

CHAPTER IV

OVERVIEW

A. Research Variables Overviews

Before further discussion on this studies finding, the following overviews introduce entire variables of study. This study has five variables which are Profit Sharing Financing, Capital Adequacy Ratio (CAR), Return on Asset (ROA), Inflation and Sharia Certificate of Bank Indonesia (SBIS).

Table 4.1 Research Variables

Year	Profit Sharing Financing (Billion Rupiah)	Capital Adequacy Ratio (%)	Return on Asset (%)	Inflation (%)	SBIS (Billion Rupiah)
2011:12	29.259	16,63	1,79	3,79	9.244
2012:12	39.690	14,13	2,14	4,30	4.993
2013:12	53.499	14,42	2,00	8,38	6.699
2014:12	63.741	15,74	0,80	8,36	8.130
2015:12	75.533	15,02	0,49	3,35	6.280
2016:10	65.295	15,27	0,99	3,31	10.335

Source: Statistic of Islamic Banking in Indonesia period on 2011-2016

1. Profit Sharing Financing

Profit Sharing Financing (PSF) is a system which applies revenue distribution procedure between fund provider and fund manager. Generally, profit sharing principle uses two contract, *al-musyarakah* and *al-mudharabah*.

According to table 4.1, profit sharing financing at the end of 2011 is Rp 29 trillion. In 2012, profit sharing financing increases by Rp 10 trillion which hits the amount of Rp 39 trillion at the end of the year. In 2013, the increase of profit sharing financing hits Rp 14 trillion, at the end of December 2013 the amount of profit sharing financing is Rp 53 trillion. Next year, profit sharing increases by Rp 10 trillion, in 2014, the amount of profit sharing financing hits Rp 63 trillion. In 2015, the increase of profit sharing financing hits Rp 12 trillion at the end of December 2015 the amount of profit sharing financing is 75 trillion. In October 2016, profit sharing financing decreases Rp 10 trillion from previous year, the amount of profit sharing financing on October 2016 is Rp 65 trillion. Profit sharing financing is increasing gradually each year from December 2011 to October 2016. There is one decrease records only in October 2016. As the opposite, the highest increase of profit sharing financing is in year 2013.

2. Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio is a ratio that shows the amount of capital needed in an operational activity and reserve for loss which can be happened in a bank. In year 2015, each bank in Indonesia has been obligated to provide 14 percent as the minimum capital. The requirement is set by Bank for International Settlement (BIS).

According to table 4.2, CAR at the end of 2011 is 16,63%. In 2012, CAR decreases by 2,50% which hits the amount of 14,13% at the end of the

year. At the end of 2013, CAR increases lowly by 0,29% which hits 14,42%. Next in 2014, CAR increases by 1,32% which hits the amount 15,74%. Next year, CAR decreases again by 0,72%, in 2015 CAR hits 15,02%. On 2016, the table shows an increase lowly again by 0,20%, in October 2016 the amount of CAR is 15,27%. The movement of CAR in 2014 shows the highest increase, it can be seen that CAR in 2014 increases sharply. As the opposite, the highest decrease of CAR is in year 2012, it can be seen that CAR in that year is decreased.

3. Return on Asset (ROA)

Return on Asset (ROA) is an important ratio to measure the ability of banking management on generating profits. According to table 4.3, the amount of ROA at the end of 2011 is 1,79%. In 2012, ROA increases by 0,35% which hits the amount of 2,14%. At the end of 2013, ROA decreases by 0,14% which hits the amount of 2,00%. In 2014, the decrease of ROA hits 1,20%, at the end of 2014 the amount of CAR is 0,80%. In 2015, the table shows a decrease by 0,31%, the amount of ROA at the end of 2015 is 0,49%. In October 2016, ROA increase again by 0,50%, which hits the amount of 0,99%. Return on Asset is fluctuating from December 2011 to October 2016. Even though the movement of ROA in 2016 is not sharp, it records the highest increase. On opposite condition in 2014, Returnon Asset drops drastically.

4. Inflation

Inflation is an increase in price of goods and services which happens because of increase in the supply of goods and services in the market. Inflation will make the society to speculate which make the bank loss.

According to table 4.5, in the end of 2011 the amount of inflation is 3,79%. In 2012, inflation increases by 0,51%, which the amount of inflation hits 4,30%. In 2013, the table shows an increase by 4,08%, at the end of 2013 inflation hits 8,38%. In 2014, even though inflation decreases by 0.02%, inflation still high in Indonesia which hits the amount of 8,36%. Next in the end of 2015, inflation decreased drastically by 5,01%, inflation in the end of 2015 hits 3,35%. In 2016, inflation decreases again by 0,04%, the amount of inflation in October 2016 hits 3,31%. Inflation is fluctuating from December 2011 to October 2016. Inflation in 2015 shows the highest decrease. On another condition, the highest increase of inflation is in year 2013, it can be seen in the movement of inflation itself.

5. Sharia Certificate of Bank Indonesia (SBIS)

Securities based on Islamic principles in the short-term with rupiah currency issued by Bank Indonesia. According to table 4.4, SBIS at the end of 2011 is Rp 9.244 billion. In 2012, SBIS decreases by Rp 4.251 billion which hits the amount of Rp 4.993 billion at the end of the year. Next year, SBIS increases by Rp 1.706 billion, in 2013 the amount of SBIS hits Rp 6.699 billion. At the end of 2014, SBIS increases by Rp 1.431 billion which the

amount hits Rp 8.130 billion. In 2015, the table shows an decrease again by Rp 1.850 billion, SBIS at the end of 2015 recorded at Rp 6.380 billion. Lastly, in October 2016, SBIS increased by Rp 4.055 billion from previous year, SBIS on October 2016 is Rp 10.335. The movement of SBIS in October 2016 shows the highest increase, it can be seen that SBIS in 2016 increases sharply. As the opposite, the highest decrease of SBIS is in 2012, it can be seen that inflation in that year is decreased drastically.