Influence Of Third Party Funds, Non Performing Financing, Capital Adequacy Ratio, And Inflation Rate To The Distribution Of Financing At Sharia Commercial Bank Period 2015-2019

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Abstract–*This study aims to determine the influence of third party funds, non performing financing, capital adequacy ratio, and inflation rate to the distribution of financing at sharia commercial bank period 2015-2019. This research uses a quantitative asosiative approach, measured using linear regression method of panel data with Eviews 10. The population in this study uses 14 Islamic Commercial Banks and sample used was 9 Islamic commercial banks which were determined using purposive sampling. The data used in this research are in the form of annual financial reports that have been published on the official websites of each bank.*

The results of this research indicate that Third Party Funds and Non-Performing Financing have an effect on the distribution of financing, because the third party funds in the banks at each period get a stable value, and NPF is known to be able to impede the distribution of bank financing. Meanwhile, the Capital Adequacy Ratio does not affect the distribution of financing because the CAR value does not play an important role, but the NPF value will be paid more attention to the distribution of financing. Inflation rate also results in that there is no influence on the distribution of financing, because the inflation rate from year to year is always stable and only makes inflation light.

Keywords**:** *Third Party Funds, Non Performing Financing, Capital Adequacy Ratio, Inflation Rate, and Distribution of Financing*

1. INTRODUCTION

Bank syariah Sharia banks are banks that carry out their business activities based on sharia principles and based on their forms consisting of Sharia Commercial Banks (BUS) and Sharia Rural Banks (BPRS). In accordance with Law No.21 of 2008 concerning Islamic banking, a Sharia Bank is a bank that carries out business activities based on sharia principles, or Islamic legal principles as stipulated in the fatwa of the Indonesian Ulema Council (MUI). Banks are business entities that collect funds from the public in the form of savings and distribute them to the public.

Increasing economic growth, then the distribution of financing to Islamic banking will also increase, as well as good performance shows the quality of Islamic financing. This financing distribution is the main indicator to measure the development or growth of the national Islamic banking market share. Companies that need funds can adjust what type of financing will be used, and the company will choose financing with cash flow conditions or the period of time and amount of borrowing, so it is necessary to know what factors can affect the size of the amount of financing that will be distributed to the community by a company. Financial institutions, especially Islamic banking (Susilowati & Nawangsari, 2018).

According to Susilowati and Nawangsari in their 2018 research, in channeling financing, Islamic banking can be influenced by several internal and external factors. Seen from internal factors, banking can be influenced by financial ratios and determination of margins, while external factors include how the economy is going, such as the exchange rate and the public inflation rate. Along with the relatively high growth of funds collected and financing, it can be said that Islamic banking is a safer position than conventional banking.

Sharia banking is a financial service liaison that aims to collect funds and distribute from the public to society, which is the principle of funding. Conventional banking and Islamic banking have very general differences, namely Islamic banking is a bank that does not use and does not run an interest fee (interest system), whereas conventional banking uses it. The principles of sharia adhere to the Al-Qur'an and As-sunna which we already know that the Al-Qur'an and As-sunah are guidelines for Muslims so that it would be better if all Muslims could apply these sharia principles by switching from Conventional banking to Islamic banking which clearly applies its principles using the Al-Qur'an and As-Sunnah.

Statistical data from the Financial Services Authority (OJK) recorded that third party funds at the end of 2019 reached approximately Rp. 288.97 trillion and the total disbursed financing reached Rp. 225.14 trillion. Every year, third party funds have been recorded to have increased, causing factors that can affect the distribution of financing to Islamic banking. Third party funds are savings funds originating from the public or customers who deposit their funds in Islamic banks, where the withdrawal of these funds can be done anytime or every customer wants without prior notification with the bank.

Third party funds are obtained by banks withactivities funding or can be referred to as raising funds. Collecting funds is a bank effort in order to obtain money (funds) from the public so that people save their funds in the bank. In this activity, the bank will receive funds that will be distributed to the public (customers) who need funds, and the bank will offer products in the form of savings such as current accounts , deposits, and savings. Islamic banks can collect funds in the form of contracts, namely mudharabah savings contracts, mudharabah deposits, wadi'ah giro, and wadi'ah savings with the agreed agreement (Masruroh & Subagiyo, 2019).

Capital adequacy ratio or what is often referred to as the capital adequacy ratio, is a ratio that estimates how far assets will cause risk. Capital adequacy ratio is the capital adequacy ratio that functions to accommodate the risk of loss that banks may face (Erlita, 2016). The capital adequacy ratio can be said to be one of the most influential factors in Islamic banks on the development of their business growth. Islamic banks can optimally address the possibility of risk in financing if the capital adequacy ratio is high because, the higher the capital adequacy ratio, it can be said that Islamic banks

will be able to fully play a role in everything related to profitability. So, financing and distribution of financing will increase if the capital adequacy ratio also increases (Aprilia & Mahardika, 2019).

Non performing financing is used as an indicator that describes losses due to financing risk. Non performing financingnon-performing financing is the ratio betweento the total financing provided by Islamic banks. Based on the criteria set by Bank Indonesia, thecategory non-performing financingnon-performing financing includes substandard financing, doubtful financing, and(Permatasari & Yulianto, 2018). Bank funds that have been collected back from channeled financing can be seen from non-performing financing . Bank Indonesia (BI) states that the characteristic or category of a healthy bank is a bank that has non-performing financing below 5%, so the NPF results can decide which Islamic banks distribute financing and provide financing to the public. Islamic banks should always take into account the distribution of financing (Faizah, 2017).

According to Erlita's research on the effect of DPK, NPF, CAR, Profit Sharing Equivalents, and IMA Certificates on Islamic Commercial Bank Financing in 2012-2014. The results of this study state that third party funds have a positive and significant effect on Islamic banking financing, non-performing financing has a negative and significant effect, capital adequacy ratio and profit sharing equivalents do not have a significant effect, and IMA certificates are not proven to have a negative and significant effect on bank financing. general sharia in 2012-2014 (Erlita, 2016).

Erlita's research above shows that the distribution of financing does not only affect internal factors but also requires testing from external factors. Therefore, what distinguishes this research from previous research can be seen through the addition of a variable, namely the Inflation Rate. The level of inflation is a factor that can cause fluctuations or changes that can impact individuals (individuals), society and economic activities as a whole (Hawa & Rosyidi, 2018).

Based on the background that has been described, the formulation of this research problem is as follows:

1. Do Third Party Funds affect the distribution of Islamic Commercial Bank financing for the 2015-2019 period?
2. Does Non Performing Financing affect the distribution of Islamic Commercial Bank financing for the period 2015-2019?
3. Does the Capital Adequacy Ratio affect the distribution of Islamic Commercial Bank financing for the period 2015-2019?
4. Does the Inflation Rate affect the distribution of Islamic Commercial Bank financing for the 2015-2019 period?
5. *Do Third Party Funds, Non Performing Financing, Capital Adequacy Ratio, and Inflation Level simultaneously affect the distribution of Islamic Commercial Bank financing for the period 2015-2019?*

2. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

2.1. Previous Research

The results of previous research on the distribution of financing have different results, due to the different variables. Faizah's research in 2017 concerning the Analysis of the Effect of Third Party Funds (DPK), Capital Adequacy Ratio (CAR), and Non Performing Financing (NPF) on Distribution of Islamic Banking Financing for the 2011-2015 Period which aims to determine the effect of these variables on the distribution of financing to banks. sharia. The data analysis technique used in this research is multiple regression analysis and t test with the help of the IBM SPSS Statistics version 21 application, this study states that Non Performing Financing (NPF) and Third Party Funds have a positive and significant effect on the distribution of Islamic banking financing. 2011-2015 period, while the Capital Adequacy Ratio (CAR) variable did not affect the distribution of financing to Islamic banking in the 2011-2015 period.

Previous research was also carried out by Risfiati and Utama conducted in 2019, regarding the Effect of Third Party Funds, Capital Adequacy Ratio, Non-Performing Financing, and Return On

Assets on the Distribution of Financing at Islamic Commercial Banks in Indonesia for the 2015-2017 Period, it states that Third Party Funds , Non Performing Financing, and Return On Assets have a significant positive effect on the distribution of financing, while the Capital Adequacy Ratio has a positive and insignificant effect on the distribution of financing. The research, Risfiati and Utama, stated that what greatly influenced their research was the variable of Third Party Funds because they got a large regression coefficient value of up to 0.902 on the distribution of financing to Islamic Commercial Banks for the 2015-2017 period. The high value of Third Party Funds in a bank, the higher the financing that can be distributed. The study used a population of 10 banks, the sample selection used the census sampling method, so that the sample was 10 banks with an observation period of three years, namely 2015-2017.

Third Party Funds do not always affect bank operations. The results of Masruroh and Subagio's research in 2019 which aims to determine how much influence the Third Party Fund (DPK) and financing have on profits at Mandri Syariah Bank, states that Third Party Funds (DPK) and the amount of financing simultaneously do not have a significant effect on profits at the Bank. Syariah Mandiri. Profits that decrease due to the deposition of sources of funds that are always increasing so that the distribution of financing does not run optimally, the data used is secondary data obtained from the monthly financial reports of Bank Syariah Mandiri for 2013-2017, while the data analysis techniques in this study are data normality tests, classical assumption test, multiple linear regression analysis, T test, F test and analysis of the coefficient of determination using the SPSS version 23 application.In

At 2019 Ansori also conducted research using thevariable Non Performing Financing (NPF)on the distribution of financing to Islamic Commercial Banks (BUS) in Indonesia for the 2013-2015 period and in this study, the results show that non-performing financing (NPF) partially has a negative and insignificant effect on the distribution of Islamic banking financing in Indonesia, and according to the results of this study, any increase in Non-Performing Financing (NPF) then there will be a drop on financing distribution. The population in this study is the financing of syari'ah banking throughout Indonesia, the number of syari'ah banks until June 2015, namely, 12 syari'ah commercial banks, 22 syari'ah business units and 161 syari'ah credit banks. fruit. The data source of this research is secondary with multiple regression analysis measuring instruments.

Thevariable is Non Performing Financing (NPF)used to measure how much error will occur in banks. This international research conducted by Isaev and Masih (2017) focuses on Islamic banking in Malaysia using independent variables, namely macroeconomic changes and bank specific changes, the independent variable is Non-Performing Financing (NPF). This study uses macroeconomic panel data and quarterly specialty banks for eight Malaysian Islamic banks in 2010-2016, the period determined by data availability, making a total of 192 observations. The results of this study indicate that the macroeconomic variable in particular, the unemployment rate, has a strong impact on the level of problem financing for each financing portfolio and the implementation of effective risk management policies can ensure to reduce systematic risk arising from macroeconomic changes and improve the level of asset quality.

In Erlita's 2016 research on the effect of DPK, NPF, CAR, Profit Sharing Equivalent, and IMA Certificates on Islamic Commercial Bank Financing in 2012-2014 which aims to determine the effect of these variables on financing in BUS, the results show that DPK has no positive effect and significant on financing, NPF has a negative and significant effect on financing, CAR and the profit sharing equivalent has no significant effect on financing, and the last IMA certificate is not proven to have a negative and significant effect on financing. The population used is Sharia Commercial Bank (BUS) in Indonesia by using a sample of 33 using quarterly data. The analysis was carried out by conducting multiple regression analysis by performing a classic assumption test.

Research conducted by Permatasari and Yulianto in 2018 concerning the Financial Performance Analysis of the Ability of Islamic Banks in Financing the variable Capital Adequacy Ratio (CAR) and Return On Asset (ROA) showed variable results. does not affect the distribution of

Islamic Bank financing. Capital Adequacy Ratio (CAR) has no effect on the distribution of financing to Islamic Banks because what will affect in providing financing is the value of Non Performing Financing (NPF) compared to the value of Capital Adequacy Ratio (CAR). Meanwhile, Return On Asset (ROA) is considered to have no effect on the distribution of financing. Return On Asset (ROA) is a measure of the level of adequate profit that will be able to increase the volume of financing in Islamic Bank budgeting. This study used a sample of 9 Islamic banks in Indonesia for the period 2010-2015, in order to obtain a sample of 54. The sampling technique used purposive sampling with multiple linear regression analysis techniques to test the hypothesis.

Thevariable Capital Adequacy Ratio (CAR) does not only have a negative effect on the distribution of financing, in an international research conducted by Amirah, et al., In 2018 to examine what are the determinants of bank performance in Malaysia, resulting in the Capital Adequacy Ratio (CAR). also has no effect on bank performance in Malaysia. This study used a sample of 12 Islamic banks in Malaysia. This research uses panel data and the research uses Pooled Ordinary Least Square (OLS), a random effects model and a fixed effects model.

Further international research related to research variables was carried out by Quan, et al., In 2019 which aims to examine the impact of internal and external factors on the performance of Islamic banks. This study uses internal factors, namely bank size, Capital Adequacy Ratio (CAR), liquidity, credit risk, and expenditure management, as well as external factors, namely Gross Domestic Product (GDP) and inflation rate on the performance of Islamic banks. The analysis was carried out in Malaysia for 10 years from 2007 to 2016, using 10 Islamic banks in Malaysia selected to be tested for performance. The methodology used for the analysis is the ordinary least squares model (OLS) and the fixed effects model. The results of this study indicate that only the Capial Adequacy Ratio (CAR) and the inflation rate significantly affect the performance of Islamic banks in Malaysia, the results of this study contradict the results of previous research conducted by international research Amirah, et al., 2018.

2.2. Theoretical Framework

2.2.1. Financing

Financing according to the Financial Services Authority (OJK) is funding support for the needs or procurement of certain goods / assets / services, the mechanism generally involves three parties, namely the provider of funding, the provider of certain goods / assets / services, and the party that utilizes the goods / assets / services. certain. Financing products are provided by Sharia Commercial Banks (BUS) / Sharia Business Units (UUS) / Sharia Rural Banks (BPRS), and finance companies. In addition, there are mechanisms that only involve two parties, such as gold financing at a bank / BPRS and financing by way of sale and lease back.

2.2.2. Third Party Funds

Based on banking law No.10 of 1998, third party funds are funds entrusted by the public to banks based on a fund deposit agreement. The high level of funds raised by Islamic banks, the higher the level of funds that will be channeled by Islamic banks through their financing. According to Law No.10 of 1998, the calculation of third party funds is as follows:

Third Party Funds = Current Account + Saving + Deposito

2.2.3. *Non Performing Financing*

Non-performing financing is loans that have poor performance and can be said to be bad or substandard. Bank Indonesia (BI) states that the characteristic or category of a healthy bank is a bank that has Non-Performing Financing below 5%, so the NPF results can decide Islamic banks in channeling financing and providing financing to the public. Islamic banks should always take into account the distribution of financing (Faizah, 2017).

Non performing financing (NPF) is the ratio between problematic financing and total financing disbursed by Islamic banks. NPF obtained by the following formula (Risfiati & Utama, 2019):

$$\textit{Non Performing Financing}\ (\text{NPF}) = \frac{\text{Financing Problems}}{\text{Financing Total}} \times 100\%$$

2.2.4. *Capital Adequacy Ratio*

Capital Adequacy Ratio or what is often called the capital adequacy ratio, is a ratio that estimates how far assets will cause risk. The capital adequacy ratio serves to accommodate the risk of loss that banks may face (Erlita, 2016). The capital adequacy ratio according to Bank Indonesia (BI) can be formulated as follows:

$$\textit{Capital Adequacy Ratio}\ (\text{CAR}) = \frac{\text{Owner's Equity}}{\text{Risk Weighted Assets}} \times 100\%$$

2.2.5. Inflation Rate

Inflation is an event of an increase in the price of goods in general, and occurs within a certain period of time in an economic area. Inflation will result in a decrease in the value of the currency (real value) because each period has experienced an increase in prices and in each region it is different. Inflation is not a small event in which only a few items experience an increase in prices, but inflation will occur if a wide increase in the price of goods affects the prices of other goods (Raharjo et al., 2020).

2.3. Hypothesis Development

2.3.1. The Influence Third Party Funds On The Distribution Of Financing

The high value of third party funds collected by banks will increase the amount of financing channeled, and vice versa. Financing is one of the main activities of banks in allocating funds, this is because the main source of funds for the bank is obtained from the public, so that banks are required to channel back third party funds that have been collected to the public in the form of financing. This is in line with the bank's function as afinancial intermediary.

Based on these results, the first hypothesis (H1) in this study is:

H1 = Third Party Funds have a significant effect on financing distribution

2.3.2. The Influence Non Performing Financing On The Distribution Of Financing

Bank Indonesia (BI) states that the characteristic or category of a healthy bank is a bank that has *Non-Performing Financing* below 5%, so the NPF results can decide Islamic banks in channeling financing and providing financing to the public. Increasing the NPF value of banks will find it difficult to get *income*, the higher the NPF value, the Islamic banks will lack the ability to distribute financing.

Based on these results, the second hypothesis (H2) in this study is:

H2 = *Non Performing Financing* have a significant effect on financing distribution

2.3.3. The Influence Capital Adequacy Ratio On The Distribution Of Financing

The high value of the capital adequacy ratio reflects that Islamic banks will be able to bear the risk of financing, especially in mudharabah or profit sharing financing. The capital adequacy ratio in Islamic banks will help to achieve profitability from channeling funds with profit sharing financing, so that the distribution of financing to banks will run smoothly if the bank's capital adequacy ratio increases (Aprilia & Mahardika, 2019).

Based on these results, the third hypothesis (H3) in this study is:

H3 = *Capital Adequacy Ratio* have a significant effect on financing distribution

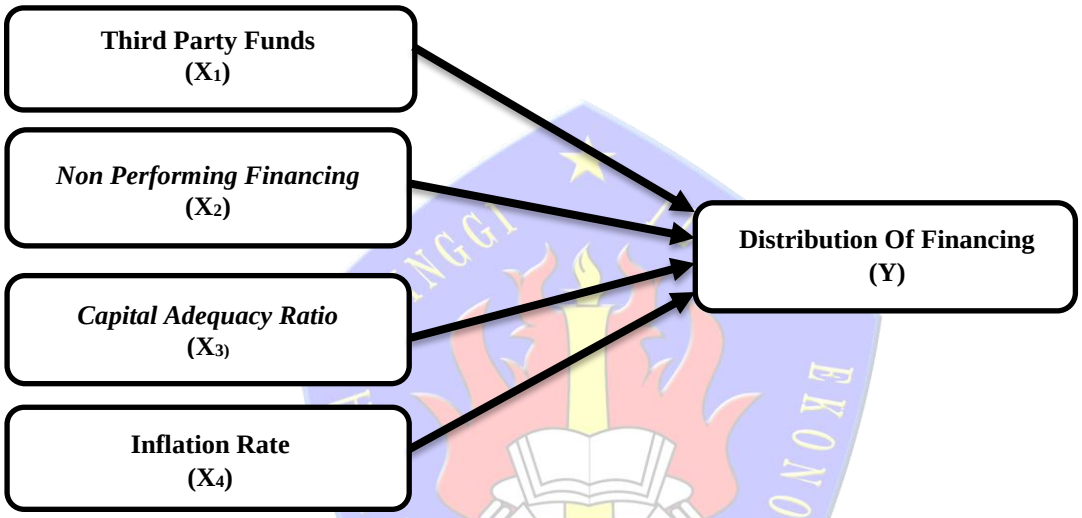
2.3.4. The Influence Inflation Rate On The Distribution Of Financing

If a country experiences inflation within reasonable limits, the state of the country's economy will increase as producers are encouraged to increase their production. In addition, the public also still believes in the value of money and still wants to hold money so that the distribution of Islamic bank financing activities continues, but if in that country the level of inflation is high, the reason for the bank is increasingly wanting to issue funds by channeling financing, because if the bank still depositing funds, the value of the money will evaporate in the presence of the high rate of inflation that is happening (Hawa & Rosyidi, 2018).

Based on these results, the fourth hypothesis (H4) in this study is:

H4 = Inflation Rate have a significant effect on financing distribution

2.4. Research Conceptual Framework



Picture 3.1 Research Conceptual Framework

3. RESEARCH METHOD

3.1. Population And Sample

In this study the population is all Islamic Commercial Banks (BUS) that have been registered with Bank Indonesia (BI) from 2015-2019. There are 14 recorded Islamic commercial banks in Indonesia which are published on the official website of Bank Indonesia. The population in this study is shown in table 3.1 as follows.

Tabel 3. 1
Population

No	Islamic Commercial Bank
1	Bank Muamalat Indonesia
2	Bank Victoria Syariah
3	Bank BRISyariah
4	Bank Jabar Banten Syariah
5	Bank BNI Syariah
6	Bank Syariah Mandiri
7	Bank Mega Syariah
8	Bank Panin Dubai Syariah
9	Bank Syariah Bukopin

10	Bank BCA Syariah
11	Bank Maybank Syariah Indonesia
12	Bank Tabungan Pensiunan Nasional Syariah
13	Bank Aceh Syariah
14	Bank B.P.D. Nusa Tenggara Barat Syariah

Source: www.sahamok.com

In Islamic commercial banks, not all banks issue complete financial reports and not all those required by the researcher are specified, so this sampling is done using purposive sampling method which this method will help meet the criteria that researchers need. The sample criteria required in this study are as follows:

1. Islamic commercial bank financial reports have been published on the official website of each bank during the study period.
2. Financial reports published by sharia commercial banks are in the form of audited financial statements that ended on December 31.
3. Islamic commercial bank financial statements that are complete with what is needed in the research variables, and
4. Islamic commercial banks with a good (positive) income statement, because banks that have a bad (negative) income statement distribute their profits to meet their obligations.

Based on these criteria, the sample to be used in this study is 9 out of 14 Islamic commercial banks with the research object for the 2015-2019 period. In table 3.2 it can be seen that Islamic commercial banks which were designated as research samples, are as follows:

Tabel 3. 2
Sample

No	Islamic Commercial Bank
1	Bank Muamalat Indonesia
2	Bank BRISyariah
3	Bank Jabar Banten Syariah
4	Bank BNI Syariah
5	Bank Syariah Mandiri
6	Bank Mega Syariah
7	Bank Panin Dubai Syariah
8	Bank Syariah Bukopin
9	Bank BCA Syariah

Source: www.sahamok.com (Processed Data)

3.2. Data and Data Collection Methods

The data used in this study are secondary data. This secondary data is data that supports primary data needs such as books, literature and reading related to and to support this research. All financial ratio variables and data contained in the financial statements of Islamic banking for the 2015-2019 period. Data is cross section and time series or commonly referred to as panel data, the data used in this study were obtained from the official websites of each Islamic banking.

3.3. Operationalization Variables

3.3.1. Independent Variables

1. Third Party Funds

Third party funds collected through the community are the main source of funds for operational activities at the bank, and as a measure of the success of a bank if it can finance its operations from these third party sources of funds. Collecting third party funds can be said to be easier compared to other sources, because these third party funds are collected automatically because people keep them with full trust in banks, and third party funds also always experience

an increase every year, with that Islamic banks also experience an increase. in conducting outreach and approaches to society compared to conventional banks (Lubis, 2017). Third party funds can be formulated as follows: Third Party Funds = Current Account + Saving + Desposito.

2. *Non Performing Financing*

Non-performing financing is an indicator in assessing the performance of Islamic banks. The bad performance of Islamic banks can be caused by the high level of *non-performing financing* which is due to the large number of problematic financing, *non-performing financing* can result in losses, decreased operating profits, and low capital formation in Islamic banks (Kuswahariani et al., 2020). NPF can be formulated as follows: NPF = $\frac{\text{Financing Problem}}{\text{Financing Total}} \times 100\%$

3. *Capital Adequacy Ratio*

Capital adequacy ratio functions to accommodate the risk of loss that a bank may face, based on Bank Indonesia (BI) regulations concerning the Minimum Capital Adequacy Requirement (KPMM) Article 2 Number 14/18 / PBI / 2012 Paragraph 3 that the bank must provide a minimum capital of 8% of risk weighted assets (RWA). CAR can be formulated as follows:

CAR = $\frac{\text{Owner's Equity}}{\text{Risk Weighted Assets}} \times 100\%$

4. Tingkat Inflasi

Inflation is an event of an increase in the price of goods in general, and occurs within a certain period of time in an economic area. Inflation will result in a decrease in the value of the currency (real value) because each period has experienced an increase in prices and in each region it is different. Inflation is not a small event in which only a few items experience an increase in prices, but inflation will occur if a wide increase in the price of goods affects the prices of other goods (Raharjo et al., 2020).

3.3.2. Dependent Variable

Financing according to the Financial Services Authority (OJK) is funding support for the needs or procurement of certain goods / assets / services, the mechanism generally involves three parties, namely the provider of funding, the provider of certain goods / assets / services, and the party that utilizes the goods / assets / certain services. Financing products are provided by Sharia Commercial Banks (BUS) / Sharia Business Units (UUS) / Sharia Rural Banks (BPRS), and finance companies. However, there are also mechanisms that only involve two parties, such as gold financing at a bank / BPRS and financing by way of*sale and lease back*.

3.4. Data Analysis Method

This study uses statistical analysis methods, while the technique used is panel data regression analysis where panel data regression is a combination of *cross section* and *time series*. The data analysis technique used is panel data regression analysis with the help of *software Microsoft Excel* 2013 and *Eviews* 10.

4. RESULTS AND DISCUSSION

4.1. Description of Research Data

The *data used in this study are in the form of financial reports (annual reports) on each Islamic banking. This research is a hypothesis to analyze the effect of Third Party Funds, Non-Performing Financing (NPF), Capital Adequacy Ratio (CAR), and Inflation Levels on the Distribution of Financing. The population in this study is 14 Islamic Commercial Banks in Indonesia, with a sample of 9 Islamic Commercial Banks.*

4.2. Data Panel Regression Model Selection

4.2.1. Chow Test (*Likehood Ratio Test*)

Chow test (likelihood ratio tets) is a test to choose which model is more efficient between the Fixed Effect Model (FEM) or the Common Effect Model (CEM). The following is the hypothesis in the chow test:

H_0 = Common Effect Model (CEM) is better than the Fixed Effect Model (FEM)

H_1 = Fixed Effect Model (FEM) is better than the Common Effect Model (CEM)

Tabel 4.1

Chow Test (Likehood Ratio Test)

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	4.641283	(8,32)	**0.0008**
Cross-section Chi-square	34.661554	8	**0.0000**

Source : Processed Data

Based on the chow test (likelihood ratio test) In table 4.1, which is from the data collected as many as 9 Islamic commercial banks, as well as 225 processed data states that the probability result is 0.000 <0.05, so $H_{0\ is}$ rejected and $H_{1\ is}$ accepted, this means that the best model among the common effects a model with a fixed effect model is the Fixed Effect Model (FEM).

4.2.2. Hausman Test

The Hausman test is a test to choose which model is more efficient between the Fixed Effect Model (FEM) or the Random Effect Model (REM). The following is the hypothesis in the Hausman test:

H_0 = Random Effect Model (REM) is better than the Fixed Effect Model (FEM)

H_1 = Fixed Effect Model (FEM) is better than the Random Effect Model (REM)

Tabel 4.2

Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	**Chi-Sq. Statistic**	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	0.000000	4	**1.0000**

Source : Processed Data

Based on the Hausman test in table 4.2, which is from data collected as many as 9 Islamic commercial banks, as well as 225 processed data stating that the Hausman test results obtained avalue random cross section of 1,000> 0.05, so $H_{1\ is}$ rejected and $H_{0\ is}$ accepted, meaning that the model is the best among fixed The effect model with the random effect model is the Random Effect Model (REM).

4.3. Panel Data Regression Analysis

Tabel 4.3
Panel Data Regression Analysis

Dependent Variable: PEMBIAYAAN				
Method: Least Squares				
Date: 08/18/20 Time: 22:58				
Sample: 1 45				
Included observations: 45				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	**8513.800**	16759.37	0.508003	0.6142
DPK	**0.730352**	0.088880	8.217306	0.0000
NPF	**629.8376**	270.3716	2.329526	0.0250
CAR	**1.386568**	3.445688	0.402407	0.6895
Inflasi	**-921.9417**	4566.314	-0.201901	0.8410

Source : Processed Data

Based on panel data regression analysis in Table 4.3, to do regression model as follows:

$Y = 8513.800 + 0{,}730352DPK_{it}\ 629{,}8376NPF+_{it} + 1{,}386568CAR_{it} - 921{,}9417Infllation_{it}$

results above equation can be deduced that:

1 . A constant value of 8513,800 which states that when the independent variables in the form of DPK (X1), NPF (X2), CAR (X3), and Inflation (X4) are constant or there is no financing of 0, it will increase by 8513,800 .
2. DPKvariable regression coefficient (X1) obtained a result of 0.730352. These results state that the value obtained is positive so that it means that the relationship between DPK (X1) and the financing variable is unidirectional. Each addition of one point for the DPK variable will increase financing by 0.730352 and vice versa, if the DPK variable (X1) has decreased by one point, it will also be followed by a decrease in financing by 0.730352.
3. The NPF variable regression coefficient (X2) yields a result of 629.8376. These results indicate that the value obtained is positive so that it means the relationship between NPF (X2) and the variable financing is unidirectional. Each addition of one point for the NPF variable will increase financing by 629.8376 and vice versa, if the NPF variable (X2) has decreased by one point, it will also be followed by a decrease in financing by 629.8376.
4. The regression coefficient for the CAR variable (X3) yields a result of 1.386568. These results state that the value obtained is positive, thus interpreting the relationship between CAR (X3) and the unidirectional financing variable. Each addition of one point for the CAR variable will increase financing by 1.386568 and vice versa, if the CAR variable (X3) has decreased by one point, it will also be followed by a decrease in financing by 1.386568.
5. The regression coefficient for the Inflation variable (X4) yields a result of -921.9417. These results state that the value obtained is negative, meaning that the relationship between inflation (X4) and the financing variable is not unidirectional. Each additional point of the Inflation variable will reduce financing by -921.9417.

4.4 Hypothesis Test

4.4.1. Coefficient Determination (R^2)

The coefficient of determination (R^2) is used to measure the ability of the model to explain the variation in the independent variable. The coefficient of determination is used because it can explain the goodness of the regression model in predicting the dependent variable. The results of the coefficient of determination in this study are as follows:

Tabel 4.4
Coefficient Determination

Weighted Statistics			
R-squared	**0.694823**	Mean dependent var	17903.10
Adjusted R-squared	**0.664305**	S.D. dependent var	9528.123
S.E. of regression	5520.518	Sum squared resid	1.22E+09
F-statistic	22.76784	Durbin-Watson stat	1.810356
Prob(F-statistic)	0.000000		

Source : Processed Data

Based on the results of the coefficient of determination test in table 4.4, it can be concluded that the R Square coefficient is 0.694 which means that the effect of independent variables simultaneously on the dependent variable is 69.4%. Results obtained coefficient of determination (*adjusted R2*) of 0.664 (66.4%), which means the variable DPK, NPF, CAR, and is able to explain the variable inflation finance portfolio amounted to 66.4%, the contribution of independent variables can influence the variable dependent of 66.4% while the rest of the results that can be influenced by other variables that are not explained in this study.

4.4.2. t Test (Partial test)

The t statistical test, namely the partial significance test, is carried out to test the significance level of the effect of each independent / independent variable on the dependent / dependent variable in parallel (separately). The t test was performed with a confidence level of 95% and an analysis error rate (α) of 5%. This real level will be used to find out the truth of the hypothesis (Ghozali, 2016: 97).

Tabel 4.5
t Test (Partial Test)

Dependent Variable: PEMBIAYAAN				
Method: Least Squares				
Date: 08/18/20 Time: 22:58				
Sample: 1 45				
Included observations: 45				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	8513.800	16759.37	**0.508003**	**0.6142**
DPK	0.730352	0.088880	**8.217306**	**0.0000**
NPF	629.8376	270.3716	**2.329526**	**0.0250**
CAR	1.386568	3.445688	**0.402407**	**0.6895**
Inflasi	-921.9417	4566.314	**-0.201901**	**0.8410**

Source : Processed Data

Based on table 4.5, the t test hypothesis (partial test) can be described as follows:

a) **Hypothesis 1: Third Party Funds Affect Distribution of Financing**

The results of the t test on the DPK variable obtained a sig value of 0.000 which means less than 0.05 and the t value is 8.217> t table 2.021 so that it can be concluded that it is accepted, which means there is an effect of the DPK variable on the variable of financing distribution and it is rejected.

b) **Hypothesis 2: Non Performing Financing (NPF) Affects Distribution of Financing**

The t test results on the NPF variable obtained a sig value of 0.0250 which means less than 0.05 and the t value is 2.3295> t table 2.021 so it can be concluded that accepted, which means that there is an influence of the NPF variable on the financing distribution variable and it is rejected.

c) **Hypothesis 3: Capital Adequacy Ratio (CAR) Affects Disribution of Financing**

The results of the t test on the CAR variable obtained a sig value of 0.6895 which means greater than 0.05 and the t value is 0.4024 <t table 2.021 so that it can be concluded that

accepted, which means that there is no influence of the CAR variable on the financing distribution variable and it is rejected.

d) Hypothesis 4: Inflation Rate Affect Distribution of Financing

AffectsThe results of the t test on the Inflation variable obtained a sig value of 0.8410 which means greater than 0.05 and the t value is -0.2019 <t table 2.021 so that it can be concluded that it is accepted, which is meaning that there is no influence of the inflation variable on the financing distribution variable and it is rejected.

4.4.3. F Test (Simultan Test)

The F test is used to see whether the independent variables are able to simultaneously influence the dependent variable. The criterion is F count> F table or significance probability value <0.05. In this assessment, if it meets the criteria, it means that all independent variables have a simultaneous effect on the dependent variable.

Tabel 4.6
F Test (Simultan Test)

Weighted Statistics			
R-squared	0.694823	Mean dependent var	17903.10
Adjusted R-squared	0.664305	S.D. dependent var	9528.123
S.E. of regression	5520.518	Sum squared resid	1.22E+09
F-statistic	**22.76784**	Durbin-Watson stat	1.810356
Prob(F-statistic)	**0.000000**		

Source : Processed Data

Based on the results of the F test in table 4.9, it can be seen that the significance value for the effect of the DPK (X1), NPF (X2), CAR (X3), and Inflation (X4) variables simultaneously on the Financing Distribution variable (Y) is 0.000 <0, 05 and the value of F count 22.76> F table 2.60. It can be concluded that all independent variables (X) together (simultaneously) have an effect on the dependent variable (Y).

4.5. Research Interpretation

4.5.1. The Effect Third Party Funds On The Distribution Of Financing

The first hypothesis (H1) shows that there is an influence between the variable of third party funds on the distribution of financing variables. This has been tested using Ms. application assistance. Excel and Eviews 10 which produce a sig value of 0,000, which means less than 0.05 (0.000 sig value <0.05) and the t value obtained a result of 8.217, which means that it is greater than the t table value which results in 2.021 (t count 8,217> t table 2,021). So it can be concluded that third party funds affect the distribution of financing.

Based on these results, it states that third-party funds have an effect on the distribution of financing, meaning that the increase in third-party banking funds is because the trust comes from the public in Islamic banks (Lubis, 2017). The better the level of third party funds at the bank, the better the bank is at channeling financing. If a bank distributes financing well, it can get feedback in the form of profitability and good bank performance.

The influence of third party fund variables on financing disbursement is supported by Permatasari and Yulianto's research in 2018, Anshori's research in 2019, and Risfiati and Utama's research in 2019 which states that third party fund variables have a significant positive effect on financing disbursement in Islamic banking in Indonesia.

4.5.2. The Effect Non Performing Financing On The Distribution Of Financing

The second hypothesis (H2) shows that there is an influence between the variable of non performing financing on the variable of financing distribution. This has been tested using Ms.

application assistance. Excel and Eviews 10 which produce a sig value of 0.025 which means that it is smaller than 0.05 (0.025 sig value <0.05) and the t value obtained 2.3295 which means that it is greater than the t table value which results in 2.021 (t count 2.3295> t table 2.021). So it can be concluded that non-performing financing affects the distribution of financing.

Non performing financing is problematic financing that exists in banks, based on the results of this hypothesis it can be concluded that if there is an increase and decrease in the value of the NPF it will affect the distribution of financing to banks, because problematic financing will hinder the flow of financing, causing the bank to be unhealthy, according to the provisions Bank Indonesia (BI) which states that the characteristics or categories of a healthy bank are banks that have non-performing financing below 5%, so how much the NPF results can decide Islamic banks in channeling financing and providing financing to the public. Islamic banks should always reconsider in the distribution of financing so that the condition of Islamic banks is always normal (Faizah, 2017).

The results of this second hypothesis analysis were reinforced by previous researchers by Erlita in 2016 and Faizah in 2017 who stated that the NPF variable had a significant effect on the financing distribution variable. In contrast, Anshori's research in 2019 stated that the NPF variable was not significant to the financing distribution variable.

4.5.3. The Effect Capital Adequacy Ratio On The Distribution Of Financing

The third hypothesis (H3) shows that there is no influence between the capital adequacy ratio variable on the financing distribution variable. This has been tested using Ms. application assistance. Excel and Eviews 10 which produce a sig value of 0.6895 which means that it is greater than 0.05 (sig value 0.6895> 0.05) and the calculated t value is 0.4024 which means that it is smaller than the t table value that obtained the result is 2.021 (t count 0.4024 <t table 2.021). So it can be concluded that the capital adequacy ratio has no effect on the distribution of financing.

Capital adequacy ratio is a ratio that estimates how far assets will cause risk. In accordance with the provisions of KPMM (Minimum Capital Requirement) Article 2 Number 14/18 / PBI / 2012 Paragraph 3 that banks are required to provide a minimum capital of 8%, but because the results of testing the hypothesis of this study indicate that CAR has no effect on the distribution of financing, how much and the small value generated by CAR will not affect the distribution of bank financing. CAR does not affect the distribution of financing because, in providing financing, Islamic banks will look more at the NPF value than the CAR value. If the estimated NPF value is high, it means that there is a problem in terms of financing, so that Islamic Banks will rethink to increase the financing channeled (Permatasari & Yulianto, 2018).

Based on the results of this third hypothesis, it is supported by previous research by Faizah in 2017 and Erlita's research in 2016 which stated that the capital adequacy ratio variable did not have a significant effect on the variable of financing distribution. On the other hand, the results of the research conducted by Risfiati and Utama obtained the results of the capital adequacy ratio which affected the distribution of financing.

4.5.4. The Effect Inflation Rate On The Distribution Of Financing

The fourth hypothesis (H4) shows that there is no influence between the inflation rate variable on the financing distribution variable. This has been tested using Ms. application assistance. Excel and Eviews 10, which produced a sig value of 0.841, which means greater than 0.05 (sig value 0.841> 0.05) and the calculated t value obtained -0.2019, which means that it is smaller than the t table value which results in 2.021 (t count -0.2019 <t table 2.021). So it can be concluded that the inflation rate has no effect on the distribution of financing.

Basically, inflation reflects the imbalance of the economic sector in society. Higher inflation tends to have a decreasing effect on financing. The results of this study indicate that there is no

influence of inflation with financing. This is because Islamic banks have stronger resilience than conventional banks (Umiyati & Ana, 2017).

The inflation rate does not affect whether or not the distribution of financing occurs in banks, so the results of this hypothesis analysis are not significant. The high and low value obtained by inflation does not affect the distribution of financing activities in Islamic banks. This is because the results of inflation from year to year are always stable and this only makes inflation mild and will not affect Islamic banking.

The results of the inflation hypothesis are supported by research by Umiyati and Ana (2017) and Masudah's research in 2017 which states that the inflation variable does not have a significant effect on financing distribution. On the other hand, Widuri and Fajarah's research (2019) and Raharjo et al., In May 2020 stated that inflation had a significant effect on the distribution of financing.

5. CONCLUSION, IMPLICATION AND LIMITATION

5.1. Conclusion

This study aims to determine how much influence the variables of Third Party Funds, *Non-Performing Financing*, *Capital Adequacy Ratio*, and Inflation Level on the Distribution of Islamic Commercial Bank (BUS) Financing in Indonesia for the period 2015-2019. Based on the results described, conclusions can be drawn, namely:

1. Third Party Funds at Islamic commercial banks have a significant positive effect on the distribution of financing for the 2015-2019 period. Third party funds in Islamic banking each period get a stable value, so that makes Islamic banking always stable in channeling its financing.
2. *Non Performing Financing* (NPF) in Islamic commercial banks has a significant positive effect on financing distribution for the 2015-2019 period. This study found that the existence of problematic financing at the bank can affect the distribution of financing, even if the occurrence of problematic financing continuously can hinder the performance of the banking sector.
3. *The Capital Adequacy Ratio* (CAR) in Islamic commercial banks has no significant effect on the distribution of financing for the 2015-2019 period. In this case, it can be seen that the capital adequacy ratio does not play an important role in the distribution of financing. Because Islamic banking will look more at the NPF value to consider the distribution of financing.
4. The level of inflation in Indonesia does not affect the distribution of financing to Islamic commercial banks for the 2015-2019 period. It can be seen that the inflation rate is an external factor for Islamic commercial banks, the value of inflation from year to year is always stable and this only makes inflation mild and does not affect Islamic banking.
5. The variables of Third Party Funds, *Non Performing Financing, Capital Adequacy Ratio,* and Inflation Rate simultaneously (together) affect the Distribution of Islamic Commercial Bank Financing for the 2015-2019 period.

5.2. Suggestion

Based on the results of the discussion and conclusions of this study, the authors will provide the following suggestions:

1. Third party funds in Islamic banking are always stable so that many affect banking operations. Therefore, Islamic banking may be able to focus more on increasing and raising third party funds with new ideas. Sharia banking must also always monitor the existence of problematic financing so as not to hinder the distribution of financing.
2. For further research, it may be possible to add external factors to the research in order to obtain new and more useful research results.

5.3. Research Limitations and Further Research Development

This study has limitations including the following:

1. Researchers only use one variable from external factors, meanwhile, research that uses external factors to finance is still small. So, this research can still be developed for further research by adding research years or other independent variables.
2. This study only took 14 banks registered with a Sharia Commercial Bank (BUS), while those registered with the Financial Services Authority also included the Sharia Business Unit (UUS).

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