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The Effect of Third Party Funds and Non-Performing Financing on the Performance of Islamic Banks (Case Study at PT Bank Muamalat Indonesia Tbk)

Malikul Hafiz Alamsyah
Faculty of Economics and Business, Universitas Pembangunan Nasional Veteran Jakarta, Indonesia
kundang.malik@gmail.com

Abstract

PT Bank Muamalat Indonesia Tbk. ("Bank Muamalat Indonesia") is a financial institution that functions as a collector of funds from the public in the form of deposits and distributes them back to the public in the form of financing based on sharia principles. Sources of funds originating from public third party funds are in the form of Wadi'ah Current Accounts, Wadi'ah and Mudharabah Savings and Mudharabah Deposits. As a financial institution, the management of third party funds and redistribution in the form of financing will determine the bank's operating income, which in turn will affect the bank's financial performance which in this study is seen from profitability as measured by the Return on Assets ("ROA") ratio. The purpose of this study is to find out the influence of Third Party Funds ("TPF") and Non-Performing Financing ("NPF") on the financial performance of Bank Muamalat Indonesia. The type of research used is quantitative research, which is a type of research based on data analysis that can be calculated or is in the form of numbers. Data were collected through literature studies and 7-year financial reports of Bank Muamalat Indonesia, starting from 2014 to 2020. The results showed that 35.3% of the financial performance of Bank Muamalat was influenced simultaneously by TPF and NPF. Another variable of 64.7% that affects financial performance is not included in this study.

Keywords
third party funds; non performing financing; return on assets

I. Introduction

According to Law Number 10 of 1998 concerning Banking ("Banking Law"), a bank is referred to as a business entity that collects funds from the public in the form of deposits (Fure, 2016) and distribute to the public in the form of credit (Alanshari & Marlius, 2018) and other forms in order to improve people's standard of living (Adnan et al., 2016).

Since a few years ago, apart from conventional banks (Hasnati et al., 2019), Indonesian people also have the option to invest their funds through raising funds in Islamic banking (Mawaddah, 2015). In Islamic banking institutions, their business activities do not apply the interest system, but with a profit-sharing system (Risal, 2019).

The existence of Islamic banking in Indonesia is currently increasing since the issuance of Law Number 21 of 2008 concerning Sharia Banking (the "Sharia Banking Law") which provides a clearer operating basis for Islamic banks. The development of Islamic banks in Indonesia can be seen from the number of Sharia Commercial Banks which have reached 14 banks, Sharia Business Units as many as 34 banks and 163 Sharia People's Financing Banks (BPRS) (Hidayat & Sunarsi, 2020).

This has made banks that were previously conventional based in their operations to open new sharia-based business units, for example; Bank Mega Syariah, Bank Syariah

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Indonesia (the result of the merger of Bank Mandiri Syariah, Bank BNI Syariah and Bank BRI Syariah). It can be seen that the Islamic economy and finance have proven to have good resilience in the midst of the pandemic and the Islamic finance industry has consistently recorded positive growth at the end of 2020 (Nursani, 2020).

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

As is the case with conventional banks, Islamic banks also have a role as an intermediary institution between community groups or economic units experiencing excess funds (surplus units) and other units experiencing a shortage of funds (deficit units). Through the bank, the excess funds will be channeled to parties who need it and provide benefits to both parties. The third party funds consist of; deposits or wadiah, namely public deposit funds managed by banks and investment or mudharabah are public funds invested (Machmud et al., 2010).

Islamic Bank is a profit-oriented Islamic financial institution (profit). In addition to the interests of the owner or founder, profit is also very important for the business development of Islamic banks. The profit of Islamic banks is mainly derived from the difference between the income from the investment of funds and the costs incurred during a certain period. To be able to obtain optimal results, Islamic banks are required to manage their funds efficiently and effectively, both for funds collected from the public (DPK), capital funds of the owners or founders of Islamic banks as well as for the utilization or investment of these funds (Ilyas, 2018).

After the public funds are collected, the bank distributes it back to the community in the form of loans or financing. Loans or financing are obtained from the amount of funds collected, the largest source of funds obtained by banks comes from the public or what is called a third party source of funds, namely in the form of Current Accounts, Savings and Time Deposits. After the bank provides loans or financing to the public to conduct a business, there are benefits to the bank and the customer, known as profit sharing in accordance with the agreement. The profit obtained from the revenue sharing is included in the bank's treasury, so that the bank gets additional cash to meet the bank's operational activities. However, in providing loans to the public, it is not uncommon for customers to make non-current payments of financing. This can make the performance of the bank which in this study uses the ROA indicator to decrease. To determine the risk of loss associated with the debtor's failure to pay off its obligations, the NPF ratio is used.

II. Review of Literature

2.1 Definition

Based on the Banking Law, banking is everything related to banks (Fauziah, 2013), includes institutions, business activities, as well as methods and processes in carrying out their business activities (Fauziah, 2013). Meanwhile, a bank is a business entity that collects funds from the public in the form of savings (Paparang, 2016) and distribute it to the public in the form of credit (Alanshari & Marlius, 2018) and other forms in order to improve the standard of living of the people at large (Adnan et al., 2016).

2.2 Islamic Bank Fund Source

The main sources of Islamic banks come from:

a. Capital

One of the main sources of bank funds comes from shareholders and paid-in capital, which is then channeled into financing. In one accounting period, according to the results of the General Meeting of Shareholders, investors will receive the results in the form of dividends. In sharia banking, the mechanism for shareholder equity participation can be carried out through deliberations of fi sahm asy-syirjah.

b. Deposit (*Wadi'ah*)

One of the principles used by Islamic banks in mobilizing funds is to use the principle of deposit.

1. *Wadi'ah Yad al-Amanah*
   With this concept, the party receiving the deposit may not use and utilize the money or goods deposited. The recipient of the deposit may charge the depositor a fee as a deposit fee.
2. *Wadi'ah Yad-dahamanah*
   With this concept, the party receiving the deposit may use and utilize the money or goods deposited, the depositor will receive incentives in the form of bonuses.

c. Investation

Another principle used is the investment principle. The contract according to this principle is mudharabah, broadly speaking, mudharabah is divided into 2 types:

1. *Mudharabah Muthlaqah*
   In this concept, savers or depositors entrust their funds to Islamic banks, where as managers of Islamic bank funds then distribute funds to the business world as fund owners, business users and fund managers must share the results with the owner of the funds, namely the bank. Likewise, the bank must share the proceeds with depositors.
2. *Mudharabah Muqayyadah*
   In this concept, the bank is bound by the provisions set by Shahibul Maal, for example the type of investment, time and place (Juliana, 2021)

2.3 Third-party Funds (DPK)

Deposits are funds originating from the public, both individuals and business entities, obtained by banks with various deposit product instruments owned by banks. Third party funds are the largest funds owned by banks and this is in accordance with the bank's function as a collector of funds from parties who have excess funds in the community (Meilita, 2011).

Islamic banks will not provide interest, but the profit sharing amount will not be known at first because it depends on the profits obtained by the bank in the future after the funds collected from the community are managed.

The types of third party funds in Islamic banking are the same as conventional banking, the only difference being in principle is that Islamic banks use the Wadi'ah and Mudharabah principles. The types are as follows:

a. Giro
   Current accounts are third party deposits to banks whose withdrawals can be made at any time by using cheques, other payment orders or by book transfer. The target market for demand deposits is all levels of society, both individuals and business entities who

in their profession require assistance from bank services to complete payment transactions.

b. Savings

Savings are third party deposits issued by banks whose deposits and withdrawals can only be made in accordance with the applicable regulations in each bank.

c. Deposito

Time deposits are time deposits issued by banks whose withdrawals can only be made within a certain period of time in accordance with the previously agreed period.

2.4 *Non Performing Financing* (NPF)

The indicator that shows losses due to credit risk is Non Performing Loan (NPL) which in Islamic banking terminology is called Non Performing Financing (NPF). NPF is the ratio between non-performing financing and total financing by Islamic banks. Based on the criteria set by Bank Indonesia, the categories included in the NPF are substandard, doubtful and loss financing. NPF can be formulated as follows;

$$NPF = \frac{\text{Number of problematic financing}}{\text{Total Islamic bank financing}} \times 100\%$$

2.5 Financial Performance

Financial performance can be measured by financial ratios that function to show the actual performance of the banking sector, which includes the performance of liaisons in the form of collecting demand deposits, savings and deposits to channeling funds to financing (Farild & Bakhtiar, 2019). Financial performance in this study is measured by the ROA indicator. Bank Indonesia has determined the profitability of banks using the ROA financial ratio indicator. Companies that have good profitability, prove that there are good prospects so that they are able to maintain the sustainability of their company for the long term.

The use of ROA as a measure of the ability of bank management can describe the overall profit. The higher the ROA value, the better it will be for the company (Rahmah & Ridwan, 2021). Profitability ratios can be used to monitor the development of the company so that it can be seen the effectiveness of management which is shown by profits from sales and sourced from investments invested by the company (Azhlia, 2020).

Table 1. ROA Assessment Criteria

Presentase ROA	Rating	Evaluation
ROA > 1,5%	1	Very healthy
1,25%<ROA<1,5%	2	Healthy
0,5%<ROA<1,25%	3	Healthy enough
0%<ROA<0,5%	4	Unwell
ROA < 0%	5	Not healthy

Source: Bank Indonesia Circular No. 9/24/DPBS 2007

So the reason for choosing ROA as the ratio is because ROA can be used to measure the ability of bank management to gain overall profits (Darsita, 2020). The formula used is:

$$ROA = \frac{\text{Net profit after tax}}{\text{Total assets}} \times 100\%$$

No.	Name, Year, Research Title	Research focus	Research methods	Research result
1	Saputra, Imam Rifky. "The Influence of DPK and NPF on Disbursed Financing and Their Implications on ROA (Study on 3 Islamic Commercial Banks in Indonesia). Essay. Jakarta: Syarif Hidayatullah State Islamic University, 2014.	Achieve a sufficient level of profitability as well as a low level of risk and maintain public trust and maintain a safe liquidity position.	The analytical method used is path analysis using software assistance statistical data processor, SPSS for Windows version 16.0.	If the return on assets of a bank is getting bigger, then the profit level will be higher achieved by the bank and the better the bank's position.
2	Munawir, S. (2007). Financial Statement Analysis, Fourth Edition, PT. Liberty, Yogyakarta.	Knowing the results of financial analysis.	The research approach used is in the form of associative research which is a research that aims to determine the relationship or the influence of two or more variables.	One of the ROA in a bank is influenced by the collection of funds (DPK) and Non-Performing Financing.
3	Husaeni, Uus Ahmad. "Analysis of the Effect of Third Party Funds and NPF on Return on Assets at BPRS in Indonesia", Journal of Sharia Economics, Volume 5, No. 1, 2017.	Testing the effect of Third Party Funds and Non-Performing Financing on the Return on Assets of BPRS.	This study uses a purposive sampling method in which the BPRS financial performance report is used as the object of research	Third Party Funds collected by a bank will generate profits, or it can be said that the increase in the number of Third Party Funds has a positive effect on Return On Assets (ROA).
4.	Parenrengi, Sudarmin. "The Effect of Third Party Funds, Capital Adequacy and Credit Distribution on Bank Profitability," Journal of Bank Strategy and Application Management, 1 (1).	Provide empirical evidence about the effect of TPF (Third Party Funds), CAR (Capital Adequacy Ratio), LDR (Loan to Deposit Ratio), and BOPO (Operational Expenses on Operating Income) on profitabilitas (ROA) bank persero.	The analytical method used is multiple linear regression with classical assumption test which includes normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.	The results showed that the TPF, LDR and BOPO variables had a positive and significant effect on the ROA of state-owned banks. Meanwhile, CAR has no effect. Among all the independent variables studied, TPF becomes the most dominant variable affecting ROA.
5.	Riyadi, S., & Yulianto, A. (2014). The effect of profit sharing financing, buying and selling financing, Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) on the profitability of Islamic commercial banks in Indonesia. Accounting Analysis Journal, 3(4).	Testing the effect of profit sharing financing, buying and selling financing, FDR and NPF on the profitability (proxied by return on assets) of Islamic commercial banks in Indonesia.	The analytical technique used in this research is multiple linear regression analysis	The results show that profit sharing financing has a negative effect on profitability, buying and selling financing and NPF have no effect on profitability and FDR has a positive effect on profitability.

6.	Yeni Susi Rahayau, et al, "The Effect of Mudharabah and Musyarakah Profit Sharing Financing on Profitability (Study on Islamic Commercial Banks Listed on the Indonesia Stock Exchange 2011-2014)," Journal of Business Administration (JAB), Vol. 33 No. April 1, 2016.	This study aims to determine the effect of simultaneous or partial mudharabah and musyarakah profit-sharing financing on profitability by using Return On Equity (ROE).	The type of research used in This research is an explanatory research with a quantitative approach	Simultaneously, the sharing of mudharabah and musyarakah financing has a positive effect on profitability (ROE). Partially, the results of the study show that the financing of mudharabah profit sharing has an effect on signifikan positif terhadap profitabilitas (ROE), Musharaka profit sharing financing has a significant negative effect on profitability (ROE).
7.	Anam, M. K., & Khairunnisah, I. F. (2019). The Effect of Profit Sharing Financing and Financing to Deposit Ratio (FDR) on the Profitability (ROA) of Bank Syariah Mandiri. Zhafir| Journal of Islamic Economics, Finance, and Banking, 1(2), 99-118.	Knowing the effect of Profit Sharing Financing and Financing To Deposit Ratio (FDR) on Return on Assets (ROA).	The analysis used is multiple regression, with independent variables, namely Profit Sharing Financing and Financing To Deposit Ratio (FDR)	The results showed that simultaneously there was an effect of Profit Sharing Financing and Financing To Deposit Ratio (FDR) on Return on Assets (ROA).
8	Hapsari, S. T. (2018). Analysis of Factors Affecting Remaining Operating Results (Case Study: Employee Cooperative of Sungei Putih Rubber Research Center).	To find out the analysis of the factors that influence residual income	Data collection techniques using descriptive and documentation methods	The Business Volume variable has a positive and significant effect on the Remaining Operating Income variable. Equity variable has a negative and significant effect on the Remaining Operating Income variable. The variables of Business Volume and Own Capital together have an effect on the variable Remaining Operating Results
9	Syria. 2011. "Analysis of the Effect of Financing to Deposit Ratio To Profitability Syariah banking". In Accounting journal. Aceh: STAIN Malikussaleh	analyze the condition Financing to Deposit Ratio (FDR) in Islamic Banking in Indonesia, (2) profitability analysis Islamic banking in Indonesia (3) analyze the pen scratch Financing to Deposit Ratio (FDR) profitability of Islamic banking in Indonesia	Quantitative descriptive analysis method,	r analysis results aggression shows that there is no significant effect Financing to Deposit Ratio (FDR) To Return on Asset (ROA).

10	Rosita, S.I. and Rahman, A. 2011. "Evaluation Application of Mudharabah and Financing Its Effect on Corporate profits". In Journal of Economics. Bogor: STIE Unity Bogor.	to evaluate the implementation of financing and its impact on corporate income in Islamic banks	This research method uses library research and case studies	negative effect on ROA

III. Research Method

3.1 Operational Definition

The operational definition is the operationalization of the concept so that it can be processed by research or measurement with existing phenomena. In order for the research to run as expected, it is important to understand all the elements that are the measure of a research (Heryati, 2016). This research consists of 2 (two) variables, namely dependent and independent. The description of the two variables will be presented as follows:

Sources of third party funds as independent or independent variables symbolized by X1. Sources of third party funds in this study are funds from the community, both individuals and business entities obtained by banks using various deposit product instruments owned by banks, in the form of Wadi'ah Current Accounts, Wadi'ah and Mudharabah Savings and Mudharabah Deposits.

a. NPF as an independent or independent variable denoted by X2. NPF in this study is a loan that has difficulty repaying due to intentional factors and or external factors beyond the ability of the debtor.
b. Sharia Banking Performance as the dependent or dependent variable which is symbolized by Y.

In this study, data on TPF, NPF, financial performance as measured using the ROA financial ratio formula were obtained from the quarterly report on the financial performance of Bank Muamalat Indonesia for 7 years from January 2014 to December 2020.

3.2 Population and Sample

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions. So the population is not only people but also objects and other natural objects. Population is also not just the number that exists in the object or subject being studied, but includes all the characteristics or properties possessed by the object or subject. The sample is part of the number and characteristics possessed by the population (Sugiyono, 2013).

In this study, the population is the financial statements of Bank Muamalat Indonesia for 7 years starting from January 2014 to December 2020. While the sample is quarterly reports starting from January 2014 to December 2020 (N=28).

3.3 Data Collection Technique

Data collection techniques are carried out by:

a. Literature

The author collects data by exploring the opinions of experts expressed through written works, studying scientific books that have to do with the problems being studied, as well as journals searched through the internet network.

b. Documentation

The author looks for data on matters relating to research on the financial statements of Bank Muamalat Indonesia obtained from www.bankmuamalat.co.id

3.4 Data Analysis Technique

Technical analysis used is descriptive statistical analysis which aims to examine the effect and relationship between independent variables on related variables. In this study, the data that has been collected is analyzed using multiple linear regression analysis. Multiple linear regression analysis is an analysis that measures the effect of the independent variables, namely TPF (X1), NPF (X2) on the dependent variable, namely ROA (Y) which is formulated as follows:

$$Y= a + \beta_1X_1 + \beta_2X_2 +e$$

Analysis the t test is used to calculate whether there is a significant relationship between the variables X1 (DPK), X2 (NPF) and Y (ROA). Analysis of the Coefficient of Determination (R2), is used to measure how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is between zero and one.

IV. Results and Discussion

4.1 Data Description

The data on DPK, NPF and ROA of Bank Muamalat Indonesia obtained are as follows:

Table 2. Data on TPF, NPF and ROA of PT Bank Muamalat Indonesia, Tbk for the period 2014 – 2020

Year	Ket	DPK (in billion)	NPF (in %)	ROA (in %)
2020	Triwulan 1	6.33	4.98	0.03
	Triwulan 2	5.21	4.97	0.03
	Triwulan 3	6.37	4.95	0.03
	Triwulan 4	5.82	3.95	0.03
2019	Triwulan 1	1.68	3.35	0.02
	Triwulan 2	7.92	4.53	0.02
	Triwulan 3	7.54	4.64	0.02
	Triwulan 4	5.32	4.30	0.05
2018	Triwulan 1	6.69	3.45	0.15
	Triwulan 2	4.96	0.88	0.49
	Triwulan 3	5.84	2.50	0.35
	Triwulan 4	5.16	2.58	0.08
2017	Triwulan 1	1.61	2.92	0.12
	Triwulan 2	4.21	3.74	0.15
	Triwulan 3	6.34	3.07	0.11
	Triwulan 4	5.67	2.74	0.11
2016	Triwulan 1	3.93	4.33	0.25
	Triwulan 2	3.76	4.61	0.15
	Triwulan 3	4.06	1.92	0.13
	Triwulan 4	3.55	1.4	0.22

2015	Triwulan 1	0.47	4.73	0.62
	Triwulan 2	7.81	3.81	0.51
	Triwulan 3	3.70	3.49	0.36
	Triwulan 4	3.93	4.33	0.25
2014	Triwulan 1	0.47	1.56	1.44
	Triwulan 2	0.52	3.18	1.03
	Triwulan 3	0.52	4.74	0.10
	Triwulan 4	0.55	4.76	0.17

Source: Bank Muamalat Indonesia Financial Report (data processed)

Based on table 2 above, it can be explained that in 2020, the highest TPF value was in the 3rd quarter of 6.37, for the NPF value of 4.98% was in the 1st quarter, while the ROA value spread on average from quarter 1 to quarter 4, which was equal to 0.03. In 2019, the highest TPF value was in the second quarter of 7.92, the NPF value of 4.64% was in the third quarter, while the highest ROA value was in the fourth quarter, which was 0.05. In 2018, the highest TPF value was in the first quarter of 6.69, the NPF value of 3.45% was in the first quarter, while the highest ROA value was in the second quarter, which was 0.49. In 2017, the highest TPF value was in the third quarter of 6.34, the NPF value of 3.74% was in the second quarter, while the highest ROA value was in the second quarter of 0.15. In 2016 the highest TPF value was in the third quarter of 4.06, the NPF value of 4.61% was in the second quarter, while the highest ROA value was in the first quarter of 0.25. In 2015, the highest TPF value was in the second quarter of 7.81, the NPF value of 4.73% was in the first quarter, while the highest ROA value was in the first quarter, which was 0.62. In 2014 the highest TPF value was in the fourth quarter of 0.55, the NPF value of 4.76% was in the fourth quarter, while the highest ROA value was in the first quarter of 1.44.

4.2 Descriptive Analysis of TPF, NPF and ROA

Based on data management, the maximum, minimum, average (mean) and standard deviation (standard deviation) values of each research variable are obtained:

Table 3. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DPK	28	.47	7.92	4.2836	2.36821
NPF	28	.88	4.98	3.5861	1.17786
ROA	28	.02	1.44	.2507	.32547
Valid N (listwise)	28				

Based on the table above, it can be seen with N = 28, the independent variable of TPF has a minimum value of 0.47 billion rupiah, a maximum value of 7.92 billion rupiah, a standard deviation value of 2.36 billion rupiah and an average value (mean) of 4.28

billion rupiah (mean) which is greater than the standard deviation value indicates that the data is well distributed. The independent variable NPF has a minimum value of 0.88%, a maximum value of 4.98%, a standard deviation value of 1.17% and an average value (mean) of 3.58%. The average value (mean) which is greater than the standard deviation value indicates that the data is well distributed. The dependent variable ROA has a minimum value of 0.02%, a maximum value of 1.44%, a standard deviation value of 0.32% and an average value (mean) of 0.25%. The average value (mean) which is smaller than the standard deviation value indicates that the data is not well distributed.

4.3 Hypothesis Testing

a. T-test

Based on the F-Test obtained the effect of the two independent variables TPF and NPF simultaneously or simultaneously on the dependent variable ROA as follows:

Table 4. ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.010	2	.505	6.825	.004[b]
	Residual	1.850	25	.074		
	Total	2.860	27			

Based on the F-test, the result is that the F-count value is 6.825 with a significance level of 0.004. Because the significance level is less than 0.05 and the F-count value < F-table (6,825 <23.75) then the multiple linear regression model can be used to jointly predict the effect of the independent variables TPF and NPF on the dependent variable ROA. Based on the t-test, the partial effect of the independent variables of TPF and NPF on the dependent variable of ROA is as follows:

Table 5. T-Test Results Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.862	.184		4.673	.000		
	DPK	-.060	.022	-.436	-2.693	.012	.987	1.013
	NPF	-.099	.045	-.358	-2.210	.036	.987	1.013

Based on the coefficient equation above, the TPF regression coefficient is (-) 0.060. This coefficient indicates a negative relationship between the TPF variable and ROA. The NPF regression coefficient is (-) 0.099. These coefficients indicate a negative relationship between TPF and NPF variables on ROA. From the results of the t-test, the following hypotheses can be discussed.

b. Adjusted R2

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.594[a]	.353	.301	.27204

Based on the table above, the result is that the adjusted R2 value is 0.301, this means that 30.1% of the variation in ROA can be explained by variations of the two independent variables of TPF and NPF. While the remaining 69.9% is explained by other reasons outside the model.

c. Coefficient of Determination

TPF and NPF simultaneously affect ROA. The results of the Multiple Regression analysis show that the R Square value is 0.353, which means that the TPF and NPF variables simultaneously have a significant effect on the ROA variable of 35.3%.

4.4 Study Analysis

a. Variable Third Party Funds (TPF)

The TPF variable on ROA produces a t-test significance value of -0.2693<0.05, thus H1 is rejected, which means that third party funds have no significant effect on ROA and in a negative direction, which means that the higher the value of third party funds collected by Bank Muamalat Indonesia, does not result in an increase in ROA. This fact may be influenced by other factors such as the average NPF value of 3.58%. Based on ANOVA testing, in line with research (Ali & Miftahurrohman, 2016) obtained a significance value of 0.000 which is smaller than the alpha value of 0.05, meaning that together (simultaneously) the independent variables affect the dependent variable. These results indicate that the research model that has been built is good.

b. Variabel Non Performing Financing (NPF)

The NPF variable on ROA produces a t-test significance value of -0.2210<0.05, thus H2 is rejected. This means that NPF also has no significant effect on ROA in a positive direction where the high and low NPF values do not significantly affect the rise and fall of ROA.

c. TPF and NPF variables on ROA

Both TPF and NPF variables, simultaneously (together) have a significant effect on ROA. This is evidenced by the results of the F test with a significance level of 0.004 which is smaller than = 0.05 so that Ha research is accepted. This means that TPF and NPF together have a significant effect on ROA. This is in line with (Jati, 2018) based on the results of the F test, it can be seen that the probability value of the F-statistic < 5% significance value (0.000000 < 0.05), so H0 is rejected and Ha is accepted. Thus it can be concluded that there is a significant effect of the independent variables (NPF, FDR, CAR, NI, and BOPO) on the dependent variable (earnings growth) simultaneously. Other opinion according to (Arrazy, 2015) if the results of the analysis of the coefficient of determination show that the ability of the two independent variables to affect ROA is 35.3% while 64.7% is influenced by other variables not examined in this study.

V. Conclusion

From the calculation results above, it can be seen that the combination of TPF and NPF variables only has an effect of 35.3% on ROA, while 64.7% is influenced by other factors. This is considered by researchers as something that is less common, because in banking operations, TPF and NPF are the main variables in bank operations that have a significant influence on ROA. In the case of Bank Muamalat Indonesia, the researcher suspects that there is inefficiency in the management of the bank's productive assets and the possibility of a large portion of the cost burden which greatly affects the net profit of Bank Muamalat Indonesia.

In addition, from the resulting coefficient equation, the TPF regression coefficient is -0.060. This coefficient indicates a negative relationship between the TPF variable and ROA. This condition illustrates the opposite relationship between TPF and ROA, which means that an increase in TPF can actually cause the ROA value to decrease. This is clarified in table 1 where in the second quarter, 2019 where the maximum TPF value is in the 2014-2020 period, the ROA value is at the minimum value.

Researchers are of the view that this should not happen in the operations of a bank, the funds collected from customers should be a source of financing that provides income for the bank. It is worth investigating further whether there has been a mismanagement in the management of the DPK.

Meanwhile, from the results of the NPF calculation which produces a regression coefficient of -0.099, it shows a reasonable correlation where a decrease in NPF will result in an increase in ROA and vice versa.

Thus the description that can be concluded from this research. The researcher hopes that this research can be an input for the management of Bank Muamalat Indonesia to further examine its performance.

This research is far from perfect, for further researchers may be able to include other variables, such as FDR, CAR, BOPO, and others so that they can provide a more detailed picture of the effect of these variables on ROA in Islamic banks which in this study conducted a study the case with Bank Muamalat Indonesia.

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