

ABSTRACT

Islamic banking is a banking system whose implementation is based on Islamic law (sharia) which is regulated in the fatwa of the Indonesian Ulema Council such as the principles of justice and balance, benefit, universalism, and does not contain elements of gharar, maysir, usury, injustice, and unlawful objects. In Islamic banking, there is no interest because loan interest is usury so it is forbidden in Islamic law. In carrying out its operational activities, Islamic banking implements a profit sharing system or ratio. Several business activities in Islamic banking, one of which is profit sharing. Profit sharing financing is a business activity that is prioritized by Islamic banking because it is the difference between Islamic banks and conventional banks. However, in reality, the interest in profit sharing financing (mudharabah and musyarakah) is still low compared to murabahah financing which dominates Islamic bank financing.

This research aims to determine the effect of simultaneous and partial return on assets, capital adequacy ratio, profit sharing rates, and third party funds on profit sharing financing (mudharabah and musyarakah) at Islamic commercial banks in Indonesia for 2015-2019. This study consists of 9 samples of Islamic commercial banks with a research period of 5 years so that the number of sample units is 45 data. The sample was obtained by purposive sampling. The analysis method used is descriptive statistics and panel data regression.

The results of this study indicate that simultaneously return on assets, capital adequacy ratio, profit sharing rate and third party funds have a significant effect on profit sharing financing (mudharabah and musyarakah). Partially return on assets, profit sharing rate and third party funds have a significant effect on profit sharing financing (mudharabah and musyarakah), while capital adequacy ratio has no significant effect on profit sharing financing (mudharabah and musyarakah).

Keywords: Profit Sharing Financing (Mudharabah and Musyarakah), Return on Assets, Capital Adequacy Ratio, Profit Sharing Rate, Third Party Funds