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The Effect of Buy and Sell Financing *(Murabahah)*, Profit Share Financing *(Mudarabah)*, Equity Capital Financing *(Musyarakah)* and Non-Performing Financing Ratio on Profitability Level of Sharia Commercial Banks in North Sumatera

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Abstract :
The aim of this study is to determine the effect of buy and sell financing (murabahah), profit share financing (mudarabah), equity capital financing (musyarakah) and non-performing financing (NPF) ratio as a whole (Simultaneous) on profitability level of Sharia Commercial Banks in North Sumatera. The population of the study are all Sharia Commercial Banks in North Sumatera which amounted to 6 banks. The population in this study is the annual financial reports regarding Islamic banking which taken from the financial reports of each banks for the period 2011-2015. The sample is done by nonrandom (nonprobability sampling) with purposive sampling method which is done by taking samples from the population based on certain criteria. Based on the results of secondary data processing with data analysis technique used is multiple regression analysis and classical assumption (normality test, heterokedastisitas, multikoliniearitas, autocorrelation and also significance test (t test, F test, the coefficient of determination). It is known that buy and sell financing (murabahah), profit share financing (mudarabah), equity capital financing (musyarakah) and non-performing financing (NPF) ratio simultaneously has a significant effect on ROA.
Keywords :
Murabahah financing; mudarabah financing; musyarakah financing; non-performing financing (NPF) ratio; ROA.

I. Introduction

To run a company and business activities, business people need a substantial capital funds, so that most business people cooperate with the bank. The bank acts as an intermediary between banks and the public, namely raising funds from the public and channeling them back to the people who can improve the community's economy. In addition there are also differences in the operating system. Conventional Banks use the interest system (usury) and Islamic banks or Sharia Commercial Banks apply a profit sharing system. Conventional banks aim primarily to profit from the difference in income and costs. This has an impact on the growing development of Islamic banks in Indonesia. There are two financing patterns currently implemented by Islamic banks in financing distribution, namely financing the principle of buying and selling and principle financing with profit sharing. The greater the NPF, the lower the profitability of Islamic banking calculated by Return on Assets (ROA). In the research of Rahman and Ridha (2012), it shows the results that the NPF ratio has a significant positive effect on ROA. *Murabahah, mudharabah* and *musyarakah* financing affect the profitability of Islamic Banks in Indonesia.

II. Review of Literatures

Sharia Bank or Islamic Bank is a public bank as referred to in Law No. 7 of 1992 concerning banking which has now been amended by Law No. 10 of 1998 which conducts business activities based on Sharia principles, including sharia business units and foreign bank

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branch offices conducting business activities based on sharia principles (Siamat, 2005: 413). In general, what is meant by a Sharia bank is a financial institution whose main business is providing credit and other services in payment traffic and the circulation of money operating in accordance with the principles of Sharia (Sudarsono, 2008: 27). Sharia Bank is a bank that operates without relying on interest. Islamic banks or commonly called interest-free banks are financial institutions whose operational activities and products are developed based on the Qur'an and the Hadith of the Prophet Muhammad. So it can be concluded that the main characteristic of Islamic banks is the absence of interest as a representation of usury that is forbidden. It is this characteristic that makes Islamic banking superior to a number of things including the operational system that is implemented.

There are 5 Profitability Levels of Sharia Commercial Banks

a. Buy-Sell Financing *(Murabahah)*

Bai 'al-murabahah is basically a sale and purchase transaction with additional agreed benefits. To meet the needs of goods by its customers, banks buy goods from suppliers according to the specifications of goods ordered or needed by customers, then the bank resells the goods to customers by obtaining a margin agreed benefits.

b. Profit Share Financing *(Mudharabah)*

Mudharabah is a contract of business cooperation between two parties, the first party (Shahibul Maal) provides all capital, while the other party becomes the manager. *Mudharabah* business profits are divided according to the agreement stated in the contract, whereas if the loss is borne by the capital owner as long as the loss is not due to the negligence of the manager. If negligence is caused by fraud or negligence of the manager, the manager must be responsible for the loss.

c. Principles of Equity Capital *(Musyarakah)*

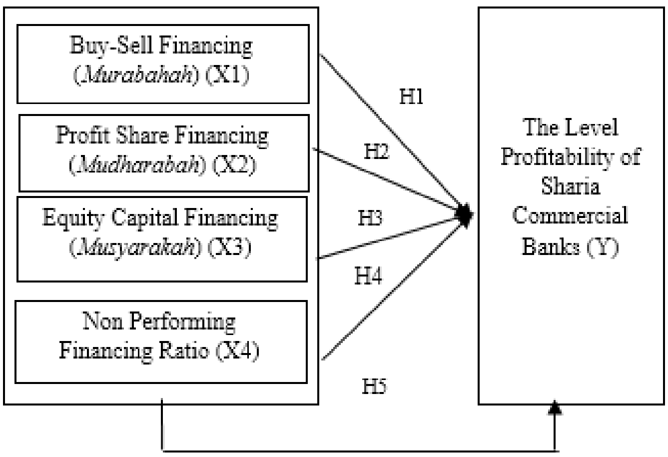
Musyarakah is cooperation between the two parties or more for a particular business where each party contributes funds with benefits and risks to be borne together in accordance with the agreement. Musharaka transactions are based on the desire of the parties working together to increase the value of the assets they have together. Others that can be valued with money.

d. Non Performing Financing (NPF)

Non-Performing Loans (NPL) at conventional banks or at Sharia banks are called Non Performing Financing (NPF), which are financial ratios related to the risk of financing provided by banks, so this ratio shows the ability of bank management to manage troubled financing provided by banks to customers. .

e. Profitability (ROA)

Profitability (profit) is the result of the wisdom taken by management. Profit ratio to measure how much the level of profit that can be obtained by the company. Return on Assets (ROA) is one of the ratios used to measure the ability of bank management to obtain profits (profits) as a whole.



III. Research Hypotheses

H1: Buy and Sell Financing *(murabahah)* affects the profitability level of a Shari'ah commercial bank in North Sumatra

Murabahah financing is a buying and selling transaction where the bank mentions the amount of profit the Bank acts as a seller, while the customer acts as a buyer. The selling price is the bank's purchase price from the supplier plus profit (margin). In murabahah banking is always done by way of payment installments. From the management of murabahah financing, Islamic banks obtain income in accordance with the ratio agreed upon with the customer (Muhammad, 2005)

H2: Profit Share Financing *(mudharabah)* affects the profitability level of sharia commercial banks in North Sumatra

Easyarabah is a form of cooperation between two or more parties where the owner of capital (Shahib al-mal) entrusts a certain amount of capital to the manager (mudharib) with a profit agreement.

H3: Equity Capital Financing *(musyarakah)* effects the profitability level of syari'ah commercial banks in North Sumatra

Musyarakah financing is a collaboration between the two parties or more for a particular business where each party contributes and benefits and risks will be borne together in accordance with the agreement. Gains and losses are borne together in accordance with the predetermined proportion. Through financing for the proceeds disbursed, Islamic banks will earn various income for the results that are part of the bank.

H4: Non-performing financing (NPF) ratio effects the profitability level of a syari'ah commercial bank in North Sumatra

Non Performing Loans (NPL) at conventional banks or at Sharia banks are called Non Performing Financing (NPF), which are financial ratios related to the risk of financing provided by banks, so this ratio shows the ability of bank management to manage troubled financing provided by banks to customers. .

H5: *Murabahah* Financing, *Mudharabah* Financing, *Musyarakah* Financing and the ratio of non-performing financing (NPF) are together affects (simultaneous) on the profitability level of the Shari'ah commercial banks in North Sumatra

Wicaksana (2011) states that *murabahah, mudharabah, musyarakah* financing have a significant effect on profitability. Simultaneously the *murabahah, mudharabah,* and *musyarakah* financing variables have a significant effect on profitability. Rahman and Rochmanika (2012) state that buying and selling financing and NPF partially have a significant positive effect on profitability which is proxied by ROA (Return On Assets) and profit sharing Financing has a significant negative effect on profitability which is proxied by ROA (Return On Asset). While simultaneous financing of buying and selling, profit sharing financing and NPF ratio have a significant effect on profitability which is proxied by ROA (Return On Asset).

IV. Research Methods

Population refers to a group of people or objects that have similarities in one or several things and form the main problem in a specific research (Santoso and Tjiptono, (2002: 79). The population that is the object of this research includes all Sharia Commercial Banks in Sumatra

North. Based on these criteria, Sharia Commercial Banks that meet the criteria for sampling are six Banks, including: PT Bank BNI Syariah, PT BRI Bank Syariah, PT Bank Syariah Mandiri, PT Bank Muamalat Indonesia, PT Bank Syariah Bukopin, PT Bank Mega Syariah.

Classical Assumption Test

The classic assumption test consists of multicollinearity test using Tolerance and Variance Inflation Factor (VIF) values, autocorrelation test by testing the Durbin Watson value (DW test) and Run Test, heteroscedasticity test using scatterplot, and normality test using histogram, P The plot and the KolmogorovSmirnov (KS) test with a significance level of 5%.

a. *Normality test*

In this study, residual normality test using the Kolmogorov-Smirnov test. The level of significance used is $\alpha = 0.05$. The basis of decision making is to look at probability numbers p, with the following conditions (Ghozali, 2013).

- ✓ If the probability value is $p \geq 0.05$, then the assumption of normality is fulfilled.
- ✓ If the probability is <0.05, then the assumption of normality is not fulfilled.

b. *Heteroscedasticity Test*

Detecting the presence or absence of heteroscedasticity can be done by looking at the presence or absence of a particular pattern on the scatter plot graph between SRESID on the Y axis, and ZPRED on the X axis. (Ghozali, 2013). Ghozali (2013) states that the basis of analysis is that if there is a certain pattern, such as the existing points form a certain pattern that is regular, then it indicates that heteroscedasticity has occurred. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, heteroscedasticity does not occur.

c. *Multicollinearity Test*

To check whether there is multicollinearity or not can be seen from the value of the variance inflation factor (VIF). VIF value of more than 10 is indicated by an independent variable that occurs multicollinearity (Ghozali, 2013). VIF value of *murabahah* financing is 1,792, VIF value of *mudharabah* financing is 4,999, VIF value of *musyarakah* financing is 4,884, and VIF value of NPF is 1,226. If all VIF values are not more than 10, multicollinearity is not indicated. Because the VIF value of *murabahah* financing, *mudharabah* financing, *musyarakah* financing, and NPF, is not more than 10, then multicollinearity is not indicated.

d. *Autocorrelation Test*

The autocorrelation test in this study used the Durbin-Watson test. The following results are based on the Durbin-Watson test. The statistical value of the Durbin-Watson test that is smaller than 1 or greater than 3 is indicated by autocorrelation. The value of the Durbin-Watson statistic is 1.596. Note that because the Durbin-Watson statistical value lies between 1 and 3, which is 1 <1,596 <3, the assumption of non-autocorrelation is fulfilled. In other words, there are no symptoms of high residual autocorrelation.

V. Discussion

1. Multiple Linear Regression Analysis

From the results of processing the data obtained the linear regression equation as follows. $Y = -6.756 + 0.597X1 - 0.119X2 + 0.048X3 - 0.370X4 + e$. Based on the multiple linear regression equation above, it is known:

1) The regression coefficient of *murabahah* financing is 0.597, which is positive. This value can be interpreted *murabahah* financing to have a positive effect on ROA.
2) The regression coefficient value of *mudharabah* financing is -0.119, which is negative. This value can be interpreted that *mudharabah* financing has a negative effect on ROA.

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3) The regression coefficient of *musyarakah* financing is 0.048, which is positive. This value can be interpreted *musyarakah* financing has a positive effect on ROA.
4) The regression coefficient of NPF is -0.370, which is negative. This value can be interpreted as NPF having a negative effect on ROA.

2. Hypothesis testing

a. Simultaneous Significant Test (F Test)

The F test aims to test the effect of independent variables together or simultaneously on non-independent variables. It is known that the value of F_{count} is 3.887, while the value of F_{table} is 2.7507 because the value of F_{count} is 3.887 > F_{table} 2.7507. Then *murabahah* financing, *mudharabah* financing, *musyarakah* financing, and NPF simultaneously have a significant effect on ROA.Df1 = 4 (X1, X2, X3, X4), Df2 = 25 (Total observations 30 - 5 (X1, X2, X3, X4, Y)). The value of Sig. is known 0.017. Because Sig. 0.017 < 0.05, it is concluded that all independent variables, namely *murabahah* financing, *mudharabah* financing, *musyarakah* financing, and NPF, simultaneously have a significant effect on ROA.

b. Partial Test (t test)

It is known the probability value (Sig.) of *murabahah* financing, that is 0.030 < 0.05 and the statistical value t of *murabahah* financing | 2.328 | > critical value t | 2.085963 |, the *murabahah* financing variable has a significant effect on ROA. It is known the probability value (Sig.) of *mudharabah* financing, that is 0.360 > 0.05 and the statistical value t of *mudharabah* financing | -0.936 | <critical value t | 2.085963 |, then the *mudharabah* financing variable has no significant effect on ROA. Known probability value (Sig.) of *musyarakah* financing, which is 0.668 > 0.05 and the statistical value t of *musyarakah* financing | 0.435 | < critical value t | 2.085963 |, then the *musyarakah* financing variable does not have a significant effect on ROA. The probability value (Sig.) of NPF is known, which is 0.008 <0.05 Statistical value t of NPFX4 | -2.957 | > critical value t | 2.085963 |, then the NPF variable has a significant effect on ROA.

c. Coefficient of Determination

The coefficient of determination (R ^ 2) is a value (proportion value) that measures how much the ability of the independent variables used in the regression equation, in explaining variations in the dependent variable. It is known that the coefficient of determination (R-Square) is 0.437. This value can be interpreted as a variable *murabahah* financing, *mudharabah* financing, *musyarakah* financing, NPF, together can explain the variation (ROA) of 43.7%, the remaining 56.3% percent is explained by variables or other factors.

3. The effect of Buy and sell (*Murabahah*) Financing on Profitability in Sharia Commercial Banks.

The results of the hypothesis test show that the *murabahah* financing variable has a positive and partially significant effect on the return on assets variable seen from the significance level of 0.030> 0.05. It is said to have a positive effect because the *murabahah* financing variable has a positive regression coefficient of 0.059. *Murabahah* financing is the most widely used financing in Islamic banking. The number of contributions from *murabahah* financing has an effect on bank profitability in this case return on assets (ROA).

4. The effect of Profit Share (*Mudharabah*) Financing on Profitability in Sharia Commercial Banks.

The results of the hypothesis test indicate that the *mudharabah* financing variable has a negative effect and is not partially significant for the return on assets variable seen from the significance level of 0.360 > 0.05. It is said to have a negative effect because the *mudharabah* financing variable has a negative regression coefficient of 0.119. *Mudharabah* is a contract of cooperation between two parties where the first party (Shahibul Maal) in this case the Islamic public bank provides 100% capital, while the other party as the manager. Profits are divided based on the agreement stated in the contract. If there is a loss the capital owner will bear it as long as the loss is not due to the manager's negligence. But if the manager has a share in the loss, the manager is obliged to bear it. Profit or profit sharing ratio of *mudharabah* financing is uncertain because the profit sharing ratio is determined by the Islamic commercial bank in accordance with the business turnover obtained. Therefore, the calculation of income always changes according to the achievement of business turnover, so that causes *mudharabah* financing has a negative and partially significant effect on ROA (Return on Assets).

5. The effect of Equity Capital Financing (*Musyarakah*) on Profitability in Sharia Commercial Banks.

Hypothesis test results indicate that the *musyarakah* financing variable has a positive and not significant effect on the return on assets variable which can be seen from the significance level of 0.668 > 0.05. It is said that the *musyarakah* financing variable has a positive regression coefficient of 0.048. In practice, actually *musyarakah* financing is not much different from the *mudharabah* financing practice, which distinguishes it from whom the financing is channeled.

6. The effect of Non Performing Financing (NPF) on Profitability in Sharia Commercial Banks.

From the results of the correlation (r) between NPF and ROA in sharia commercial banks registered in the financial services authority there is a strong and negative relationship between NPF and ROA, which means that the higher non-performing financing (NPF) will reduce return on assets (ROA) . While the results of the hypothesis test reject H0, which means that there is a significant effect between NPF to ROA. According to the results of the coefficient of determination it is known the effect of variable non-performing financing (NPF) of 19,097%, the remaining 80, 9303% is the effect of other factors that are not carefully examined such as interest rates, inflation and BOPO. This proves that there is still a phenomenon from several sharia commercial banks, namely when the NPF falls is also offset by a decrease in ROA.

7. The effect of *Murabahah* Financing, *Mudharabah* Financing, *Musyarakah* Financing, and Non Performing Financing on Profitability in Sharia Commercial Banks.

Hypothesis test results show that all independent variables namely *murabahah* financing, *mudharabah* financing, *musyarakah* financing and non-performing financing have a simultaneous significant effect on profitability in Sharia Commercial Banks in Indonesia for the period 2011-2015. This is indicated by the magnitude of the calculated F_{value} of 3.887> F_{table} 2.866. The value of Sig is known 0.017. Because Sig. 0.017 < 0.05, it is concluded that all independent variables, namely *murabahah* financing, *mudharabah* financing, *musyarakah* financing, and NPF, simultaneously have a significant effect on ROA.

VI. Conclusions

1. All independent variables, namely buy and sell financing (*murabahah*), profit share financing (*mudharabah*) equity capital financing (*musyarakah*), NPF, together can described or explain the variation (ROA) of 43.7%, and the remaining 56.3% percent is explained by variables or other factors.
2. Based on the results of the simultaneous test F, all independent variables, namely *murabahah* financing, *mudharabah* financing, *musyarakah* financing, and NPF simultaneously have a significant effect on ROA.
3. *Murabahah* financing variables have a positive and significant effect on ROA.
4. *Mudharabah* financing variables has a negative effect, but not significant to ROA.
5. *Musyarakah* financing variables has a positive effect, but not significant for ROA.
6. NPF variables has a negative and significant effect on ROA.

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