

**RISK ANALYSES ON SHARIAH BANKING IN INDONESIA**

**PERIOD 2010 - 2018**

***ANALISA RISIKO PADA PERBANKAN SYARIAH DI INDONESIA***

***PERIODE 2010 - 2018***

**UNDERGRADUATE THESIS**



Written By:

**IKHWAN VICTHORI**

**20140430329**

**INTERNATIONAL PROGRAM FOR ISLAMIC ECONOMICS AND  
FINANCE (IPIEF)**

**FACULTY OF ECONOMICS AND BUSINESS  
UNIVERSITAS MUHAMMADIYAH YOGYAKARTA**

**2018**

**RISK ANALYSES ON SHARIAH BANKING IN INDONESIA**

**PERIOD 2010 - 2018**

***ANALISA RISIKO PADA PERBANKAN SYARIAH DI INDONESIA***

***PERIODE 2010 - 2018***

**UNDERGRADUATE THESIS**

In partial fulfillment for the requirement for the degree of Bachelor of Economics  
at International Program for Islamic Economics and Finance



Written By :

**IKHWAN VICTHORI**

**20140430329**

**INTERNATIONAL PROGRAM FOR ISLAMIC ECONOMICS AND  
FINANCE (IPIEF)**

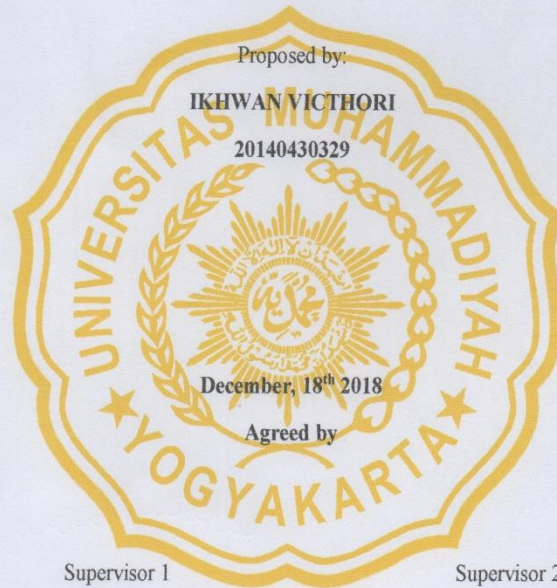
**FACULTY OF ECONOMICS AND BUSINESS**

**UNIVERSITAS MUHAMMADIYAH YOGYAKARTA**

**2018**

**RISK ANALYSES ON SHARIAH BANKING IN INDONESIA  
PERIOD 2010 - 2018**

**ANALISA RISIKO PADA PERBANKAN SYARIAH DI INDONESIA  
PERIODE 2010 - 2018**



Supervisor 1

Supervisor 2

Dimas Bagus Wiranatakusuma, M.Ec., Ph.D  
NIK: 19851016201304143097

Yuli Utami, S.E.I., M.Ec  
NIK: 19750712201404143099

**RISK ANALYSES ON SHARIAH BANKING IN INDONESIA**  
**PERIOD 2010 - 2018**  
**ANALISA RISIKO PADA PERBANKAN SYARIAH DI INDONESIA**  
**PERIODE 2010 - 2018**


Written By:

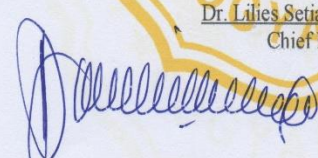
**IKHWAN VICTHORI**

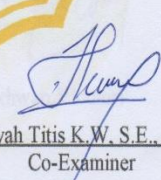
**20140430329**

This Undergraduate thesis has been revised and validated before the Examination Committee of the International Program for Islamic Economics and Finance (IPIEF), Department of Economics, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta

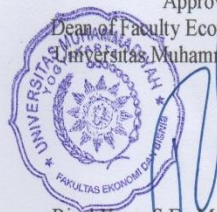
**Date 19<sup>th</sup> December 2018**  
The Examination Committee:

  
Dr. Lilies Setiartiti, S.E., M.Ec  
Chief Examiner

  
Dimas Bagus Wiranatakusuma, M.Ec., Ph.D  
Co-Examiner

  
Dyah Titis K.W., S.E., MIDEc  
Co-Examiner

Approved by,  
Dean of Faculty Economics and Business  
Universitas Muhammadiyah Yogyakarta



Rizal Yaya, S.E., M.Sc., Ph.D., Ak., CA.  
NIK. 19731218199904 143 068

## DECLARATION

Name : Ikhwan Vichori  
Student Number : 20140430329

I hereby declared that this undergraduate thesis entitled “**RISK ANALYSES ON SHARIAH BANKING IN INDONESIA PERIOD 2010 - 2018**” does not consists of any content that ever being proposed for any degree in order university, ideas of any study and publication of others, in exception all quotes and ideas which are purposely taken are considered as the research references and listed in the reference list. Therefore, if any violation of intellectual right is found in this research, I agree to accept any relevant academic consequences.

Yogyakarta, 18<sup>th</sup> December 2018



Ikhwan Vichori

***MOTTO***

***A Result Won't Ever Betray the Effort!!!***

*This Undergraduate Thesis I dedicate to my beloved family,  
Bapak, Ibuk, Mamak, My Brothers, and My sister*

## ACKNOWLEDGEMENT



In the name of Allah, the most Merciful, the most Gracious. All praise is due to Allah; we praise Him, seek His help, and ask for His forgiveness. I am thankful to Allah, who supplied me with the courage, the guidance, and the love to complete this thesis. Also, Peace and salutation always to the Prophet Muhammad peace be upon him altogether with his accompanies.

This undergraduate thesis entitled **“RISK ANALYSES ON SHARIAH BANKING IN INDONESIA PERIOD 2010 - 2018”** has been made as partial fulfillment for the requirement to achieve the bachelor degree of economics. So that, I would like to thank all people who have contributed and special appreciation to the parties. In particularly they are:

1. My Mother Kustatik, S.Pd.I (Almarhumah) someone who never stops gives me motivation, even though you are not here. but Love is always here. Miss you Ibu. Happy in your Paradise. This Thesis I dedicate to you.
2. My Father Sirmadi, S.Pd.I thank you for being patient and sincere in caring and educating me with affection until this moment. I hope with the completion of this thesis can make both my parents proud.
3. My Step Mother Watini, Thank you for the kindness and always support me anytime. Love you Mak.
4. Ahmad Febri Kusmadi, S.Kom., M.M and Kunajib Akrobi Thank you so much for always support me anytime. Wahyu Oktavianti, My beloved sister, who always pray for my success. I love you so much.
5. Mr. Dimas Bagus Wiranatakusuma, S.E., M. Ec., Ph.D and Mam Yuli Utami, S.E.I., M.Ec as supervisor who have been patient to guide until the point of this thesis is completed.
6. Alfaina Zia, Betha Labova, Firda Hibatullah, Harish Abghi, Adenanda Putie, Arum Wahyu, M. Arif, Resty Tamara, and Amin



Abdullah who for almost half year become my best friend in SIAS International University, Xinzheng, Zhengzhou, China. Big Thanks to you all who has accompanied and given me support until now. I wish for your success.

7. Dearest Family of Duta GenRe Indonesia 2016 who always asking me “Wan kapan selesai skripsi?”. This thesis for you guys....
8. Dearest family of IPIEF 2014 who for almost 3 years become the best classmate and everyone I cannot mentioned one by one. I am happy to meet and recognize you all from the first semester being a member of IPIEF Family. Your success story now becomes my motivation to give my best. I wish I can meet you all in the success. See you on the Top Guys. I love you
9. Mas Mahrus Lutfi and Mas Fitra, Big thanks for your support me for doing this research and teaching me about Eviews.
10. My Brada Itmamul Akwan, big thanks for your support and who has already introduced my about China and Mandarin, The one who has influenced his skill to me unskilled Mandarin interpreter.
11. For all lecturers and staff of IPIEF who have provided outstanding supplies and lessons and all parties who have provided support either directly or indirectly and encouragement to this thesis can be resolved.

In closing, in this paper there are still many errors and shortcomings, therefore it takes criticism and suggestions that build for better results again.

Yogyakarta, December 04<sup>th</sup> 2018

Ikhwan Victori

## TABLE OF CONTENTS

TITLE PAGE.....	i
SUPERVISOR AGGREMENT .....	ii
EXAMINER AGREEMENT .....	iii
DECLARATION .....	iv
MOTTO PAGE.....	v
TRIBUTE PAGE .....	vi
ABSTRACT .....	vii
INTISARI.....	viii
ACKNOWLEDGEMENT.....	ix
TABLE OF CONTENT .....	xi
LIST OF TABLE .....	xiv
LIST OF FIGURE.....	xv
LIST OF FORMULA.....	xvi
<b>CHAPTER I : INTRODUCTION</b>	
A. Research Background .....	1
B. Limitation of The Study .....	8
C. Problem Statement of Study .....	9
D. Objective of The Study .....	9
E. Benefits of The Study.....	9
<b>CHAPTER II : LITERATURE REVIEW</b>	
A. Theories .....	10
1. Financial System Stability Theory .....	10
2. The Generation of Financial Crisis .....	11
3. Business Cycle Theory .....	13
4. Resilience Theory .....	15
5. Vulnerability Theory .....	14
6. Intermediary Theory.....	15
7. Efficient Market Hypothesis Theori.....	16

B. Concepts .....	18
1. Definition of Islamic Banking .....	18
2. Islamic Banking Performance .....	20
3. Risks on Islamic Banking .....	20
a. Liquidity Risk.....	22
b. Credit Risk.....	23
c. Operational Risk.....	24
4. Asset Liquidity and Management on Islamic Banking .....	25
C. Previous Research .....	26
D. Research Framework .....	30
E. Hypothesis .....	31
<b>CHAPTER III : DATA AND RESEARCH METHODOLOGY</b>	
A. Research Objective and Data Type .....	32
B. Data Collection Method and Source .....	33
C. Data Collecting Techniques .....	33
D. Operational Definition of Researched Variables .....	34
a. Financing to Deposit Ratio (FDR) .....	34
b. Non Performing Financing (NPF) .....	35
c. The Operational Expenses to Operational revenue (BOPO) .....	35
E. Research Estimation Method .....	35
F. Research Model and Analysis Method.....	36
1. Stationary Data Test .....	36
2. Lag Length Criteria .....	37
3. Stability Test of VAR Models .....	38
4. Co-Integration Test .....	38
5. Vector Error Correction Model (VECM) .....	39
6. Impuls Response Function (IRF) .....	40
7. Variace Decomposition (VCD) .....	40
8. Granger's Causality Test .....	41
<b>CHAPTER IV : RESULT AND ANALYSIS</b>	
A. Causality Test and Data Instruments .....	42

1. Unit Root Test .....	42
2. Lag Length Criteria .....	44
3. Stability VAR Model Test .....	45
4. Co-Integration Test.....	46
5. Vector Error Correction Model (VECM) .....	47
6. Impuls Response Function (IRF) .....	51
7. Variance Decomposition (VCD) .....	57
8. Granger Causality Test .....	61
B. Discussion.....	63
1. Liquidity risk.....	64
2. Credit risk.....	65
3. Operational risk .....	66

**CHAPTER V : CONCLUSION AND SUGGESTION**

A. Conclusion .....	69
B. Suggestion .....	70
C. The Future Research .....	71

**REFERENCES**

**APPENDIX**

## LIST OF TABLES

<b>Tabel 1.1</b> Main Indicator of National banking in Indonesia .....	3
<b>Tabel 4.1</b> Unit Root test-ADF (Level) .....	42
<b>Tabel 4.2</b> Unit Root test-ADF (First Differece) .....	43
<b>Tabel 4.3</b> Lag Length Criteria.....	45
<b>Tabel 4.4</b> Test of VAR Stability .....	46
<b>Tabel 4.5</b> Co-Integration Test .....	47
<b>Tabel 4.6</b> VECM in Short-Term .....	48
<b>Tabel 4.7</b> VECM in Long-Term .....	50
<b>Tabel 4.8</b> Variance Decomposition on FDR.....	58
<b>Tabel 4.9</b> Variance Decomposition on NPF .....	59
<b>Tabel 4.10</b> Variance Decomposition on BOPO .....	60
<b>Tabel 4.11</b> Granger Causality Test.....	61
<b>Tabel 4.12</b> Result Discussion of Liquidity Risk .....	64
<b>Tabel 4.13</b> Result Discussion of Credit Risk.....	65
<b>Tabel 4.12</b> Result Discussion of Operational Risk .....	66

## LIST OF FIGURES

<b>FIGURE 1.1</b> Islamic Banking as a Financial Intermediary .....	6
<b>FIGURE 2.1</b> Business Cycle Phase .....	14
<b>FIGURE 2.2</b> Research Framework.....	9
<b>FIGURE 2.1</b> Business Cycle Phases .....	18
<b>FIGURE 2.2</b> Research Framework .....	34
<b>FIGURE 3.1</b> Vector Error Corection Model (VECM) .....	40
<b>FIGURE 4.1</b> Impuls Response FDR to NPF.....	51
<b>FIGURE 4.2</b> Impuls Response FDR to BOPO.....	52
<b>FIGURE 4.3</b> Impuls Response NPF to FDR.....	53
<b>FIGURE 4.4</b> Impuls Response NPF to BOPO .....	54
<b>FIGURE 4.5</b> Impuls Response BOPO to FDR .....	55
<b>FIGURE 4.6</b> Impuls Response BOPO to NPF .....	56

## LIST OF FORMULA

1. FDR Formula.....	34
2. NPF Formula .....	35
3. BOPO Formula .....	35

