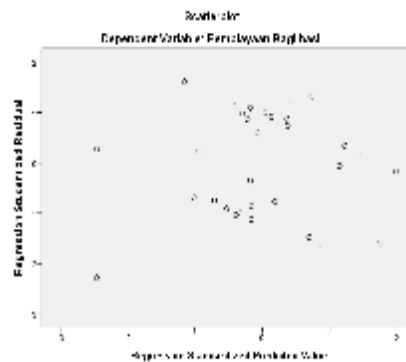


Figure 3. Results of the Structure Heteroscedasticity Test 2.

Based on figure 3 of the Scatterplot pattern above, it shows the SPSS output results of the scatterplot image, where the dots spread below and above the Y-axis and do not form an orderly shape, so it can be concluded that the image above shows that there is no heteroscedasticity.

4) Autocorrelation Test

Table 8. Substructure Autocorrelation Test Results 1

Summary modelb					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.474a	.224	.141	.35762	1,422

a. Predictors: (Constant), CAR, DPK, NPF

b. Dependent Variable: ROA

Based on table 8 from the output above, it can be seen that the Durbin Watson value of 2.008 is -2 and +2, so it can be concluded that there is no autocorrelation.

Table 9. Substructure Autocorrelation Test Results 2

Summary modelb					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.493a	.243	.162	3266836.43130	.356

a. Predictors: (Constant), CAR, DPK, NPF

b. Dependent Variable: Profit Sharing Financing

4.2 Hypothesis Testing

1) T test

Table 10. Partial Structure Test 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	37024218810	6572078.058		5,634	.000
	DPK	-.404	.171	-.449	-2,368	.025
	NPF	-553880.535	537669.539	-.197	-1,030	.312
	CAR	-868952.203	317005.765	-.594	-2,741	.011

a. Dependent Variable: PBH

- Testing DPK for Profit Sharing Financing yields a tcount value of 2.368 > ttable 2.04227, this means that there is an effect of DPK on Profit Sharing Financing and a significant t-test value of 0.025 < 0.05. So that H1 is accepted, meaning that there is a significant influence between TPF on Profit Sharing.
- Testing the NPF on Profit Sharing Financing produces a tcount value of -1.030 < ttable 2.04227 this means that there is no effect of NPF on Profit Sharing Financing and a significant value of the t test is 0.312 < 0.05. So that H2 is rejected, meaning that there is no influence between the NPF on Profit Sharing Financing.
- The CAR test for Profit Sharing Financing yields a tcount value of 2.741 > ttable 2.04227, this means that there is an influence of CAR on Profit Sharing Financing and a significant t test value of 0.011 < 0.05. So that H3 is accepted, meaning that there is a significant influence between CAR on Profit Sharing.

Table 11. Partial Structure Test 2

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		

1	(Constant)	-0.869	0.938		-0.926	0.363
	DPK	-2.576E-8	0.000	-0.265	-1.411	0.170
	NPF	-0.007	0.054	-0.023	-0.133	0.895
	CAR	0.033	0.035	0.207	0.937	0.357
	PBH	5.270E-8	0.000	0.487	2.854	0.008

a. Dependent Variable: ROA

- Testing DPK for ROA yields a tcount of $-1.411 < t_{table} 2.04227$, this means that there is no effect of DPK on ROA and a significant t-test value of $0.170 < 0.05$. So that H4 is rejected, meaning that there is no influence between TPF on ROA.
- NPF test on ROA produces a tcount value of $-0.133 < t_{table} 2.04227$ this means that there is no effect of NPF on ROA and a significant value of the t test is $0.895 < 0.05$. So that H5 is rejected, meaning that there is no effect between NPF on ROA.
- The CAR test for ROA produces a tcount value of $-0.937 < t_{table} 2.04227$, this means that there is no CAR effect on ROA and a significant t-test value is $0.357 < 0.05$. So that H6 is rejected, meaning that there is no influence between CAR on ROA.
- The PBH test for ROA yielded a tcount value of $2.854 > t_{table} 2.04227$, this means that there is an effect of PBH on ROA and a significant t-test value of $0.008 < 0.05$. So that H7 is accepted, meaning that there is a significant effect between PBH on ROA.

2) F test

Table 12. Structure F Test 1

		ANOVAa				
Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	959318155286	3	319772718428	2,996	.047b
	residual	298822167528	28	106722202688		
	Total	394753983057	31			

a. Dependent Variable: PBH

b. Predictors: (Constant), CAR, DPK, NPF

Based on table 12 above, the Fcount value is $4.578 > 2.95 F_{table}$, this means that there is an influence and a significance value of $0.006 < 0.05$ is obtained so that the DPK (X1), NPF (X2), CAR (X3) variables jointly affect the PBH (Z).

Table 13. Structure F Test 2

		ANOVAa				
Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	1866	4	.466	4,578	.006b
	residual	2,751	27	.102		
	Total	4,617	31			

a. Dependent Variable: ROA

b. Predictors: (Constant), PBH, NPF, DPK, CAR

Based on table 13 above, the Fcount value is $4.578 > 2.728 F_{table}$, this means that there is an influence and a significance value of $0.006 < 0.05$ is obtained so that the DPK (X1), NPF (X2), CAR (X3) and PBH (Z) variables together the same effect on ROA (y).

4.3 Path Analysis Test

Table 14. Path Analysis Test Results

Variable	Contribution		
	Live	Indirect	Total
X1 against Z	-0.049	-	-0.049
X2 against Z	-0.197	-	-0.197

X3 against Z	-0.594	-	-0.594
X1 against Y	-0.265	-	-0.265
X2 against Y	-0.23	-	-0.23
X3 against Y	-0.207	-	-0.207
Z against Y	0.487	-	0.487
X1 against Y Through Z	-	-0.049 X 0.487 = -0.0239	-0.265 + -0.0239 = 0.2889
X2 against Y Through Z	-	-0.197 X 0.487 = -0.956	-0.23 + -0.956 = 1.186
X3 against Y Through Z	-	-0.594 X 0.487 = -0.2893	-0.207 + -0.2893 = 0.4963

4.4. Discussion

H1: Effect of DPK on Profit Sharing Financing at Bank Muamalat Indonesia.

Based on the results of the DPK test on Profit Sharing Financing, it produces a tcount of 2.368 > ttable of 2.04227, this means that there is an effect of DPK on Profit Sharing Financing and a significant value of the t test of 0.025 < 0.05. So that H1 is accepted, meaning that there is a significant influence between TPF on Profit Sharing.

This is in line with research conducted by Annisa Ayu Affandi (2018) in her Thesis on the Influence of Third Party Funds and Total Assets on Profitability Growth of Bank DKI Syariah for the 2008-2016 period that Third Party Funds have a positive and significant effect on Murabahah Financing.

H2: Effect of NPF on Profit Sharing Financing at Bank Muamalat Indonesia.

Testing the NPF on Profit Sharing Financing produces a tcount value of -1.030 < ttable 2.04227 this means that there is no effect of NPF on Profit Sharing Financing and a significant value of the t test is 0.312 < 0.05. So that H2 is rejected, meaning that there is no influence between the NPF on Profit Sharing Financing.

This is because banks are less able to apply the principle of prudence and are less selective in channeling financing, resulting in problematic financing. The existence of problem financing causes the financing that is channeled to not provide benefits for the bank, especially in murabaha financing. If the profits received by Islamic banks from financing and especially on murabahah financing are reduced, it will cause a decrease in bank profits on ROA which also decreases. In addition, the greater the NPF value of a bank which is above 5%, the bank is not healthy and will result in a greater amount of productive asset reserve funds that must be provided immediately.

This is not in line with the research conducted by Dedek Saripah (2020) in his Thesis on the Influence of Third Party Funds, Non-Performing Financing, Operational Costs, Operating Income and Financing To Deposit Ratio to Return On Assets in Non-Foreign Sharia Commercial Banks, which shows that the results of the study show that there is a negative influence between NPF (X2) on Murabahah Financing (Z) significantly.

H3: Effect of CAR on Profit Sharing Financing at Bank Muamalat Indonesia.

The CAR test for Profit Sharing Financing yields a tcount value of 2.741 > ttable 2.04227, this means that there is an influence of CAR on Profit Sharing Financing and a significant t test value of 0.011 < 0.05. So that H3 is accepted, meaning that there is a significant influence between CAR on Profit Sharing.

This research is in line with research conducted by Anggin Herawati, the results of the study indicate that CAR has a positive and significant effect on Bank Muamalat Indonesia's financing. So that H3 is accepted.

H4: Effect of TPF on ROA at Bank Muamalat Indonesia.

Testing DPK for ROA yields a tcount of -1.411 < ttable 2.04227, this means that there is no effect of DPK on ROA and a significant t-test value of 0.170 < 0.05. So that H4 is rejected, meaning that there is no influence between TPF on ROA.

This research is not in line with that conducted by Annisa Marsela (2020) in her thesis The Effects of Third Party Funds and Inflation on Profitability with interest rates as a moderating variable in Islamic Commercial Banks in Indonesia for the 2014-2018 period.

Third Party Funds are important for banks because the greater the funds raised, the greater the profitability. Where when a large number of Third Party Funds are channeled into the form of credit, the income from these loans will increase as well as the bank's ability to generate profits will also increase.

H5: Effect of NPF on ROA at Bank Muamalat Indonesia.

NPF test on ROA produces a tcount value of $-0.133 < t_{table} 2.04227$ this means that there is no effect of NPF on ROA and a significant value of the t test is $0.895 < 0.05$. So that H5 is rejected, meaning that there is no effect between NPF on ROA.

This research is not in line with the research conducted by Dedek Saripah (2020) in his thesis *The Influence of Third Party Funds, Non-Performing Financing, Operational Costs, Operating Income and Financing To Deposit Ratio to Return On Assets in Non-Foreign Sharia Commercial Banks*.

The higher the NPF, the lower the ROA at Islamic Commercial Banks. This is because banks are less able to apply the principle of prudence and are less selective in disbursing financing, resulting in problematic financing. The existence of problematic financing causes the financing that is channeled to not provide benefits for the bank. If the profits received by Islamic banks from financing are reduced, it will cause a decrease in bank profits and ROA will also decrease. In addition, the greater the NPF value of a bank which is above 5%, the bank is not healthy and will result in a greater amount of productive asset reserve funds that must be provided immediately. And the greater the costs that must be borne to hold the reserve fund.

H6: Effect of CAR on ROA at Bank Muamalat Indonesia.

The CAR test for ROA produces a tcount value of $-0.937 < t_{table} 2.04227$, this means that there is no CAR effect on ROA and a significant t-test value is $0.357 < 0.05$. So that H6 is rejected, meaning that there is no influence between CAR on ROA.

This research is in line with what was done [23] entitled *Effect of CAR, LDR and NPL on ROA in the banking sector on the Indonesian stock exchange*.

According to [24] In general, banking companies do not want to set CARs that are too high for their companies because high capital will reduce the income earned by bank owners. A high CAR can reduce a bank's ability to expand its business because the larger capital reserves are used to cover the risk of loss. The delay in business expansion due to the high CAR will ultimately affect the bank's financial performance.

H7: Effect of PBH on ROA at Bank Muamalat Indonesia.

The PBH test for ROA yielded a tcount value of $2.854 > t_{table} 2.04227$, this means that there is an effect of PBH on ROA and a significant t-test value of $0.008 < 0.05$. So that H7 is accepted, meaning that there is a significant effect between PBH on ROA.

This is in line with research conducted by Hendro Kusnanto which states that Murabahah Financing has an effect on ROA.

The greater the financing, the income earned will increase, because income increases automatically, profits will also increase. Then the bank must maintain an increase in profit-sharing financing to increase revenue or can be called profit. Profit Sharing Financing partially has a significant effect on profitability.

Suggestions for Islamic Commercial Banks, namely, in channeling funds in Profit Sharing financing must be carried out properly and be more careful in choosing customers so that it will affect the profitability value even better.

H8: Effect of DPK on Profitability by mediating Profit Sharing Financing at Bank Muamalat Indonesia.

Based on table 13 Profit Sharing Financing can mediate between DPK and ROA. It is proved that the indirect effect is greater than the direct effect between DPK and ROA. This is indicated by the multiplication value of the regression coefficient of DPK on Murabahah Financing -0.049 with Murabahah Financing on ROA of 0.487 which is -0.0239 greater than the value of the regression coefficient of DPK on ROA of -0.265 . This means that DPK can increase ROA through intermediaries of Profit Sharing Financing or using indirect influence.

This is in line with the theory which states that Murabahah Financing has a positive effect on ROA. The greater the financing, the income earned will increase, because income increases automatically, profits will also increase. Murabaha financing partially has a significant effect on profitability. If murabahah financing at the bank is implemented properly, it will lead to better profitability as well. So that banks must maintain an increase in murabahah financing and be able to minimize financing risks. This theory supports research conducted by Hendro Kusnanto (2018) stating that Murabahah Financing

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has a positive effect on Profitability (ROA).

H9: Effect of NPF on Profitability by mediating Profit Sharing Financing at Bank Muamalat Indonesia.

Based on table 13 Profit Sharing Financing cannot mediate between NPF and ROA. It is proved that the indirect effect is smaller than the direct effect between NPF and ROA. This is indicated by the multiplication value of the NPF regression coefficient on Murabahah Financing of 0.197 with Murabahah Financing on ROA of 0.487 which is 0.956 which is smaller than the value of the regression coefficient of DPK on ROA of 0.23. This means that NPF cannot increase ROA through an intermediary of Profit Sharing Financing.

H10: Effect of CAR on Profitability by mediating Profit Sharing Financing at Bank Muamalat Indonesia.

Based on table 4.13 Profit Sharing Financing cannot mediate between CAR and ROA. It is proved that the indirect effect is smaller than the direct effect between CAR and ROA. This is indicated by the multiplication value of the CAR regression coefficient on Murabahah Financing of 0.594 with Murabahah Financing on ROA of 0.487 which is 0.2893 which is smaller than the regression coefficient value of DPK on ROA of 0.207. This means that CAR cannot increase ROA through intermediaries of Profit Sharing Financing.

5. CONCLUSION

The conclusions of the research are (a)DPK has a direct and significant effect on Profit Sharing Financing at Bank Muamalat Indonesia. this is evidenced by the DPK test on Profit Sharing Financing yielding a tcount value of 2.368 > ttable 2.04227 this means that there is an effect of DPK on Profit Sharing Financing and a significant value of the t test of 0.025 <0.05. So that H1 is accepted, meaning that there is a significant influence between TPF on Profit Sharing.(b)NPF has no direct and insignificant effect on Profit Sharing Financing at Bank Muamalat Indonesia. This is evidenced by the NPF test on Profit Sharing Financing yielding a tcount value of -1.030 < ttable 2.04227 this means that there is no effect of NPF on Profit Sharing Financing and a significant value of the t test of 0.312 <0.05. So that H2 is rejected, meaning that there is no influence between the NPF on Profit Sharing Financing.(c)CAR has a direct and significant effect on Profit Sharing Financing at Bank Muamalat Indonesia. This is evidenced by the CAR Test on Profit Sharing Financing yielding a tcount value of 2.741 > ttable 2.04227 this means that there is an influence of CAR on Profit Sharing Financing and a significant value of the t test of 0.011 <0.05. So that H3 is accepted, meaning that there is a significant influence between CAR on Profit Sharing.(d)DPK has no direct and insignificant effect on ROA at Bank Muamalat Indonesia. This is evidenced by the DPK test for ROA yielding a tcount of -1.411 < ttable 2.04227, this means that there is no effect of DPK on ROA and a significant t-test value of 0.170 <0.05. So that H4 is rejected, meaning that there is no influence between TPF on ROA.(e)NPF has no direct and insignificant effect on ROA at Bank Muamalat Indonesia. This is evidenced by the NPF test for ROA yielding a tcount value of -0.133 < ttable 2.04227, this means that there is no effect of NPF on ROA and a significant t-test value of 0.895 <0.05. So that H5 is rejected, meaning that there is no effect between NPF on ROA.(f)CAR has no direct and insignificant effect on ROA at Bank Muamalat Indonesia. This is evidenced by the CAR test for ROA yielding a tcount value of -0.937 < ttable 2.04227, this means that there is no CAR effect on ROA and a significant t-test value of 0.357 <0.05. So that H6 is rejected, meaning that there is no influence between CAR on ROA.(g)PBH has a direct and significant effect on ROA at Bank Muamalat Indonesia. This is evidenced by the PBH Test for ROA producing a tcount value of 2.854 > ttable 2.04227, this means that there is an effect of PBH on ROA and a significant t-test value of 0.008 <0.05. So that H7 is accepted, meaning that there is a significant influence between PBH on ROA.(h)Profit Sharing Financing can mediate between DPK and ROA. It is proved that the indirect effect is greater than the direct effect between DPK and ROA. This is indicated by the multiplication value of the regression coefficient of DPK on Murabahah Financing -0.049 with Murabahah Financing on ROA of 0.487 which is -0.0239 greater than the value of the regression coefficient of DPK on ROA of -0.265. This means that DPK can increase ROA through intermediaries of Profit Sharing Financing or using indirect influence.(i)Profit Sharing Financing cannot mediate between NPF and ROA. It is proved that the indirect effect is smaller than the direct effect between NPF and ROA. This is indicated by the multiplication value of the NPF regression coefficient on Murabahah Financing of 0.197 with Murabahah Financing on ROA of 0.487 which is 0.956 which is smaller than the value of the regression coefficient of

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DPK on ROA of 0.23. This means that NPF cannot increase ROA through an intermediary of Profit Sharing Financing. Profit Sharing Financing cannot mediate between CAR and ROA. It is proved that the indirect effect is smaller than the direct effect between CAR and ROA. This is indicated by the multiplication value of the CAR regression coefficient on Murabahah Financing of 0.594 with Murabahah Financing on ROA of 0.487 which is 0.2893 which is smaller than the regression coefficient value of DPK on ROA of 0.207. This means that CAR cannot increase ROA through intermediaries of Profit Sharing Financing.

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