

ABSTRACT

One the major functions of Islamic banks is financing. The financing of profit sharing in the Islamic financial system is core products form Islamic banking which is used to finance a productive and halal business.

This study takes on profit sharing as the focus of the research. This research was conducted to measure the Capital Adequacy Ratio, Non Performing Financing, and Third Party Fund.on financing of profit sharing, either simultaneously or partial.

This research is a descriptive verification research that is causality. Unit of analysis in this research is sharia bank in Indonesia. Research data using the data samples were selected through purposive sampling technique and retrieved 10 Islamic banking for six years, that is from the year 2012 to 2017. This study uses panel data regression.

The results showed that the Capital Adequacy Ratio, Non Performing Financing, and third party fund simultaneously influence the financing of profit sharing. Partially, the Capital Adequacy Ratio and Third Party Fund deposits does not affect the financing of profit sharing. while non-performing financing have a positive effect on the financing of profit sharing.

Based on the result, the variable of Non Performing Financing (NPF) significantly has a positive influence to the profit sharing financing based, that means the increasing of Non Performing Financing (NPF) value on islamic banks had an impact to the volume of profit sharing financing based that would be lend to the public. Future research may using other variables that have a significant influence to find out its effect on financing for profit sharing.

Keyword: *Sharia Banking, Financing of Profit Sharing, Capital Adequacy Ratio (CAR), Non Performing Financing (NPF), and Third Party Fund.*