

THE EFFECT OF *MUSHARAKAH* AND *MURABAHA* FINANCING ON PROFITABILITY WITH NON-PERFORMING FINANCING AS A MODERATING VARIABLE (IN SHARIA BUSINESS UNITS REGISTERED WITH THE FINANCIAL SERVICES AUTHORITY)



Awin Rahma Zulvia¹
Universitas Gajayana, Malang, Indonesia
awin.rahma99@gmail.com

Oyong Lisa²
Universitas Gajayana, Malang, Indonesia
oyonglisa68@gmail.com

Djuni Farhan³
Universitas Gajayana, Malang, Indonesia
djunifarhan@gmail.com

Abstract

This study aims to analyze the effect of *Musharakah* and *murabahah* financing on profitability in Islamic business units, as well as to examine the impact of Non-Performing Financing (NPF) on profitability. Additionally, this research assesses whether NPF can moderate the effect of *Musharakah* and *murabahah* financing on profitability. Thus, the study is expected to provide comprehensive insights into the relationship between types of Islamic financing, financing quality, and financial performance of Islamic business units. The research method used is a quantitative approach with eight Islamic business units selected using purposive sampling between 2020 and 2023. The data were analyzed using Moderated Regression Analysis to test the hypotheses proposed in the study. The results indicate that *Musharakah* financing has a negative and significant effect on profitability, with a coefficient of -3.562 and a probability value of 0.001. This suggests that higher *Musharakah* financing is associated with decreased financial performance of Islamic banks. Conversely, *murabahah* financing has a positive and significant effect on profitability, with a coefficient of 4.593 and a probability value of 0.000, meaning that higher *murabahah* financing is associated with improved financial performance. NPF is not able to moderate the effect of *Musharakah* on profitability, with a coefficient of -2.667 and a probability value of 0.013, but it is able to moderate the effect of *murabahah* on profitability, with a coefficient of 8.981 and a probability value of 0.000. These results are consistent with several previous studies that support these findings.

Keywords: *Musharakah*, *Murabahah*, ROA, NPF

INTRODUCTION

Sharia banks have played an important role in driving economic development in Indonesia and have helped increase economic growth as well as create jobs in various sectors (Anshori, 2017). These sharia business units are part of conventional banks but operate based on sharia principles that prohibit interest-based (riba) transactions. There is criticism of the conventional banking system because it is considered to contradict Islamic values. Some countries, such as Malaysia and Western countries, allow conventional banks to operate in their regions by providing Islamic banking services through sharia business units. However, in Middle Eastern countries, a more common approach is to establish Islamic banking subsidiaries. This reflects the need for Muslims for a financial system that adheres to sharia principles, even though interest-based conventional banking is prohibited in Islam.

In Indonesia, the majority of the population adheres to Islam, which has driven the rapid growth of Islamic Financial Institutions (LKS) in the economic sector. The development of LKS in Indonesia began in the 1990s, marked by the establishment of Bank Muamalat as a pioneer in this industry. Since then, Islamic banks have experienced significant growth up to the present day (Purwati & Sagantha, 2022). Data from the Islamic Banking Statistics (SPS) over the past five years on the development of Islamic Financial Institutions is shown in the following table:

Table 1.
Data on the Development of Islamic Financial Institutions Years 2020-2023

Number.	Description	Year			
		2020	2021	2022	2023
1	Number of Islamic Commercial Banks	488	500	392	393
2	Number of Sharia Business Units	162	177	180	190

Source: (Islamic Banking Statistics, OJK, 2024).

Table 1. shows the development of Islamic financial institutions in Indonesia from 2018 to 2022. The number of Islamic commercial banks increased from 478 in 2018 to 500 in 2021 but experienced a significant drop to 392 in 2022 due to the merger of BRI Syariah, Mandiri Syariah, and BNI Syariah into BSI, where they optimized by closing one branch if the locations were close to each other. Meanwhile, the number of Sharia business units also showed stable growth, increasing from 153 in 2018 to 180 in 2022. Although the number of

Islamic commercial banks is greater than the number of sharia business units, the ratio between the two has shown notable fluctuations, with sharia business units demonstrating stable growth from 2021 to 2022. Since March 2020, the government has imposed restrictions on outdoor activities to control the spread of the Covid-19 virus. This policy has significantly impacted various economic sectors, including Islamic Financial Institutions (LKS). Nevertheless, the Islamic Financial Institutions sector has shown resilience and continued to grow despite the challenges posed by the pandemic (Zulvia & Nawirah, 2021).

In June 2023, the Indonesian government officially declared that Indonesia had transitioned from a pandemic to an endemic phase. This declaration also impacted the policies of Islamic financial institutions, leading to an increase in the number of sharia units to support the needs of society during this endemic period. From Table 1.1, it can be concluded that Sharia business units have experienced stable and significant development over the past five years. Financing products in Sharia business units are not limited to *Mudharabah* and *Musyarakah* contracts. Islamic banks also offer financing through sales and leasing contracts, which provide more certain income for the bank. The sales and leasing contracts commonly used in Islamic banking include *Murabahah*, *Ba'i Salam*, *Ba'i Istisna*, *Ijarah*, and *Ijarah waiqtina*. Below is the composition of financing in Sharia business units registered with the Financial Services Authority (OJK) in 2023:

Table 2.
Composition of Financing in Sharia Business Units Years 2020-2023 (Nominal in Billion Rupiah)

Contract	Year			
	2020	2021	2022	2023
<i>Mudharabah</i>	44	81	120	156
<i>Musharakah</i>	607	1188	1825	2417
<i>Murabahah</i>	414	817	1274	1692
Isthina'	27	51	82	109

Source: (Islamic Banking Statistics, OJK, 2024).

Table 2 presents the composition of financing in sharia business units for the period January-June 2023, with data presented in billion rupiah. During these six months, there were four dominant types of financing contracts. *Musharakah* was the most dominant business cooperation model, contributing about 54.7% of total financing, showing a preference for

collaborative business models in sharia financing. Meanwhile, *Murabahah*, a form of sale and purchase transaction with a predetermined profit margin, contributed 39.3% of total financing. On the other hand, *Mudharabah*, a partnership where one party provides capital and the other provides management and expertise, accounted for around 3.6%. *Isthina*, which involves the leasing or use of assets, contributed 2.5% of total financing. Despite monthly fluctuations, the data shows relatively stable growth in all types of financing contracts over the six months. This analysis provides a clear picture of preferences and fund allocation across different types of Sharia financing contracts, reflecting the Sharia principles upheld by Islamic financial institutions in 2023.

Based on the financing composition data in Table 1.2, *Musyarakah* and *Murabahah* are used as independent variables in this research due to the high interest of the public in utilizing *Musyarakah* and *Murabahah* financing in Sharia business units. The higher the financing carried out by Sharia business units, the greater the impact on profitability.

Murabahah is a transaction where a seller sells goods at the original price with an agreed-upon profit margin. In this type of transaction, the product's price and the profit margin must be determined by the seller, as explained by (Apriani, 2021). *Murabahah* can be understood as a sale and purchase transaction involving a medium of exchange, accompanied by a predetermined profit margin, often referred to as "resale with a stated profit." In the context of financing in Islamic banking, the bank acts as the seller and the customer as the buyer. The customer buys goods from the bank at an agreed price, which includes the predetermined profit.

Findings from studies by (Dianta, 2020; Fitria, et.al., 2023; Irvan & Azib, 2021; Dessy, et.al., 2023; Purwati & Fitri, 2022; Jajuli et.al., 2023; Bayu, et.al., 2020, Eliana, 2019; Jihan, 2019) show that *Murabahah* has a significant direct impact on profitability. On the other hand, research conducted by Syaiful (2022) and Anisya (2017) suggests that *Murabahah* does not have a significant direct impact on profitability. Given the diverse contributions of these studies, further research is needed to clarify and provide a deeper understanding of existing theories both conceptually and empirically.

Musharakah is a Sharia financing scheme based on a joint venture principle between two or more entrepreneurs, similar to the concept of venture capital in the conventional

financial system. Unlike *Mudharabah*, *Musyarakah* involves the active participation of all parties in capital, management, and business supervision. The amount of capital and the roles of each party in business operations are agreed upon at the beginning. Voting rights and involvement in business management are proportional to the capital contribution. The partners trust each other and do not demand guarantees. Decisions regarding the direction of business development and operations are made through mutual agreement, considering each party's capital contribution. Thus, each partner has both the right and responsibility to determine the direction of business development and jointly control its operations (Rizky & Azib, 2021).

The profitability of Sharia business units is also influenced by *Musyarakah*, a business cooperation contract involving funding from two parties and a mutually agreed-upon profit-sharing arrangement. Loss-sharing is determined based on the proportion of each party's capital contribution. Another variable that can influence the profitability of sharia business units is *Musharakah*, a business cooperation contract involving funding from two parties and a mutually agreed-upon profit-sharing arrangement. Loss-sharing is determined based on the proportion of each party's capital contribution. Research on the impact of *Musyarakah* financing on profitability has been conducted by (Dianta, 2020; Fitria, et.al., 2023; Bayu, et.al., 2020; Wida & Wirman, 2023; Eliana, 2019; Arsyadon, 2019; Jihan, 2019), showing that *Musharakah* has a significant direct impact on profitability. On the other hand, research by (Syaiful, 2022; Anisya, 2017; Irvan & Azib, 2021; Purwati & Fitri, 2022; Rekn & Saiful, 2021; Bayu, et.al., 2020) indicates that *Musyarakah* does not have a significant direct impact on profitability. Given the diverse contributions from these studies, further research is needed to clarify and provide a deeper understanding of existing theories, both conceptually and empirically.

According to research by (Lisa, Dahlan, & Alex, 2022), profitability design, particularly the bank or credit financing aspects, can influence profitability. Profitability increases when the level of funding is high and can be seen as an indicator to evaluate financial system performance. High profitability is a positive signal for investors (Nugroho, et.al, 2020). ROA (Return on Assets) is one of the analytical tools used to assess how well a business operates and generates profit. A high ROA reflects strong financial performance.

Conversely, if the ROA is low, it indicates that not enough investment has been made to generate optimal performance, leading to the business being classified as underperforming. (Fazrian, 2019) suggests that the ROA ratio be used to evaluate how well a bank finances its operations and generates profits. The lower the ROA, the worse the bank's management is at utilizing assets to reduce costs or increase revenue. Thus, ROA is a crucial criterion in assessing how well a bank performs its functions. The amount of profit correlates with significant financing distribution and the bank's success in conducting its activities.

Based on ROA (Return on Assets) data from 2020 to 2023, significant fluctuations in profitability are evident. In 2020, the company recorded an ROA of 3.58%, indicating moderate capability in generating profits from its assets. However, in 2021, ROA dropped drastically to only 0.34%. This decline could be attributed to various factors, including revenue decreases, increased operating expenses, or the negative impact of the COVID-19 pandemic that disrupted the company's financial stability. In 2022, there was a slight recovery with ROA increasing to 0.64%. Although still relatively low, this improvement suggests better operational efficiency or cost management and possibly moderate revenue growth. The improving economic conditions could also have contributed to this increase.

The year 2023 marked a significant shift, with ROA skyrocketing to 16.99%. This surge indicates a significant increase in the company's profitability, likely driven by substantial revenue growth or significant cost reductions. Additionally, previous investments or development strategies may have started yielding positive results, significantly enhancing the company's operational efficiency.

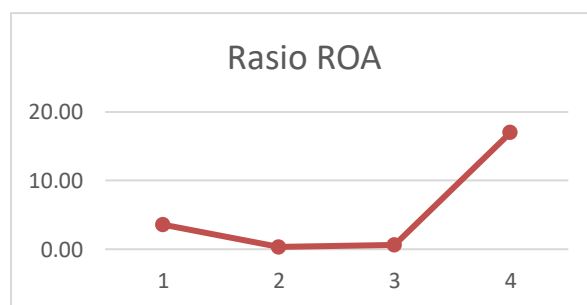


Figure 1.
Return on Assets (ROA) Ratio of Sharia Business Units
2020-2023 (Amounts in Billion Rupiah)

Source: (Sharia Banking Statistics OJK, 2024).

The phenomenon reflects that the ROA of Sharia business units declined between 2021 and 2022, while in Table 1.2, the composition of *Murabahah* and *Musyarakah* financing increased. This contradicts the findings of research by Dianta (2020), Purwati & Sagantha (2022), and Fitria, et.al. (2023), which stated that financing would positively impact profitability.

From 2021 to 2022, *Murabahah* and *Musharakah* financing increased by 55.94% and 53.62%, respectively, but the profitability of Sharia business units dropped by 0.34% from 2020. Financing is one of the main functions in Islamic banking, generating profits for the bank through income from financing contracts such as *Murabahah*, *Musyarakah*, and *Mudharabah*. However, in practice, Islamic banks also face financing risks, particularly the risk that customers may fail to meet their obligations. This financing risk is measured using an indicator called Non-Performing Financing (NPF). The NPF ratio measures the percentage of problematic financing against the total financing disbursed by the bank. The higher the NPF ratio, the greater the financing risk faced by the bank, which can affect profitability as well as the financial stability of the bank. Below is the NPF of Sharia business units from 2020 to 2023:

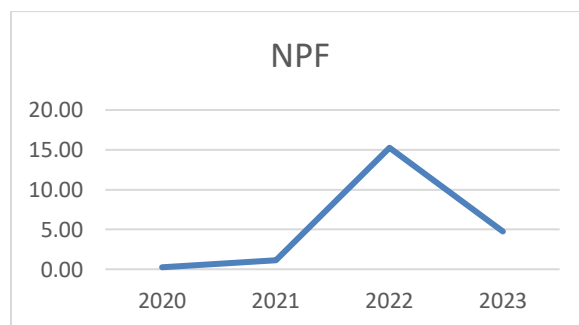


Figure 2.
NPF Ratio

Source: (Islamic Banking Statistics OJK, 2024)

REVIEW OF LITERATURE

Sharia Enterprise Theory (SET)

Sharia Enterprise Theory is an adaptation of the Whole Business concept, recognizing companies as social entities with various stakeholders, not just shareholders. SET emphasizes accountability to Allah, humanity, and the environment, aligning with Islamic values such as

justice and trustworthiness. It requires Shariah-compliant companies to manage resources fairly and transparently, considering the welfare of all related parties. Its implementation in Islamic banks aims to enhance performance by adhering to Shariah principles, minimizing fraud, and ensuring the accuracy of information for capital owners and other stakeholders.

Musharakah

In musharakah, two or more individuals agree to collaborate on a specific venture, with each contributing funds and sharing profits or losses. In Islamic banking, customers typically manage the capital since banks are prohibited from directly engaging in real businesses. Musyarakah includes types like musyarakah ownership and musyarakah contract. Musharakah mutanaqisah is a form where asset ownership gradually diminishes. Musyarakah financing assists Islamic banks in providing capital for projects with flexible and secure profit-sharing, reflecting the principle of fairness in profit and risk distribution (Darsono, 2016:291).

Murabahah

In a murabahah contract, the seller discloses the purchase price plus an agreed profit margin. In practice, Islamic banks use murabahah to finance customers' needs without requiring full upfront payment. The bank purchases the goods at the customer's request and resells them with an added profit margin. Murabahah offers transparency in pricing and profits, along with certainty in payments, making it an effective solution for Sharia-compliant financing that avoids usury (riba) (Antonio, 2015:101).

Profitability

Profitability ratios are an important metric in financial analysis that evaluate how effectively a business converts its assets, capital, and sales into profits (Sudana, 2011:22). Key stakeholders, including creditors, suppliers, and investors, use these ratios to measure a company's profitability (Fahmi, 2015:135; Priyadi, 2018:2). They indicate how well management transforms sales and investments into profits. Besides revealing whether a business is profitable or not, profitability ratios provide insights into ROI and how efficiently management allocates resources. Return on Assets (ROA) is a key figure in banking that assesses how well a company utilizes its assets to generate profit (Adyani, 2011:2).

NPF

According to Riannasari (2017), a bank's capacity to manage the risk of debtor credit failure can be measured by looking at the Non-Performing Financing (NPF) ratio. Suhartatik and Kusumaningtias (2013) state that NPF is determined by comparing the amount of problematic financing with the total financing provided. In the context of conventional banking, NPF serves as a performance indicator of the bank's functions, where a high NPF indicates the bank's inability to manage its banking business, negatively affecting overall performance. NPF arises from liquidity issues, where debtors are unable to meet their payment obligations, leading to an increase in bad loans or the risk of default by customers.

Hypothesis Development

The Effect of Musyarakah Financing on ROA

Based on financial arrangements agreed upon between Islamic banks and business partners (customers), bank loans can yield benefits such as profit sharing, profit margins, or rental income. If this financing is realized, the bank is likely to see an increase in its profits. Higher bank profitability is predicted by increased operating profits (Ismail, 2016:87).

Return on Assets (ROA) is used as the profitability metric in this study. Musyarakah has a positive and significant influence on ROA, according to studies by Dianta (2020), Fitria et al. (2023), Eliana (2019), Arsyadon (2019), and Jihan (2019). The higher the Musyarakah income, the more favorable the ROA. However, Musyarakah has a negative and significant impact on ROA, as found in the research of Bayu et al. (2020) and Wida & Wirman (2023). Increased Musyarakah financing reduces the ROA level. Studies by Rekno & Saiful (2021), Purwati & Fitri (2022), Irvan & Azib (2021), Anisya (2017), and Syaiful (2022) found no significant effect of Musyarakah on ROA.

H1: Musharakah financing affects profitability (ROA)

The Effect of Murabahah Financing on ROA

The Effect of NPF on ROA

According to the financing agreements reached between Islamic banks and business partners (customers), bank financing provides incentives through profit sharing, profit margins, and rental income. An increase in bank profits is one indicator that this financing

has the desired effect. Higher bank profitability is predicted by increased operating profits (Ismail, 2016:87).

Return on Assets (ROA) is used as the profitability metric in this study. Several studies have shown that Murabahah significantly affects profitability, including those by Dianta (2020), Fitria et al. (2023), Irvan & Azib (2021), Dessy et al. (2023), Purwati & Fitri (2022), Jajuli et al. (2023), Bayu et al. (2020), Eliana (2019), and Jihan (2019). However, Murabahah does not significantly impact profitability, according to studies conducted by Syaiful (2022) and Anisya (2017).

H2: Murabahah financing affects profitability (ROA)

The Effect of NPF Financing on ROA

NPF does not affect profitability, according to Fitria et al. (2022) and Lisa et al. (2022). With declining ROA, bank performance deteriorates as NPF interest rates rise. However, NPF does not impact bank profits, according to Zaim (2018). This leads us to our working hypothesis on how NPF affects ROA:

H3: Non-Performing Financing (NPF) affects profitability (ROA)

NPF Moderates the Effect of Musyarakah on ROA

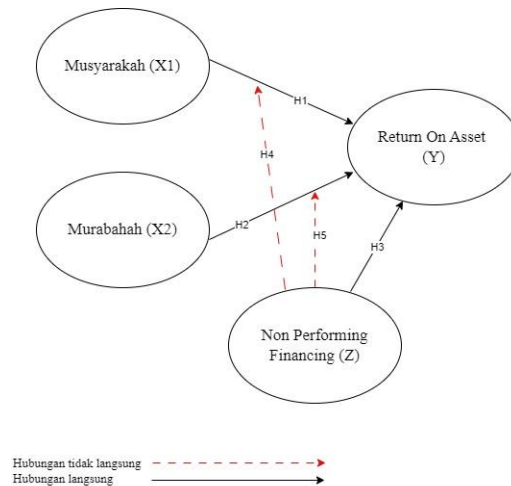
Despite NPF's best efforts, Fitria et al. (2023) found that Musyarakah financing still positively impacts profitability. At the same time, Purwati and Fitri (2022) found that Musyarakah financing has a significant and negative effect on profitability; however, NPF can counterbalance this effect and make it positive. Further investigation is needed into the discrepancies in these research findings.

H4: Musyarakah financing affects profitability (ROA) through Non-Performing Financing (NPF)

NPF Moderates the Effect of Murabahah on ROA

The impact of Murabahah on return on investment (ROI) is negative and negligible, claims Syaiful (2022). Nevertheless, Jihan (2019) found that problematic financing acts as a moderator between Murabahah financing and profitability, although this indirect effect is less significant than the direct effect

H5: Murabahah financing affects profitability (ROA) through Non-Performing Financing (NPF)



RESEARCH METHOD

Operational Definition of Variables

Return on Assets is the endogenous variable in this study. On the other hand, Musyarakah and Murabahah variables are exogenous. Additionally, Non-Performing Financing (NPF) is a moderating variable. Below is the description of the variables from an operational perspective:

Table 3.
Operational Definitions of Variables

No	Variable	Definition	Indicator	Reference	Source
1.	Return on Assets (Endogenous Variable)	The profitability ratio after deducting the amount of ownership.	Net profit after tax / total assets	Rina & Roffiuddi n (2021)	OJK
2.	Musyarakah (Exogenous Variable)	A profit-sharing contract between two or more capital owners who cooperate to form a business partnership.	Total Musyarakah Financing	Dianta, 2020; Fitria, et.al.,2023	OJK
3.	Murabahah (Exogenous Variable)	A sales contract with a third party that yields a margin.	Total Murabahah Financing	Dianta, 2020; Fitria, et.al.,2023;Irvan & Azib 2021;Dessy, et.al., 2023;	OJK

Purwati &
Fitri, 2022

4.	NPF (Variabel Moderasi)	A profit-sharing contract between two or more capital owners who cooperate to form a business partnership: cooperation in forming a business partnership.	Total Musyarakah Financing	Fitria,et,al , 2022 dan Lisa, et,al,2022	OJK
----	-------------------------------	--	----------------------------------	--	-----

Data and Sample

This study relies on secondary data collected from the Financial Services Authority (OJK). The data collection process depends on the accessibility of the relevant government website. The sampling approach is based on specific criteria, and the Purposive Sampling technique is used due to the completeness of the data publication, which is how the sample was selected.

The study population includes 13 Islamic business units, and the sample is drawn from countries with accessible data between 2020 and 2023. The research sample consists of eight Islamic business units that meet the criteria.

No	Islamic Business Unit	Publicly Listed Company	Financial Report Publication
1	PT Bank Danamon, Tbk	v	v
2	PT Bank Maybank Inonesia, Tbk	v	v
3	PT Bank CIMB Niaga, Tbk	v	v
4	PT BPD Jawa Tengah, Tbk	v	v
5	PT BPD Jawa Timur, Tbk	v	v
6	PT BPD Jambi	v	v
7	PT BPD Sumatra Utara	v	v
8	PT BPD Nagari	v	v

(Source: Islamic Banking Statistics, OJK 2024)

Data Analysis Techniques

The methodology of this investigation is quantitative. This approach utilizes SPSS version 26 software for the statistical analysis of numerical data processed with the unit of analysis. Based on the results, one of the data analysis models used is moderated regression

analysis (MRA). This approach was chosen because this study uses a moderating variable in its testing. Liana (2009) states that in multivariate linear regression, moderated regression is an interaction test between the moderating variable and the exogenous variable. This study uses the following equations:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 \quad \text{(Equation 1)}$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 X_1 * Z + \beta_5 X_2 * Z \quad \text{(Equation 2)}$$

Explanation:

- Y = Profitability (ROA)
- α = constant
- β₁ - β₅ = regression coefficients
- X₁ = Musyarakah
- X₂ = Murabahah
- Z = NPF

RESULTS AND DISCUSSION

Descriptive Statistics

Data has been collected from appropriate sources, and further calculations based on descriptive statistics and data processing have been performed. To analyze the components used, this research approach utilizes SPSS 26. Mean, standard deviation, variance, total, range, kurtosis, and skewness (distribution slope level) are all parts of descriptive statistics used to provide an overview and interpretation of the data (Ghozali, 2016:19). The results of the descriptive statistics test are as follows:

Table 4.
Descriptive Statistics

	<i>Musharakah</i>	<i>Murabahah</i>	ROA	NPF
N	Valid	32	32	32
	Missing	0	0	0
<i>Mean</i>	8810052,4688	1972918,3125	,6738	,6691
<i>Median</i>	779445,0000	1389928,5000	,0254	,0362

Std. Deviation	14236499,96398	1671540,43171	1,44004	1,27674
Skewness	1,526	1,443	2,093	2,245
Std. Error of Skewness	,414	,414	,414	,414
Kurtosis	1,021	1,270	2,909	4,052
Std. Error of Kurtosis	,809	,809	,809	,809
Minimum	33736,00	477311,00	,00	,00
Maximum	48207237,00	6539728,00	4,66	4,57

Based on the data in the table above, here is the explanation:

a. Musharakah Financing

The data for Musharakah financing from 2020 to 2023 shows that the maximum Musyarakah financing (X1) is 48,207,237 by UUS PT BANK CIMB NIAGA Tbk in 2023, and the minimum value is 33,736 by UUS PT BPD Jambi in 2023. The mean value is 8,810,052.47 with a standard deviation of 14,236,499.96.

b. Murabahah Financing

The data for Murabahah financing from 2020 to 2023 shows that the maximum Murabahah financing (X2) is 6,539,728 by UUS Bank Danamon in 2023, and the minimum value is 477,311 by UUS PT BPD Jambi in 2021. The mean value is 1,972,918.31 with a standard deviation of 1,972,918.31.

c. Return on Assets (ROA)

The data for Return on Assets from 2020 to 2023 shows that the maximum ROA (Y) is 4.66 by UUS Bank Nagari in 2020, and the minimum value is 0.00 by UUS Bank Jatim in 2023. The mean value is 1.6738 with a standard deviation of 1.44.

d. Non-Performing Financing (NPF)

The data for Non-Performing Financing from 2020 to 2023 shows that the maximum NPF (Z) is 4.57 by UUS BPD Jambi in 2022, and the minimum value is 0.00 by UUS BPD Jambi in 2021. The mean value is 1.6691 with a standard deviation of 1.28.

Normality Test

Data is considered good if it follows a normal distribution, which is assessed using the normality test. This study employs the Kolmogorov-Smirnov test to determine if the data is normally distributed. According to the classification set by Suliyanto (2011), data is

considered not normally distributed if the significance value is less than 0.05 and is normally distributed if the value is greater than 0.05.

Table 5.
Normality Test
One-Sample Kolmogorov-Smirnov Test

		Linear Transform Test	
N		32	
Normal Parameters ^{a,b}		Mean	,0000000
		Std. Deviation	2,01181135
Most Extreme Differences	Extreme	Absolute	,306
		Positive	,166
		Negative	-,306
Test Statistic		,306	
Asymp. Sig. (2-tailed)		,001 ^c	
Monte Carlo Sig. (2-tailed)	Sig. (2-tailed)	99% Confidence Interval	,095 ^d
		Lower Bound	,087
		Upper Bound	,102

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Based on 10000 sampled tables with starting seed 221623949.

Significance Values

The significance value of 0.95 is based on the completed normality test. Research data can be considered normally distributed if the SIG value is greater than 0.05.

Multicollinearity Test

The purpose of the multicollinearity test is to identify any correlations or indications of multicollinearity. Data is considered good and normal if there are no correlations among variables. Data is not considered normal if there are correlations (Suliyanto, 2011). If the VIF value is less than 10 or the tolerance value is greater than 0.10, it indicates that the data does not contain multicollinearity.

Table 6.
Multicollinearity Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,327	11,057		-,030	,977		
	Musyarakah	-,278	,254	-,302	-1,095	,295	,999	1,001
	Murabahah	,035	,749	,013	,047	,963	,999	1,001

a. Dependent Variable: ROA

The VIF values for the Musyarakah (X1) variable and the Murabahah (X2) variable are $1.001 < 10$, as shown in the table above. Multicollinearity is not present in the research data, and the tolerance value is $0.999 > 0.1$.

Autocorrelation Test

Ghozali (2016) states that to test a regression model for autocorrelation, the Durbin-Watson test is used. The decision is based on the following: autocorrelation occurs if and only if ddd is less than dLd_LdL or greater than $4 - dLd_LdL$. There is no autocorrelation if ddd falls between dUd_UdU and $4 - dUd_UdU$. If ddd is somewhere in the range from dLd_LdL to dUd_UdU or from $4 - dUd_UdU$ to $4 - dLd_LdL$, then the test cannot be considered conclusive.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,302 ^a	,091	-,061	2,17300	2,144

a. Predictors: (Constant), Murabahah, Musharakah

b. Dependent Variable: ROA

The calculated values for dLd_LdL , dUd_UdU , and ddd are 1.3093, 1.5736, and 2.144, respectively. By subtracting dUd_UdU from 4, we get 2.4264, which we use to confirm the presence of autocorrelation. We find that ddd is between dUd_UdU and $4 - dUd_UdU$ after comparing these values; that is, 1.5736 is less than 2.144, which is less than 2.4264. We can accept the null hypothesis and say that the data is free from autocorrelation

because the value of ddd falls within this range. This indicates that the regression model used does not include autocorrelation.

Statistical Analysis

Table 7.
Statistical Analysis of the t-Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-8,009	3,376		-2,373	,025
	Musharakah	-,401	,113	-,516	-3,562	,001
	Murabahah	1,280	,279	,666	4,593	,000

a. Dependent Variable: ROA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,298	3,186		3,860	,001
	Musharakah	-,024	,179	-,031	-,132	,896
	Murabahah	-,690	,249	-,359	-2,777	,010
	MusyarakahNPF	-,117	,044	-1,737	-2,667	,013
	MurabahahNPF	,536	,060	8,769	8,981	,000
	NPF	-5,367	,608	-6,986	-8,833	,000

a. Dependent Variable: ROA

Results of Hypothesis Testing: t-Test

This test determines whether endogenous factors are influenced by exogenous variables and moderated exogenous variables, with a significance level of 5% ($\alpha = 0.05$). A significant effect is accepted and H_0 is rejected if the significance value is less than 0.05, while a substantial effect is acknowledged and H_0 is accepted if the value is greater than 0.05.

From the data in the table above, we can conclude:

1. The significance value for the Musyarakah variable is 0.001 (< 0.05), indicating that the Musyarakah variable has a significant effect on ROA (H_1 is accepted).
2. The significance value for the Murabahah variable is 0.000 (< 0.05), indicating that the Murabahah variable has a significant effect on ROA (H_2 is accepted).
3. The significance value for the interaction between ROA and NPF is 0.000 (< 0.05), indicating that the NPF variable affects ROA (H_3 is accepted).

4. The significance value for the interaction between Musyarakah and NPF is 0.013 (< 0.05), indicating that NPF does not moderate the effect of Musyarakah on ROA (H4 is rejected).
5. The significance value for the interaction between Murabahah and NPF is 0.000 (< 0.05), indicating that NPF effectively moderates the effect of Murabahah on ROA (H5 is accepted).

Coefficient of Determination

The coefficient of determination measures the extent to which exogenous variables explain the endogenous variable. The effect is larger as it approaches 1 and smaller as it approaches 0.

Table 8.
Coefficient of Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,940 ^a	,883	,861	,51544

a. Predictors: (Constant), NPF, Murabahah, Musharakah, MusyarahNPF, MurabahahNPF

The endogenous variable ROA can be explained by the exogenous variables Musyarakah and Murabahah, with NPF mediating this relationship up to 86.1% (R-squared = 0.861, or 86.1% of the total), while other factors outside the scope of this study account for the remaining 12.6%.

The Impact of Musharakah Financing on Return on Assets (ROA)

Musharakah financing is a significant variable affecting ROA; its negative coefficient of -3.562 and a probability value of 0.001, which is less than 0.05, indicate statistical significance. This supports the acceptance of H1. Musharakah has a negative effect on ROA, as shown by the negative coefficient in the regression findings. Consequently, the financial performance of banks, measured by ROA, declines as the level of Musharakah financing increases. Possible reasons include the failure of UUS to apply prudent banking practices when evaluating customer applications and the substandard administration of Musharakah financing. As a result, there may be an increase in expenditures. These findings are consistent

with those of Bayu et al. (2020) and Wida & Wirman (2023), who also found that Musharakah financing rates significantly and negatively affect financial performance.

The Impact of Murabahah Financing on Return on Assets (ROA)

The coefficient for Murabahah financing is 4.593, with a positive coefficient and a probability value of 0.000, indicating that this variable has a positive and significant effect on ROA, as the probability value is less than 0.05. This means H2 is accepted. The results suggest that higher levels of Murabahah financing lead to improved performance of Sharia units, as measured by ROA. This finding is consistent with previous research by Dianta (2020), Fitria et al. (2023), Irvan & Azib (2021), Dessy et al. (2023), Purwati & Fitri (2022), Jajuli et al. (2023), Bayu et al. (2020), Eliana (2019), and Jihan (2019), which found that Murabahah financing levels positively and significantly impact financial performance (ROA).

The Impact of Non-Performing Financing (NPF) on Return on Assets (ROA)

With a probability value less than 0.05, the negative coefficient of -8.833 for NPF and a probability value of 0.000 indicate that this variable significantly affects ROA. Thus, H3 is accepted. The negative coefficient in the regression findings shows that NPF reduces ROA. The decline in the measurable financial performance (ROA) of banks is directly proportional to the increase in NPF. This finding is consistent with Zaim (2018), who also found that NPF levels significantly and negatively affect financial performance

Non-Performing Financing (NPF) as a Moderator of the Impact of Musharakah on Return on Assets (ROA)

The NPF variable cannot mitigate the impact of Musharakah on ROA, as indicated by its negative coefficient of -2.667 and a probability value of 0.013, which is higher than the significance level of 0.05. Thus, H4 is rejected. Fitria et al. (2023) also found that NPF cannot reduce the impact of Musharakah on ROA, and our findings align with theirs.

Non-Performing Financing (NPF) as a Moderator of the Impact of Murabahah on Return on Assets (ROA)

The NPF variable can reduce the effect of Murabahah on ROA; its positive coefficient and probability value of 0.000 indicate this, as the latter is less than 0.05. Therefore, H5 is accepted.

CONCLUSION

The effect of *musharakah* financing on Return on Asset (ROA) shows a significant negative impact, indicating that an increase in *musharakah* financing can reduce the financial performance of Islamic banks. This may be due to suboptimal management and ineffective application of prudential principles. In contrast, *murabaha* financing has a positive and significant effect on ROA, showing that an increase in *murabaha* financing can improve the financial performance of Islamic banks. When considering the moderation effect of Non-Performing Financing (NPF), it was found that NPF does not moderate the effect of *musharakah* financing on ROA but can enhance the positive effect of *murabaha* financing on ROA.

REFERENCES

- Anggraini. (2020). The Effect of Third-Party Funds, Non-Performing Financing, Profit Sharing Rate, and Own Capital on Profitability with Profit Sharing Financing as an Intervening Variable in Islamic Banking. *Indonesian Journal of Sustainability Accounting*, Pamulang University. <https://doi.org/10.32493/JABI.v1i1.y2018.p122-146>
- Ayu Ningsih, W. (2023). The Effect of Mudharabah and Musyarakah Financing on Profitability in Islamic Commercial Banks in Indonesia. *Scientific Journal of Educational Wahana*, February 2023(4), 542–551. <https://doi.org/10.5281/zenodo.7684655>
- Anshori, A. G. (2020). *Islamic Banking in Indonesia*. Yogyakarta: Gajah Mada University Press.
- Antonio, Muhammad Syafii (2020). *Islamic Banks: From Theory to Practice*. Jakarta: Gema Insani.
- Anisya. (2017). The Effect of Mudharabah, Musyarakah, and Murabahah Financing on Return on Asset through Non-Performing Financing as an Intervening Variable (in Islamic Commercial Banks Registered with the Financial Services Authority). *Journal of Accounting and Management*, Vol 16 No. 01
- Apriani. (2021). The Effect of Murabaha, Mudharabah, and Musyarakah Financing on Financial Performance (ROA) with NPF and BOPO as Moderating Variables in Islamic Commercial Banks During the COVID-19 Pandemic. *Proceedings of the National Seminar, Pelita Bangsa University Bekasi*. <https://doi.org/10.46306/rev.v3i1.142>
- Astriani. (2020). The Effect of Musyarakah and Murabahah Financing on Profitability in Islamic Rural Banks of Harta Insan Karimah. Master's Thesis, UIN Syarif Hidayatullah Jakarta.

- Azmi. (2020). Analysis of the Effect of Financing Volume on Profitability with BOPO as a Moderating Variable in Islamic Commercial Banks in Indonesia. *EBBANK Journal*, STIE Bank BPD Jateng.
- Bahri, S. (2022). The Effect of Murabaha, Mudharabah, and Musyarakah Financing on Profitability. *JAS (Journal of Sharia Accounting)*, 6(1), 15–27. <https://doi.org/10.46367/jas.v6i1.502>
- Darsono (2020). *The Journey of Islamic Banking in Indonesia*. Jakarta: Bank Indonesia.
- Dr. Oyong Lisa, S. M. (2014). *Islamic Banking Accounting*. PT REVKA MEDIA.
- Fahmi, Irham. (2020). *Introduction to Financial Management Theory and Q&A*. Bandung: Alfabeta.
- Fazrian. (2019). The Effect of Mudharabah, Musyarakah, and Murabahah Financing on Return on Asset through Non-Performing Financing as an Intervening Variable (in Islamic Commercial Banks Registered with the Financial Services Authority). *Journal of Accounting and Management*. <https://doi.org/10.36406/jam.v16i01.265>
- Irvan Muhamad Rizky, & Azib. (2021). The Effect of Mudharabah, Murabahah, and Musyarakah Financing on Return on Assets. *Journal of Management and Business Research*, 1(1), 16–24. <https://doi.org/10.29313/jrmb.v1i1.35>
- Ismail. (2013). *Islamic Banking*. Jakarta: Kencana Prenada Media Group.
- Lisa, O., Dahlan, A., & Alex. (2022). Non-Performing Financing as a Medium of Sharia Cooperative Performance in East Java. *Journal of Islamic Economics Theory and Applied*. <https://orcid.org/0000-0003-1963-6319>
- Mardani. (2012). *Islamic Economic Jurisprudence*. Jakarta: Kencana.
- Nugroho, T. R., Muawanah, U., & Farhan, D. (2020). The Effect of Profitability and Institutional Ownership on Firm Value with Capital Structure as a Moderating Variable in Property and Real Estate Companies Listed on the IDX for the 2015-2018 Period. *Accounting and Finance Research Journal*.
- Purwati, & Sagantha, F. (2022). The Effect of Murabaha and Musyarakah Financing on Profitability with Non-Performing Financing (NPF) as a Moderating Variable (Empirical Study on Islamic Banks Registered with the Financial Services Authority (OJK) for the 2020-2021 Period). *Revenue Journal*. <https://doi.org/10.46306/rev.v3i1.142>
- Priyadi, Maswar Patuh (2020). The Effect of Profitability and Size on Firm Value with CSR as a Moderating Variable. *Journal of Accounting Science and Research*, Volume 7, No. 3 March 2020. <http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/issue/view/7>
- Qomariyah, N. (2014). *Determining Murabaha Margin at Bank Muamalat Indonesia, Malang Branch*.
- Ramadhanti, F., Atichasari, A. S., Kristanti, D., Accounting, F., Economics, F., & Business, D. (2022). The Effect of Murabaha, Mudharabah, and Musyarakah Financing on Profitability (ROA) with Non-Performing Financing (NPF) as a Moderating Variable

- (Study at Bank Muamalat Indonesia for the 2012-2021 Period).
<http://ejournal.unipma.ac.id/index.php/fiscal/>
- Rizky, I. M. (2021). The Effect of Mudharabah, Murabahah, and Musyarakah Financing on Return on Assets. *Journal of Management Research*, 16-24.
- Sari, H., Octaviana, & Apriani. (2023). The Effect of Mudharabah, Musyarakah, and Murabahah Financing on Profitability. *Jesya (Journal of Economics & Islamic Economics)*.
- Saeed, Abdullah. (2004). *Islamic Banking and Interest: A Study of The Prohibition of Riba and its Contemporary Interpretation*, translated by Muhammad Ufuqul Mubin. Yogyakarta: Pustaka Pelajar.
- Sudana, I Made. (2020). *Corporate Financial Management: Theory and Practice*. Jakarta: Erlangga.
- Sugiyono (2019). *Quantitative, Qualitative, and R&D Research Methods*. Bandung: Alfabet.
- Syahrudin, (2013). Implementation of Musyarakah Mutanaqisah as an Alternative to Murabaha Financing in Islamic Banking, Vol. 9, No. 1, April 2013.
- Triuwono, Iwan. (2015). *Islamic Accounting: Perspectives, Methodology, and Theory*. Jakarta: PT. Raja Grafindo Persada.
- Umila, T., Abdul, & Oyong. (2021). The Effect of Financing and Training on Return on Assets through Non-Performing Financing in Sharia Savings and Loans Cooperatives in East Java. *Indonesian Accounting Journal*, 17(1), 64-70. Retrieved from <https://ejournal.unigamalang.ac.id/index.php/JAI/article/view/564>
- Widianengsih. (2020). The Effect of Murabaha, Mudharabah, and Musyarakah Financing on the Profitability of Islamic Banks in Indonesia. *AKUNSIKA Journal of Accounting and Finance*, Singaperbangsa Karawang University. <http://jurnal.poliupg.ac.id/index.php/akunsika>
- Zulvia, A. R., & Nawirah. (2021). Implementation of Margin-Based Murabaha Contracts. *Eldinar: Journal of Islamic Finance and Banking*. <https://doi.org/10.18860/ed.v9i2.11867>