
ANALYSIS OF *MUDHARABAH* AND *MUSYARAKAH* FINANCING AT PANIN DUBAI SYARIAH BANK



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Abstract

The purpose of this study was to analyze the relationship between the inflation rate, the BI 7 Day Reverse Repo Rate (BI-7 Day RR), and the money supply on Mudharabah and Musyarakah financing at Panin Dubai Syariah Bank. This type of research is quantitative research using secondary data. The data analysis technique used in this research is descriptive statistics, classical assumption test, and hypothesis testing with the OLS method. Inflation rate, BI 7 Day Reverse Repo Rate (BI-7 Day RR), and money supply act as independent variables while Mudharabah financing and Musyarakah financing act as dependent variables. Based on the test results, the money supply factor has a significant effect on *Musyarakah's* financing. The implication of this research is that Bank Panin Dubai Syariah should focus on the circulation of the money supply in the community which shows an escalation of people's purchasing power so that they are able to implement policies that make Musyarakah financing more needed by the community.

Keywords: Inflation Rate, Interest Rate, Money Supply, *Mudharabah*, *Musyarakah*

INTRODUCTION

The economic growth of a country can be seen as an interaction of various parties and macroeconomic fields in the long term. The macroeconomic climate of a country that aims to stabilize economic activity, prevent inflation, and grow an independent economy is a solid pillar for the growth of Islamic banking in Indonesia. Seen further, the macroeconomic policies implemented by the government consist of fiscal policy, monetary policy, and aggregate demand and supply shocks, as covered in the mainstream macroeconomic literature (Smith, et al., 2003). Aspects of monetary policy related to banking have the potential to advance banking and also reduce the performance of banking itself.

Monetary policy is the manipulation of the money supply with the aim of influencing macroeconomic outcomes such as GDP growth, inflation, unemployment, and exchange rates. Monetary policy is carried out by central banks in many countries. So, this monetary policy is an important tool to maintain economic stability and encourage economic growth as well (Chaitip et al., 2015). The regulation of the money supply in the community tends to affect the demand for domestic goods.

The increasing amount of money in circulation in the community is directly proportional to the increase in demand for domestic goods. If there is a shortage of domestic goods, excess demand will occur in the community which will then have implications for an increase in the price of goods in the market (inflation). The effect of an increase in the price of goods in the domestic market resulted in a decrease in purchases of goods originating from abroad. At the same time, local people make a profit by buying relatively cheap goods from abroad compared to domestic prices. As a result, there is a decrease in the value of exports and an increase in the value of imports until the balance of the International Balance of Payments can be achieved (Masdjojo, 2010). This perspective further strengthens the findings of several literatures which generate the opinion that monetary sector policy will only have an effect on the inflation rate, and will not have much impact on economic activity in the real sector in the long run.

In the world of economics based on Islamic or Sharia principles, the monetary sector runs side by side with the real sector where the monetary sector must refer to the escalation that exists in the real sector. With the emergence of an Islamic principled economy that is implemented in Islamic banking, it is expected to realize the ideals of Islam as *rahmatan lil*

'*alamin* in all areas of life. Islamic economics is expected to reduce economic disparities and realize justice and income distribution in society (Asnuri, 2013).

Several studies that focus on the Islamic economy have shown that there is a relationship between the inflation rate and Islamic banking. Awad (2021) has provided empirical evidence regarding the relationship between the inflation rate and *Mudharabah* financing. The inflation factor is the inevitability of prices to rise simultaneously and thoroughly. A significant and simultaneous increase in the price of goods in the market will tend to increase *mudharabah* financing in Islamic banking. Another literature that shows the relationship of inflation to *mudharabah* financing is carried out by Šeho (2020) where the inflation rate is found to have a significant and negative effect on risk-sharing financing based on Sharia.

Equity financing instruments for Islamic business contracts are based on the *mudharabah* and *musyarakah* principles. This financing method is an alternative to conventional financing which is based on the interest rate (*usury*) (Nurlatipah et al., 2022). Equity financing involves sharing risks and benefits together, depending on the performance of the investment project. In the case of *mudharabah* (profit sharing), the contract parties, namely the funder (*rabbulmal* - who provides financial capital) and the entrepreneur (*mudarib* - who supplies expertise and management), will collectively take part in the profit-sharing business (Sapuan, 2016).

Research conducted by Widyastuti (2020) shows that there are several variables that can affect the volume of *mudharabah* financing such as the profit-sharing rate and the BI benchmark interest rate which have a significant effect. The increase in BI's benchmark interest rate will directly affect Islamic banking. The direct influence can be in the form of displaced commercial risk, namely the risk of transferring funds from Islamic banking to conventional banking due to differences in the margin rate obtained when there is a change in the BI benchmark interest rate.

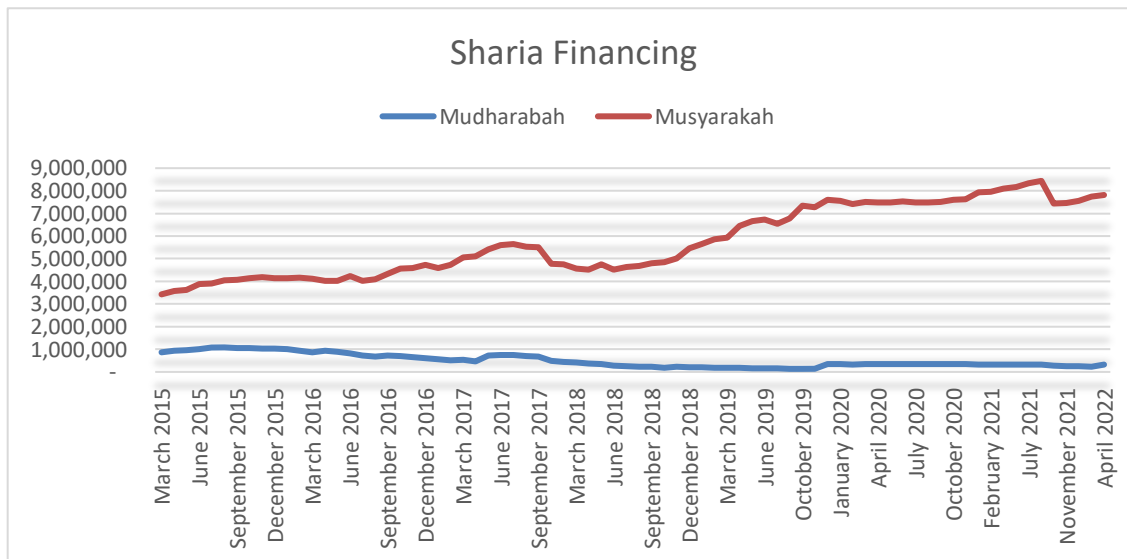
Another indicator that is able to have a significant effect on Islamic financing and has been studied is the money supply variable. Ulfa (2021) describes his research that the money supply has a significant impact on total financing at BRI Syariah Bank. The increase in the money supply in the community resulted in an increase in the amount of Third-Party Funds

collected. Excess funds in the community can then be used for investment in Islamic banking and its multiplier effect affects the amount of financing in Islamic banks.

Based on the Islamic banking statistical report issued by the Financial Services Authority (OJK) in August 2021, it can be seen that there are 3 (three) Sharia Commercial Banks (BUS) with the status of a public company, namely PT. Bank Muamalat Indonesia, Tbk, PT. Bank Panin Dubai Syariah, Tbk, and PT. Bank Syariah Indonesia, Tbk. According to PT. Indonesian Securities Rating Agency (Pefindo), Bank Muamalat's rating is "idA(sy)", Bank Panin Dubai Syariah is rated "idA+", while Bank Syariah Indonesia is rated "idAAA". Although among the three BUS, the highest rating is Bank Syariah Indonesia, but the bank is a merger of 3 (three) Islamic Commercial Banks with the status of BUMN managed by the government. Bank Panin Dubai Syariah is a private bank that is independent and able to obtain a high rating above Pefindo's version of Bank Muamalat, so it is more interesting to see the bank's financial statement portfolio for the future.

Like other BUS, Bank Panin Dubai Syariah has Sharia-based financing products, namely *mudharabah* financing and *musyarakah* financing. Uniquely, the value between the two Islamic financings experienced the opposite escalation as shown in the following graph.

Figure 1
Sharia Financing in PT. Bank Panin Dubai Syariah, Tbk



Source: PT Bank Panin Dubai Syariah, Tbk, data processed by the researcher

From the graph above, it can be seen that *mudharabah* financing experienced a downward trend while *musyarakah* financing experienced a significant upward trend. The

position of Bank Panin Dubai Syariah, which is one of the Islamic banking institutions in Indonesia, needs to pay attention to the monetary policy implemented in Indonesia to determine the potential and significance of company profits supported by Sharia products, especially *mudharabah* and *musyarakah* financing. Especially for the efficiency of the company, the bank must have a priority scale for the two Sharia-based financing.

REVIEW OF LITERATURE

Inflation Rate

The problem of inflation is a side effect of the implementation of the capitalist economic system in several countries. The consistency of the government as the regulator is clearly seen in preventing a high rate of inflation because the zero percent inflation goal is a difficult target to achieve. Based on the source causing it, the inflation problem is explained into 3 (three) forms, namely demand-pull inflation, cost-push inflation, and imported inflation. The effect of inflation that will occur at every level of society is to make the real income of people who have a fixed income seem to decrease, it will reduce the value of wealth or the value of people's money, and worsen the distribution of assets in the form of wealth (Katmas & Indarningsih, 2022).

The domino effect will occur when there is a sudden and unexpected increase in the inflation rate as a result of certain events that occur beyond the expectations of government regulators, such as government policies to reduce the value of money (depreciation in the value of money) which is very significant or other factors such as climate change. unstable politics. Preventive measures to prevent inflation problems need to be taken by the government so that there is no drastic increase or decrease in prices.

The government can make several efforts that are included in monetary policy to reduce inflation, including reducing the money supply. The effect of this policy will be an increase in interest rates which in turn will have implications for reducing investment by companies and new investors. Then the purchasing power to buy a new house will decrease along with the increase in interest rates. What happened next was an increase in the monthly payment that had to be paid in installments for the old house. The effect of the decreased willingness to invest and buy new property will also reduce the company's investment. In addition, consumer spending will tend to decrease as a result of high mortgage payments.

This multiplier effect results in full employment opportunities being achieved and the inflation rate is controlled (Sukirno, 2015).

In the macroeconomic sphere, inflation is the impact of the uncertainty of a country's economic growth, especially in developing countries. In addition to inflation uncertainty, other uncertainties regarding different macroeconomic variables can influence investment decisions. For example, under exchange rate uncertainty, it is difficult for investors to estimate the costs of new investments and the relative returns of investing in the traded or non-traded goods sector. Investment decisions are becoming more complex, especially in developing countries where real exchange rates tend to exhibit higher volatility (Güney, 2020).

BI 7-Day RR Interest Rate

In his time, Keynes received support from economists after the classics, namely interest rates tended to follow the policies of the money supply (supply of money) and liquidity preferences (demand for money). What is meant by liquidity preference is the demand for the amount of money by all levels of society in the economy. Keynes expressed his opinion that the need for money by society has 3 (three) desires or goals, namely for transactions, for precaution, and for speculation.

The general perception related to the determination of interest rates in the economy is always analogous to that there is only one interest rate. The reality is very different, namely in the scope of the economy there are several variations of interest rates. People who save their funds in banks will get different interest rates than people who borrow funds from banks. There is a differentiation between the interest rates on government loans and the interest rates paid by consumers and banks apply different interest rates to their customers. This differentiation is caused by several factors, namely differences in risk, loan term, and loan administration costs (Sukirno, 2016).

After the global financial crisis in 2008/2009, the government through Bank Indonesia issued monetary policy by strengthening the Inflation Targeting Framework (ITF) strategy to become a flexible ITF by further strengthening its position in implementing monetary policy and a stable financial system. At the same time as the flexible ITF implementation, Bank Indonesia applied the BI 7-Day (Reverse) Repo Rate (BI7DRR) as the reference rate that reflected a positive signal of monetary policy in controlling inflation in

line with the target, which was effective from 19 August 2016 replace the BI Rate (Bank Indonesia, 2020).

Amount of Money Supply

The money supply is all types of money that are in the scope of the economy which consists of the amount of currency in circulation plus demand deposits in banks. The definition of money supply or money supply can be explained into 2 (two) meanings, namely a limited understanding and a broad understanding. Money supply in a limited sense is the currency in circulation plus demand deposits owned by individuals, business institutions, and government entities. Money supply in a broad definition includes currency in circulation, demand deposits, and quasi-money. Quasi-money includes time deposits, savings accounts, and foreign exchange (savings) accounts belonging to the domestic private sector. Money supply according to this broad definition can also be interpreted as economic liquidity or M2. Money supply according to a narrow definition is acronymized with M1 (Sukirno, 2015).

The money supply has a relationship with interest rates, economic growth, price developments, and so on. Economic activity that is influenced by the money supply is evidence of this relationship. The increase in prices of basic commodities in the community (inflation) was driven by the circulation of too much money. On the other hand, the economy will stagnate or even stagnate when there is too little money in circulation. Therefore, the regulation of money supply regulation so that it can be proportional needs to be monitored and regulated so that it is in accordance with economic capacity (Solikin & Suseno, 2002).

Based on the influencing factors, the increase in money supply (M2) in October 2021 came from Net Foreign Assets and Net Domestic Assets. The increase in Net Foreign Assets was due to a slowdown in the obligations of the monetary system to non-residents, particularly in the form of foreign currency loans. Net Domestic Assets increased in line with the increase in net claims to the Central Government and accelerated lending. This was due to a slowdown in the monetary system's obligations to the Central Government in the form of loans both in rupiah and foreign currency. Credit disbursement grew at a higher rate compared to the previous month's growth in line with the increase in working capital and consumption loans (Bank Indonesia, 2021).

Mudharabah Financing

Mudharabah or investment is a contract of surrender of capital to people who carry out a profit-oriented business. As one of the contracts, *Mudharabah* is a profit-sharing agreement when the owner of the funds/capital commonly called *shahibul mal/rabbul mal*, hands over capital to the entrepreneur as the manager, commonly called *mudharib*, to carry out productive activities with the stipulation that an initial agreement must be made to regulate profit sharing for the parties.

The provision of a loss will be fully borne by the owner of the capital if a loss occurs due to the normal process of the business, and not due to carelessness or fraud by the manager, while the manager only loses the energy and expertise that has been devoted. Management will be fully responsible if there is a loss due to negligence and fraud by the manager.

In financing activities, *Mudharabah Muqayyadah* contracts are used to finance various investment projects and working capital financing. *Mudharabah Muqayyadah* contract is a *Mudharabah* business where the *shahibul mal* has the right to determine future business prospects that will be executed by the *mudharib*, and the *mudharib* must place their funds into the business (Ascarya, 2017).

Musyarakah Financing

In the context of Islamic financing, *Musyarakah* is a term that is often used by practitioners of Islamic economics. *Musyarakah* is a term in a narrow sense while in a broad sense, especially in Islamic jurisprudence, the term *syirkah* is often used which is more commonly used. *Musyarakah* is a profit-sharing contract for the cooperation of two or more entrepreneurs who own funds/capital who work together as business partners, to finance investments in new or existing businesses. Within the scope of company management, capital owners may and have the right to participate in decision-making. The division of business management is agreed upon by the parties at the beginning and for their participation in business activities, they also have the right to receive a salary/wages for the labor and expertise they devote.

The profit-sharing agreement in accordance with the proportion of capital that is included must be determined at the beginning of the contract (the opinion of Imam Malik and Imam Shafi'i), or it can be different from the proportion of the capital that they include (the

opinion of Imam Ahmad). Under normal conditions, there is a difference between the proportion of profits and the proportion of capital (Imam Abu Hanifah's opinion). A provision applies to sleeping partners, in which the proportion of profits obtained must not exceed the proportion of their capital.

All parties will share in accordance with the proportion of their respective equity participation in the event of a loss. It can be concluded that in *Musyarakah* financing, profits are divided based on the initial agreement of the parties, while losses are shared in accordance with the proportion of each party's capital participation (Ascarya, 2017).

RESEARCH METHOD

Based on the approach to the collected data, this type of research is quantitative research using secondary data. For this research, the observation technique is used where the observer acts as a non-participant.

The population in this study is the inflation rate, the BI 7 Day Reverse Repo Rate (BI-7 Day RR), the amount of money circulating in the community, and Islamic Commercial Banks with the status of a public company. The sample for this study is Bank Panin Dubai Syariah using financial statements, especially for Mudharabah financing and Musyarakah financing for the period January 2015 to April 2022. The data analysis technique in this study is descriptive statistics, classical assumption test, and hypothesis testing using the Ordinary Least Square (OLS) method.

RESULTS AND DISCUSSION

Classical Assumption Test Results

The classical assumption test in this study used the Kolmogorov-Smirnov normality test, multicollinearity test, Durbin-Watson autocorrelation test, and heteroscedasticity test. Based on the results of the Kolmogorov-Smirnov normality test for Mudharabah financing as the dependent variable, the significance value of Asymp. Sig. (2-tailed) is 0.182 and for Musyarakah financing as the dependent variable, the Asymp. Sig. (2-tailed) is 0.180. The basis for decision-making in the Kolmogorov-Smirnov normality test states that if the significance value (Sig.) is greater than 0.05, the research data is normally distributed so that both Kolmogorov-Smirnov normality tests have met the assumptions or requirements for normality.

The results of the multicollinearity test in research for *Mudharabah* financing as the dependent variable are known to be the Tolerance value for the Inflation Rate, Interest Rate, and Money Supply variables, each of which is 0.991; 0.634; 0.637, and the VIF value is 1.009, respectively; 1,578; 1.570 and for *Musyarakah* financing as the dependent variable, the Tolerance value is 0.991; 0.634; 0.637 and the VIF value is 1.009, respectively; 1,578; 1,570. The basis for decision-making in the multicollinearity test is that if the Tolerance value is greater than 0.10 and the VIF value is less than 10.00, it means that there is no multicollinearity in the regression model so that the two multicollinearity tests that have been carried out show that there is no multicollinearity symptom in the research model.

The results of the Durbin-Watson autocorrelation test for *Mudharabah* financing as the dependent variable resulted in a dw value of 0.596493 and for *Musyarakah* financing as the dependent variable a dw value of 0, 0.112675. The value of the Durbin-Watson table for the two dependent variables, namely dL is 1.4692 and dU is 1.6860. According to the basis of decision-making in the Durbin-Watson autocorrelation test on the test values obtained, it is known that there is an autocorrelation in this study.

Based on the results of the heteroscedasticity test for *Mudharabah* financing and *Musyarakah* financing as the dependent variable, the significance value (Sig.) is greater than 0.05 and according to the basis for making decisions on the heteroscedasticity test if the value of Sig. greater than 0.05 then there is no symptom of heteroscedasticity in this study.

Hypothesis Test Results

The results of hypothesis testing in this study used the coefficient of determination test, F statistic test, and statistical t-test. For *Mudharabah* financing as the dependent variable, the following results are obtained:

Table 1
Hypothesis Test Results

Dependent Variable: Y1
 Method: Least Squares
 Date: 06/29/22 Time: 11:12
 Sample (adjusted): 2016M04 2022M04
 Included observations: 63 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	74.21908	4.275292	17.36000	0.0000
X1	0.096649	0.115812	0.834535	0.4073
X2	-0.543944	0.047795	-11.38067	0.0000

X3	-3.781273	0.265471	-14.24366	0.0000
R-squared	0.785195	Mean dependent var		12.76635
Adjusted R-squared	0.774273	S.D. dependent var		0.512012
S.E. of regression	0.243261	Akaike info criterion		0.072019
Sum squared resid	3.491366	Schwarz criterion		0.208092
Log likelihood	1.731387	Hannan-Quinn criter.		0.125537
F-statistic	71.88929	Durbin-Watson stat		0.596493
Prob(F-statistic)	0.000000			

Source: Data processed by the author

As for *Musyarakah* financing as the dependent variable, the following results are obtained:

Table 2
Hypothesis Test Results

Dependent Variable: Y2
Method: Least Squares
Date: 06/29/22 Time: 11:13
Sample (adjusted): 2016M04 2022M04
Included observations: 63 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.935963	1.874728	-4.233127	0.0001
X1	-0.043394	0.050784	-0.854490	0.3963
X2	0.012713	0.020958	0.606585	0.5465
X3	1.507584	0.116410	12.95068	0.0000
R-squared	0.809857	Mean dependent var		15.59984
Adjusted R-squared	0.800189	S.D. dependent var		0.238635
S.E. of regression	0.106670	Akaike info criterion		-1.576758
Sum squared resid	0.671337	Schwarz criterion		-1.440686
Log likelihood	53.66787	Hannan-Quinn criter.		-1.523240
F-statistic	83.76438	Durbin-Watson stat		0.112675
Prob(F-statistic)	0.000000			

Source: Data processed by the author

The results of the coefficient of determination test where *Mudharabah* financing as the dependent variable obtained an R2 number of 0.785195 or 78.5% and *Musyarakah* financing as the dependent variable obtained an R2 number of 0.809857 or 81.0%. This percentage shows that the dependent variable can be explained by the independent variables (inflation rate, 7-Day RR interest rate, and the money supply) by the percentage value obtained by the coefficient of determination test while the remaining value can be explained by other variables outside the model.

The results of the F statistic test for *Mudharabah* financing as the dependent variable are known to have a significance value (Sig.) of 0.000000 and for *Musyarakah* financing as the dependent variable, the Sig value is obtained. of 0.00000000. Seeing the basis of decision making in the F statistic test if the value of Sig. smaller than 0.05, the independent variable simultaneously affects the dependent variable. So it is known that both *Mudharabah* and *Musyarakah* financing movements are simultaneously influenced by inflation rates, interest rates, and the money supply.

The results of t-test statistics with *Mudharabah* financing as the dependent variable indicate that the inflation rate factor shows a significance value (Sig.) of 0.407, interest rates with a value of Sig. of 0.000, and the money supply with a value of Sig. of 0.000. By looking at the basis of decision-making on the partial t-test that is the value of Sig. smaller than 0.05, then there is an effect on the test variable, whereas if the value of Sig. greater than 0.05, then there is no effect on the test variable. So, it can be concluded that only the inflation rate variable does not significantly affect the *Mudharabah* financing, while there is a significant relationship between the interest rate variable and the money supply with the *Mudharabah* financing factor.

The results of the t-test Statistics with *Musyarakah* financing as the dependent variable indicate that the inflation rate factor shows a significance value (Sig.) of 0.396, interest rates with a value of Sig. of 0.546, and the money supply with a value of Sig. 0.000. By looking at the basis of decision-making on the partial t-test the value of Sig. smaller than 0.05, then there is an effect on the test variable, whereas if the value of Sig. greater than 0.05, then there is no effect on the test variable. So in this test, it is known that the inflation rate and interest rate variables do not significantly affect *Musyarakah* financing, while there is a significant relationship between the money supply variable and the *Musyarakah* financing factor.

Based on the results of the statistical t-test of each variable, a regression model can also be formulated between the independent variable and the dependent variable in the two test models. For *Mudharabah* financing as the dependent variable, the following regression model can be formulated:

$$Y = 74,219 + 0,097X_1 - 0,544X_2 - 3,781X_3 + \epsilon$$

Then on *Musyarakah* financing which acts as the dependent variable, the following regression model can be described:

$$Y = -7,936 - 0,043X_1 + 0,013X_2 + 1,508X_3 + \epsilon$$

The results of hypothesis testing for *Mudharabah* and *Musyarakah* financing as the dependent variable show an insignificant relationship in a positive direction. This means that changes in the inflation rate that occur will not cause a movement in the value of the sharia financing. The escalation of profit sharing or the margin rate of Islamic bank products is not required to be in sync with the inflation rate, as is the case with interest rates in conventional banking. Its independent nature and being free from the inflation rate mechanism make Islamic financing stronger than conventional banking.

The results of this study are in accordance with the conclusions of research conducted by Mubarok (2018) where the inflation rate has no effect on *Musyarakah* financing which is explained further about Islamic banking not using the interest rate mechanism like conventional banking. The dynamic nature of interest rates has its own risks for banking products that are based on them. In contrast to the profit-sharing system, which has high certainty, it has low banking risk.

Thanks to its independence, Islamic banking has succeeded in attracting public trust as evidenced by the experience in 1997 when the economic crisis occurred. The profit-sharing principle applied in 1997 proved to be effective when conventional banks went bankrupt when applying high-interest rates to offset the inflation rate. The application of high interest rates aims to attract customers to loyally place their funds in conventional banking so that there is no negative spread.

The results of hypothesis testing for *Mudharabah* financing as the dependent variable indicate that there is a significant relationship in a negative direction. This means that an increase in interest rates will cause a decrease in demand for *Mudharabah* financing. Meanwhile, in *Musyarakah* financing as the dependent variable, it shows that there is an insignificant relationship with a negative direction, which means that changes in interest rates will not cause a movement in the supply of *Musyarakah* financing. Judging from the literature in general, the increase in the BI-7 Day RR interest rate will directly affect Islamic banking through displaced commercial risk.

Research between interest rates and Islamic financing has been carried out by Hanifah & Anwar (2020) with the results of research that interest rates have no effect on *Mudharabah* financing. This is slightly different from this study where interest rates have an effect on *Mudharabah* financing, but have no effect on *Musyarakah* financing.

The movement of public funds from Islamic banking to conventional banking will cause fluctuations in liquidity in Islamic banking and will affect fund-raising activities in Islamic banking. It is different with *Musyarakah* financing which is a test variable that has no impact on interest rate escalation. This is probably due to the existence of internal policies from banks that are able to prevent customers from transferring their funds to Islamic banking.

The results of hypothesis testing for *Mudharabah* financing as the dependent variable show that there is a significant relationship in a negative direction. The meaning of this test is that an increase in the money supply in the community will cause a decrease in the value of *Mudharabah* financing. Meanwhile, the *Musyarakah* financing which acts as the dependent variable shows that there is a significant relationship with a positive direction, which means that any increase in the money supply in the community will have implications for an increase in the number of *Musyarakah* financing offers.

The results of this study are in line with research conducted by Ulfa (2021) where the money supply has an influence on Islamic financing. The money supply proves that any increase in the money supply will increase economic growth. It can be seen that for every increase in the money supply, the public will share some of their funds for consumption and the other part will be used for the money demand function, namely for investment in banking. In connection with the funds invested by customers, the bank has significant funds to be distributed to the public in the form of financing.

General conditions that occur in society can be illustrated in the relationship between the money supply and *Musyarakah* financing where for the period of this study there was a synchronous escalation between the two variables. The recovery of people's purchasing power, especially during the research period, was felt by almost all people. The increase in the money supply was due to the improvement in people's purchasing power and the increasing world demand for Indonesian export products. This condition was then absorbed by *Musyarakah* financing, which increased in line with the improvement in people's

purchasing power. The opposite condition can be seen in *Mudharabah* financing, this is probably due to the bank's internal policies which cause the financing to lose prestige compared to *Musyarakah* financing.

CONCLUSION

In general, in this study, factors in monetary policy such as the inflation rate, BI-7 Day RR interest rate, and the money supply have significant implications and influence on *Musyarakah* financing of 81.0% compared to *Mudharabah* financing with a value of 78.5 %. In more detail on the independent variable *Musyarakah* financing, the money supply factor in the community has a more significant effect on the test. The implication of this research is that Bank Panin Dubai Syariah should focus on the circulation of the money supply in the community which shows an escalation of people's purchasing power, so as to be able to make targets that make *Musyarakah* financing more needed by the community.

Vice versa, Islamic financing has a high level of risk to changes in the money supply in the community. This risk needs to be mitigated with various corporate-level policies that make the level of risk owned lower. Based on this research, *Musyarakah* financing is also considered more vulnerable to changes in macroeconomic policies. The government as the regulator should also make policies related to the purchasing power of the people. Judging from the value of the money supply which has increased during the study period and is in line with the increase in sharia financing.

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