

## **The Effect of Liquidity, Non-Performing Financing, and Return on Asset on The Distribution of Islamic Banking Financing in Indonesia**

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### **Abstract**

This research aims to determine the effect of liquidity, Non-Performing Financing, and Return On Asset on the distribution of Islamic banking financing in the period from 2011 to 2020. The study is a quantitative research that employs multiple linear regression tests as a hypothesis test and classical assumption tests before conducting hypothesis testing. The data used in this study were secondary data obtained from annual report of each bank published from 2011 to 2021. The population in this study consists of Islamic commercial banks in Indonesia, which originally consisted of 15 banks. However, this year, three banks, namely BRI Syariah, BNI Syariah, and Syariah Mandiri, have merged to become Bank Syariah Indonesia. The sampling technique used in this study was purposive sampling, proposing several criteria to ensure that the sample was representative of the population. Therefore, five Islamic commercial banks were selected as the sample size. The results indicate that liquidity and Non-Performing Financing have no effect on the distribution of Islamic banking financing in Indonesia, while Return On Asset has a significant effect on the distribution of Islamic banking financing in Indonesia. Furthermore, liquidity, Non-Performing Financing, and Return On Asset have a joint effect on the distribution of Islamic banking financing in Indonesia.

**Keywords:** Liquidity; Non-Performing Financing; Return On Asset; Financing, ols

### **1. Introduction**

Islamic banking is a bank that mobilizes funds, channels them back, and provides financial services in accordance with Shariah law. Islamic banks offer an alternative for Muslim communities to continue using banking services while adhering to syariah law, such as avoiding riba, which is clearly prohibited by Allah SWT, as stated in the Qur'an:

وَأَخْذُهُمُ الرِّبَا وَقَدْ نُهِوا عَنْهُ وَأَكْلُهُمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَأَعْذَنَا لِكُفَّارِنَ مِنْهُمْ عَذَابًا أَلِيمًا 161

"And for their taking of riba, though they were forbidden from it, and their wrongful appropriation of other people's property. We have prepared for those among them who reject faith a painful punishment." QS. An-Nisa Ayat 161. [1].

Ibn Kathir's interpretation: The verse signifies that Allah SWT has forbidden the Jews from consuming food that was previously lawful for them because of their many injustices and their involvement in riba and unlawful acquisition of wealth. [2].

"If the banking sector carries out its business activities effectively and efficiently by collecting and distributing funds, the economy of a country will develop. Research conducted by Levine in 1996 revealed that economic growth increases when the financial sector operates efficiently." [3].

The importance of the banking sector's role in a country's economy necessitates the need for legal protection and oversight of banking operations. A bank's performance can be evaluated based on the profits or profitability gained in a given year. High profitability indicates the bank's appropriate execution of its business activities. A bank's profitability is directly proportional to its performance, meaning that if a bank has high profitability, it also has good performance. [4] One of the crucial activities of Islamic banks in improving profitability is the distribution of financing.

In the distribution of financing, Islamic banking has four categories of financing distinguished by their purpose of use, namely sale and purchase, lease, profit sharing, and complementary

contracts [5]. There are several interests that must be protected in the distribution of financing, including the funds from third parties, the bank itself, and the interests of customers, hence the need for legal protection or regulations that obligate the bank to maintain its health. This is stipulated in the Law No. 7 of 1992 which has been amended to Law No. 10 of 1998, in Article 29 paragraph 2: "The bank is obliged to maintain its Bank's health In accordance with the adequacy of capital, asset quality, management quality, liquidity, profitability, solvency, and other aspects related to banking business and must conduct business in accordance with the principle of caution," and paragraph 3: "In providing credit or financing based on Islamic principles and conducting other business activities, the bank must take measures that do not harm the bank and the interests of customers who entrust their funds to the bank.[6]

Factors that can affect financing or the quality of a financing can be measured quantitatively through the calculation of financial ratios in Islamic banking which includes the calculation of the value of profitability, liquidity, capital, business risk, and business efficiency. By calculating the financial ratios in Islamic banking we can find out about the soundness of the bank, the ratios that need to be considered in determining the soundness of Islamic banks are the liquidity ratio (FDR), Non-Performing Financing (NPF), profitability ratio (ROA).[7] The following is data on FDR, NPF, ROA and bank financing.

**Table 1:** Financial Ratios of Islamic Banking in Indonesia

Year	2018	2019	2020	2021	Sep 2022
FDR	78.53	77.91	76.36	70.12	76.15
NPF	3.26	3.23	3.13	2.59	2.57
ROA	1.28	1.73	1.40	1.55	2.07
Financing	202.766	225.607	246.957	256.405	310.963

**Data source:** Islamic Banking SPSS September 2022

From the data in table 1 it can be seen that there is a business phenomenon in the financing distributed in 2018-2022 which continues to increase. The FDR that occurred in Islamic banking has continued to decline over the last 4 years from 2018 of 78.53%, decreased in 2019 to 77.91%, in 2020 to 76.36% and again decreased in 2021 to 70.12%, then experienced increase in 2021, namely to 76.15%. The NPF condition has always decreased from 2018-2022. ROA has increased from 2018 of 1.28% to 1.73% in 2019, but decreased to 1.40% in 2020, and increased again to 1.55% in 2021, and to 2.07% in 2022. Meanwhile, distribution of financing has increased over the past In the last 4 years, from 202,766 billion in 2018 to 225,607 billion in 2019, in 2020 to 246,957 billion, in 2021 to 256,405 billion, and again increasing in 2022 to 301,963 billion. Based on sharia banking statistical data for the period 2018 to 2021, it can be seen that NPF has continued to decline, FDR and ROA have fluctuated, while total financing has actually increased every year.

Bank liquidity is the ability of a bank to meet its short-term obligations or debt. A bank can be said to be a liquid bank if the bank is able to fulfill its financing requests [8]. One way to calculate the liquidity level of a bank is through the Financing to Deposit Ratio. The Financing to Deposit Ratio (FDR) is the ratio used to measure the liquidity of a bank in paying back withdrawals made by depositors by relying on the financing provided as a source of liquidity.

The better the level of liquidity a bank has, the higher the bank's ability to channel financing, this is in line with research conducted by Yanis and Priyadi in 2015 [9]; Husaeni in 2017 [10]; and Mahfudz in 2016 [11]. However, it is different from the research conducted by Budiman and Kismawadi in 2017[12]; Rika Kartika, Siti Jubaedah, and Apri Dwi Astuti in 2019 [13], which actually shows that liquidity has no effect on financing distribution. With high liquidity in Islamic banking, it will have an impact on increasing the financing that will be distributed by Islamic banking, because the condition of Islamic banking is considered capable of fulfilling its responsibilities so that it is possible to increase the amount of financing that is distributed.

The dual banking system certainly increases competition in the banking world, both of which certainly have their own strategies in dealing with competition. However, it is feared that this competition will actually result in diminishing layers of control and supervision in the distribution of financing in Islamic banking. With the desire for a large distribution of funds and not supported by control or supervision, it will actually provide opportunities for higher problem financing in Islamic banking. Apart from the banking side which is weak in terms of financing distribution rules, problematic financing can also arise if the customer is unable to pay the obligations that he should have fulfilled. As in Islamic banking, one of the financing principles uses a profit-sharing scheme,

where if the customer suffers a loss that is not due to negligence, the customer does not have the obligation to return the bank's funds in full, with the high risk of channeling Islamic banking financing, it will actually allow problematic financing to occur. Problem financing can be measured through the Non-Performing Financing (NPF) ratio. With a high NPF at a bank, of course it will require the bank to provide more funds as a reserve to cover these losses and the bank will reduce the distribution of subsequent financing.

With so many Non-Performing Financing in a bank, it results in a decrease in the distribution of financing made by the bank, this is in line with research conducted by Annisa and Fernanda in 2017 [14]; Nurrochman and Mahfudz in 2016 [15]; Rr. Yoppy Palupi Purbaningsih and Nurul Fatimah 2018 [16]. Not in line with research conducted by Risfiati and Utama in 2016 [17]; Ali and Miftahurrohman in 2016 [18] found that Non-Performing Financing had no effect on financing. High Non-Performing Financing will certainly be very dangerous for the continuity of Islamic banking, so that with a high level of Non-Performing Financing, it means that there are errors in the distribution of financing which has an impact on reducing the distribution of financing in Islamic banking.

Distribution of financing also has an impact on profitability because it is directly related to the business activities of Islamic banking, but profitability can also affect the amount of financing distribution. A bank that has high profitability certainly has good performance, sufficient capital, adequate thirdparty funds in carrying out its business activities, making it possible for the bank to increase the amount of financing it distributes. One of the ratios used in measuring the profitability of Islamic banking is Return On Asset (ROA). ROA is a ratio that compares profit before tax to total assets, thus indicating the ability of assets owned by a bank to generate profits.

With a high level of profitability or Return On Asset in a bank, it also results in an increase in the distribution of financing carried out by the bank, this is in line with research conducted by Ali and Miftahurrohman in 2016 [19]; Bakti Service in 2017 [20]. Not in line with research conducted by Permatasari and Yulianto in 2018 [21]; Susilowati and Nawangsari in 2018 [22]; and Anwar and Miqdad in 2017 [23], who actually found that Return On Asset had no effect on financing. A high Return On Asset certainly shows good performance from Islamic banking, making it possible to increase the amount of financing that will be disbursed by Islamic banking.

There are differences in the results of research conducted by previous researchers regarding the relationship between liquidity, Non-Performing Financing, and Return On Asset on financing distribution, as well as the importance of financing distribution as a manifestation of the role of Islamic banking to facilitate parties who need funds, so that research on financing distribution in Islamic banking important to research. This study combines 3 variables, namely liquidity, Non-Performing Financing, and Return On Asset as a variable that is considered capable of influencing the amount of financing disbursement, the use of the financing to deposit ratio as an indicator for measuring liquidity, as well as the object and time of research that makes this research different from previous research.

On this basis, the researchers wanted to find out more about the Effects of Liquidity, Non-Performing Financing, and Return On Asset on the Distribution of Islamic Banking Financing in Indonesia.

## 2. Literature Review

### 2.1 Signaling Theory

Signaling theory is a theory that provides an overview or informs about the condition of a company through the provision of information through annual reports, as well as reports and other company information. This theory reveals that companies that have good operational, financial or management conditions will certainly give a signal to the market, so that with this signal the market is able to distinguish between companies that have good quality and companies that have poor quality. The signal given by the company can be in the form of information or a report from a company that is reported effectively so that the purpose of submitting the report or information can be achieved. Provision of information or reports on a company can certainly be used as reference material by investors so that they are interested in investing in the company. It is hoped that the market will provide positive feedback after the company provides reports or information to the public.

## 2.2 Analysis of Financial Statements of Islamic Bank

The health condition of a bank can be identified through the financial reports published by the bank. The report can describe the financial condition of the bank as a whole, including the strengths and weaknesses of a bank in the current year. Financial reports can also show management performance in a certain period, which can be an assessment of whether a management is successful or not in managing and running the company as outlined by the company. With an analysis of a financial report, the management is able or able to know things that must be done to correct deficiencies and maintain the strengths possessed by a bank. [24].

The financial reporting technique that will be used in this study is ratio analysis. Financial report ratios are activities carried out by comparing certain items with other items that have a relationship. Ratio analysis of Islamic banking financial statements can be carried out in two ways, namely:[25].

- a. Comparing current ratios with past ratios.
- b. Comparing these ratios with similar companies.

The variables used in this study use several ratios contained in the financial reports or annual reports of Islamic banking as proxies for several factors assessing the performance of an Islamic bank to facilitate researchers in conducting analysis.

## 2.3 Financing Disbursement

Distribution of financing is the amount of funds allocated for financing or funds allocated to be channeled back to the community. Disbursed financing is the number of financing decisions based on several decision-making bases by related parties.

A small distribution of financing certainly indicates a minimum of third party funds that are used effectively, but the large amount of financing that is distributed can also result in a lack of availability of funds in Islamic banking which has an impact on liquidity and the high risk that must be borne by the bank.

Islamic banking does not recognize credit in carrying out its operations or business activities carried out as a channel for funds that have been collected. In contrast to conventional banks which distribute their funds through credit activities, Islamic banking distributes funds raised through financing activities.

In channeling funds to customers, broadly speaking Islamic financing products are divided into four categories which are distinguished based on their intended use, namely: [26].

- c. Financing with the principle of buying and selling
- d. Financing with the principle of leasing
- e. Financing with the principle of profit sharing
- f. Financing with a complementary contract

## 2.4 Liquidity

Bank liquidity is the ability of a bank to meet its short-term obligations or debt. A bank can be said to be a liquid bank if the bank is able to fulfill its financing requests. One way to calculate the liquidity level of a bank is through the Financing to Deposit Ratio. The Financing to Deposit Ratio is a ratio used to measure a bank's ability to provide refunds to depositors by relying on financing funds that have been provided as a source of Islamic banking liquidity, namely by dividing the entire amount of financing that has been disbursed by the entire amount of third party funds.

Bank Indonesia provides a standard for Financing to Deposit Ratio (FDR) for Islamic banks, which is 80% to 110%. The Financing to Deposit Ratio (FDR) ratio of Islamic banks is below 80% (for example 70%), so it can be concluded that these Islamic banks can only channel financing of 70% of the total funds they have collected. The main function of Islamic banks is to collect funds from parties who experience excess funds and then distribute funds in the form of financing to parties who need funds, so that with a Financing to Deposit Ratio (FDR) of 70%, it means that 30% of all funds that have been collected are not distributed in a form of financing, with these conditions it can be said that the Islamic bank is not carrying out its functions as it should. Meanwhile, if a bank's Financing to Deposit Ratio (FDR) reaches more than 120%, it means that the amount of financing channeled by Islamic banks exceeds the funds that have been raised, then the bank in this case can also be said to be not carrying out its function as an intermediary (intermediary) properly. If the Financing to Deposit Ratio (FDR) is high, it indicates that the bank's liquidity conditions are more risky, whereas if the Financing to Deposit Ratio (FDR) is too low, it indicates a lack of operational efficiency in Islamic banking through the provision or distribution of financing. The

value of the Financing to Deposit Ratio (FDR) ratio of a bank if it meets the standards set by Bank Indonesia, then the profit that will be obtained by the Islamic bank will increase (assuming that the bank is able to channel its financing effectively). [27].

### 2.5 Non-Performing Financing

Non-Performing Financing is an important financial ratio that is displayed in financial reports, Non- Performing Financing shows how much problematic financing is faced by Islamic banking. Non-Performing Financing (NPF) if it shows a small amount, it means it's getting better because it shows the amount of non- performing bank financing in the current year is also small [28].

Non-Performing Financing occurs when the customer is unable to return the loan or financing that has been provided by the bank, either in the form of profit sharing, leasing, or buying and selling. Therefore, if a bank is faced with a high level of Non-Performing Financing, it can mean that the bank is less professional in pre-disbursing financing, it also has an impact on the profitability obtained by the bank.

Non-Performing Financing in Islamic banking can be seen in the financial reports in the important financial ratios section. Non-Performing Financing in Islamic banking can be classified into Substandard Loans, Doubtful Loans and Bad Loans. Unlike conventional banking, Non-Performing Financing (NPF) is known as a Non-Performing Loan (NPL).

### 2.6 Return On Asset

Return On Asset is a profitability ratio that shows how much the ability of assets to create profitability. Profitability is the ability of a company to obtain profits through the company's operational processes, in Islamic banking through the process of raising funds, channeling funds in the form of financing, and providing other financial services, so that long-term investors will really need an analysis of the profitability of a company.

The minimum value of Return On Asset in Islamic banking is 1.5%, which means that every Rp. 1 asset is able to earn a profit of Rp. 0.015, with an increase in the value of Return On Asset of 1.5% indicating that Islamic banking has met the standard value of Return On Asset that has been set, but an increase in the value of Return On Asset is needed by Islamic banking so that in the future it can compete with the development of conventional banking.

## 3. Research Methods

This research is a type of quantitative research, which is a type of research that is used for research on certain populations or samples, with research instruments as data collection, and using data analysis techniques to prove the hypotheses that have been set. The data used in this quantitative research is data from the annual report of each bank.

The approach in this research is associative. Associative is a research approach that shows the influence of the independent variable on the dependent variable, and can show the direction of the relationship between 2 or more variables.

The data sources in this study are financial reports published on the official website of each Islamic Bank Annual report for the period 2011-2021 in which there is information used in the study, namely important financial ratios such as cash ratio, NPF, ROA, and FDR.

The population in this study are Islamic commercial banks in Indonesia, consisting of 15 Islamic commercial banks, but this year 3 Islamic commercial banks namely BRI Syariah, BNI Syariah and Syariah Mandiri, have merged to become Bank Syariah Indonesia. The sampling technique in this study used a purposive sampling technique by proposing several criteria so that the sample was feasible as a representative of the population, so that the sample used in this study consisted of 5 Islamic commercial banks.

Sampling requirements are Sharia Commercial Banks that are registered with OJK and have published financial reports for the period 2011-2021 (Banks that did not pass: Bank Mega Syariah, Maybank Syariah Indonesia, BTPN Syariah, BRI Syariah, BNI Syariah, Mandiri Syariah, and BSI); Not a special bank in a certain area (Banks that did not pass: Bank Aceh Syariah, BPD Nusa Tenggara Barat Syariah, and Bank Jabar Banten Syariah); A complete financial report is available related to the required variables, namely cash ratio, NPF, ROA, and FDR; so that the banks used as samples in this study were BCA Syariah, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Syariah Bukopin, and Bank Victoria Syariah.

The data collection method used in this study is library or documentation, namely data obtained from literature, namely the annual financial reports of each Islamic commercial bank, obtained from the internet, and supported by some statistical data such as Islamic banking statistics by financial services authorities, as well as other supporting literature, namely open books and journals that are relevant to this research.

This research is a quantitative study using multiple linear regression tests as a hypothesis test, and using the classical assumption test before testing the hypothesis. The data used in this study is secondary data obtained from the annual report of each bank published in 2011-2021.

## 4. Estimation Result

### 4.1 Normality test

**Table 2:** Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		55
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.61203180
Most Extreme Differences	Absolute	.059
	Positive	.059
	Negative	-.055
Test Statistic		.059
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

**Source:** SPSS output data processed, 2023

From table 2, it can be seen that the residual normality results of the data used in this study are through the Kolmogorov-Smirnov Test, if the asmpg. Sig. (2-tailed) is greater than 0.05 ( $> 0.05$ ) the data is normally distributed, whereas if the asmpg. Sig. (2-tailed) is less than 0.05 ( $< 0.05$ ), then the data is not normally distributed. After carrying out the normality test, the asmpg value is obtained. Sig. (2-tailed) of 0.200 which is greater than 0.05 ( $> 0.05$ ), then the data is normally distributed.

### 4.2 Multicollinearity Test

In table 3 below, you can see the results of whether there is a correlation between the independent variables through the multicollinearity test, which measures whether there is a correlation between the independent variables, which can be seen from the tolerance and VIF values. If the tolerance value is greater than 0.10, it means that there is no correlation between the independent variables, if it is less than 0.10, it means that there is a correlation between the independent variables. As for the VIF value, if it is less than 10, it means that there is no correlation between the independent variables, if it is greater than 10, it means that there is a correlation between the independent variables. After the multicollinearity test was carried out, the tolerance value FDR = 0.967 was obtained; NPF=0.838; and ROA = 0.846, each greater than 0.10, and VIF FDR = 1.034; NPF=1.194; and ROA = 1.182, each of which is smaller than 10, so there is no correlation between the independent variables in the data in this study.

**Table 3 :** Multicollinearity Test Results

Coefficients <sup>a</sup>
Collinearity Statistics

Model		Tolerance	VIF
1	(Constant)		
	FDR	.967	1.034
	NPF	.838	1.194
	ROA	.846	1.182
a. Dependent Variable: Financing			

Source: SPSS output data processed, 2023

#### 4.3 Heteroscedasticity Test

**Table 4 : Heteroscedasticity Test Results**

Coefficients <sup>a</sup>		
Model		Sig.
1	(Constant)	.949
	FDR	.764
	NPF	.189
	ROA	.943
a. Dependent Variable: LN_RES		

Source: SPSS processed data, 2023

In table 4 above, you can see the results of the heteroscedasticity test, by paying attention to the Sig value, if the Sig value shows a number greater than 0.05 ( $> 0.05$ ) then there are no symptoms of heteroscedasticity in this study, but vice versa if the Sig value shows a smaller number of 0.05 ( $< 0.05$ ), there are symptoms of heteroscedasticity in this study. After the heteroscedasticity test was carried out, the Sig value of the FDR variable = 0.764, the NPF variable = 0.189, and the ROA variable = 0.943 for all Sig variable values greater than 0.05 ( $> 0.05$ ) then there are no symptoms of heteroscedasticity in this study.

#### 4.4 Coefficient of Determination (R2)

**Table 5 : Test Results for the Coefficient of Determination (R2)**

Model Summary		
Model	R	R Square
1	.472 <sup>a</sup>	.222
a. Predictors: (Constant), ROA, FDR, NPF		

Source: SPSS processed data, 2023

In table 5 it can be seen the value of R Square which shows the results of the determination coefficient test, for decision making can be seen in the following table:

**Table 6 : Decision Table R**

Coefficient Intervals	Correlation Level
0.00-0.199	Very low
0.20-0.399	Low
0.40-0.599	Moderate
0.60-0.799	High
0.80-1.00	Very High

(Source: Sugiono, 2019) [29]

Table 5 shows the value of the correlation coefficient R of 0.472 or 47.2%, and based on table 6 the value of R 0.47 is included in the category of moderate relationship level, so that the percentage contributes to the closeness of the relationship between the independent variables, namely non-

performing liquidity financing (FDR), NPF and Return On Asset (ROA), have a moderate relationship with the dependent variable, namely the distribution of financing. The R Square result is 0.22 which means that the independent variable affects the dependent variable by 22% and the remaining 78% is influenced by other variables outside of this research model.

Individual Parameter Significance Test (Statistical Test t)

**Table 7: Results of Individual Parameter Significance Test (Statistical Test t).**

Coefficients <sup>a</sup>			
Model		t	Sig.
(Constant)		6.110	.000
	FDR	.978	.334
NPF		-.731	.468
	ROA	-3.473	.001

a. Dependent Variable: Financing

Source: SPSS processed data, 2023

Table 7 shows the results of the t statistical test, where the decision making can be seen from the Sig value and t value, if the Sig value is less than 0.05 ( $<0.05$ ) then it shows an effect, whereas if the Sig value is greater than 0.05 ( $> 0.05$ ) then it shows no effect. Meanwhile, if seen from the t value, tcount must be greater than ttable ( $tcount > ttable$ ), whereas if tcount is smaller than ttable ( $tcount < ttable$ ) then it shows no effect. Meanwhile, to search ttable:

$ttable : (a/2 ; n-k-1)$

$ttable : (0.05/2 ; 55-3-1) ttable : (0.025 ; 51)$

$ttable : 2.008$

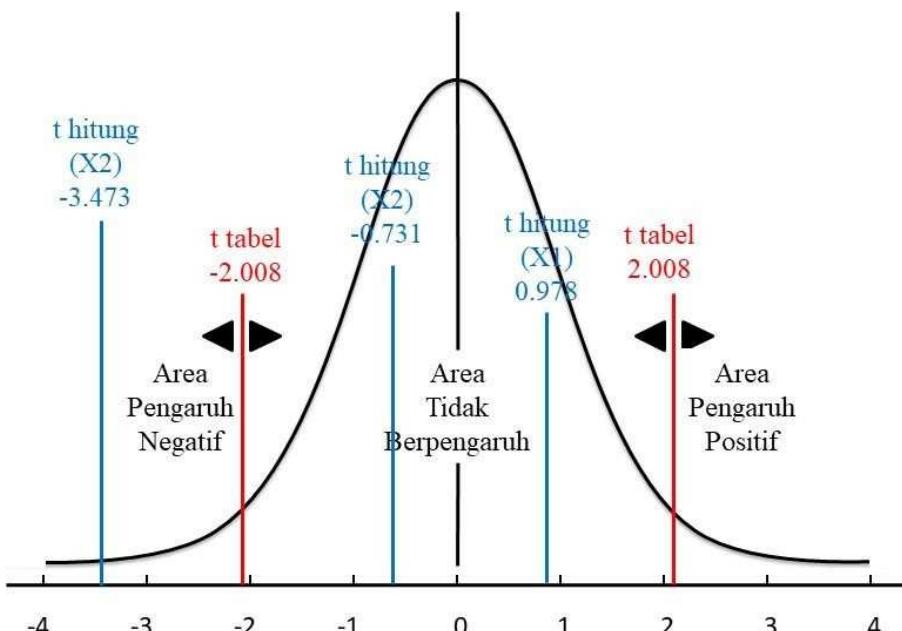
1) The value of Sig X1 (FDR) is 0.334. which shows a number greater than 0.05, and the tcount value of this variable is 0.978 indicating a smaller amount when compared to the ttable of 2.008, so that the variable liquidity or FDR has no effect on the amount of financing disbursement.

2) The Sig X2 (NPF) value is 0.468 which indicates a number greater than 0.05, and the tcount value of this variable is -0.731 indicating a smaller amount when compared to the ttable which is 2.008, so that the Non-Performing Financing (NPF) variable has no effect on the amount distribution of financing.

3) The value of Sig X3 (ROA) is 0.001. smaller than 0.05, and the tcount value of this variable is -3.473 indicating a larger amount when compared to the ttable of 2.008, so that the Return On Asset variable affects the amount of financing disbursement.

After knowing the variables that have an effect and no effect, it is necessary to know whether the effect is negative or positive, which can be determined by the following t-test curve.

**Figure 1 t Test Curve (Partial)**



- 1) After the t test is carried out, the result is that the variable X1 (FDR) has no effect on the distribution of financing so it does not enter the area of positive or negative influence.
- 2) After the t test is carried out, the result is that the variable X2 (NPF) has no effect on the distribution of financing so it does not enter the area of positive or negative influence.
- 3) After the t test is carried out, the result is that the variable X3 (ROA) has an effect on profitability, while to determine the negative or positive effect, it can be seen from Figure 1, the variable X3 is in the area of negative influence, so that the variable Return On Asset has a negative effect on distribution financing.

#### 4.5 Simultaneous Significance Test (F Statistical Test)

**Table 8 : Simultaneous Significance Test Results (Statistical F Test)**

ANOVA <sup>a</sup>			
Model		F	Sig.
1	Regression	4.289	.010 <sup>b</sup>
	Residual		
	Total		

a. Dependent Variable: Financing  
 b. Predictors: (Constant), ROA, FDR, NPF

**Source:** SPSS processed data, 2023

Table 8 shows the results of the F statistical test, where the decision making can be seen from the Sig value and F value. If the Sig value is less than 0.05 ( $<0.05$ ) then it shows a simultaneous effect, whereas if the Sig value is greater than 0.05 ( $>0.05$ ) then it shows no effect simultaneously. Meanwhile, if seen from the value of F, then Fcount must be greater than Ftable ( $F_{count} > F_{table}$ ), whereas if Fcount is smaller than Ftable ( $F_{count} < F_{table}$ ) then it shows no effect simultaneously. Meanwhile, to search

Ftable:

Ftable :  $(k ; n-k)$   
 Ftable :  $(3 ; 55-3)$   
 Ftable :  $(3 ; 52)$   
 Ftable : (2.78)

In table 8, which was obtained from the results of the F statistical test, a Sig value of 0.010 was obtained. which shows a number smaller than 0.05, and the Fcount value is 4,289 indicating a larger number when compared to Ftable, which is 2.78, so that simultaneously the variable X (liquidity/FDR, NPF, and ROA) affects the amount of financing disbursement.

After carrying out multiple linear regression tests, multiple linear regression analysis can be carried out through the equations that have been prepared in the research methodology by taking into account the results of the coefficient table on the partial t test, namely:

**Table 9: Statistical t Test Coefficient Results**

Coefficients <sup>a</sup>			
Model		Unstandardized Coefficients	
		B	Standard Error
1	(Constant)	10.690	2.780
	FDR	.876	.300
	NPF	-.101	.300
	ROA	-.530	.150

### a. Dependent Variable: Pembiayaan

**Source:** SPSS processed data, 2023

$$Y = 10.690 + 0.876 (\text{FDR}) - 0.101 (\text{NPF}) - 0.530 (\text{ROA}) + e$$

The results of multiple linear regression analysis:

- 1) The constant value is 10,690, this means that if the X variable, namely FDR NPF and ROA, if the value is equal to 0, then the dependent variable or distribution of financing is 10,690.
- 2) The FDR variable (X1) has a  $\beta$  coefficient of 0.876, this means that every time there is an increase in X1 (FDR) of 1%, it will cause an increase in financing distribution of 0.876 (8.76%).
- 3) The NPF variable (X2) has a negative  $\beta$  coefficient of -0.101, this means that every time there is an increase in X2 (NPF) by 1%, it will cause a decrease in financing distribution by 0.101 (1.01%).
- 4) The ROA variable (X3) has a negative  $\beta$  coefficient of -0.530, this means that every time there is an increase in X3 (ROA) of 1%, it will cause a decrease in financing distribution of 0.530 (5.30%).

## 5. Discussion

### 5.1 The Effect of Liquidity Financing on the Distribution of Financing in Islamic Commercial Banks in Indonesia

In table 7, namely in the t statistical test, the value of  $\text{Sig } X1$  (FDR) is 0.334. which shows a number greater than 0.05, and the  $t_{\text{count}}$  value of this variable is 0.978 indicating a smaller amount when compared to the  $t_{\text{table}}$  of 2.008, so that the liquidity or FDR variable does not affect the amount of financing disbursement at BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Sharia, Bank Syariah Bukopin, and Bank Victoria Syariah. As well as in Figure 1, namely the t curve shows the result that the variable X1 (FDR) is in the area of no effect, so it can be concluded that FDR has no effect on the distribution of financing to BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Syariah Bukopin, as well as Bank Victoria Syariah.

With no effect of FDR on the distribution of financing, it means that the high or low value of FDR in Islamic banking will not affect the amount of funds allocated for financing in Islamic banking. This means that BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Syariah Bukopin, and Bank Victoria Syariah in channeling financing do not make FDR one of the calculations in providing financing to customers.

The results of this study are in line with the results of research conducted by Budiman and Kismawadi in 2017 [30]; Rika Kartika, Siti Jubaedah, and Apri Dwi Astuti in 2019 [31], which shows that liquidity has no effect on financing distribution. However, this is not in line with the results of research conducted by Yanis and Priyadi in 2015 [32]; Husaeni in 2017 [33]; and Mahfudz in 2019 [34] who actually found that liquidity did not affect the distribution of financing.

### 5.2 The Influence of Non-Performing Financing on the Distribution of Financing in Islamic Commercial Banks in Indonesia

In table 7, namely the t statistical test, the  $\text{Sig } X2$  (NPF) value is 0.468 which indicates a number greater than 0.05, and the  $t_{\text{count}}$  value of this variable is -0.731 indicating a smaller amount when compared to the  $t_{\text{table}}$ , namely 2.008, so that the variable is Non-Performing Financing (NPF) does not affect the amount of financing disbursed to BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Syariah Bukopin, and Bank Victoria Syariah. As well as in Figure 1, namely the t curve shows the result that the variable X2 (NPF) is in the area of no effect, so it can be concluded that the NPF has no effect on the distribution of financing to BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Syariah Bukopin, as well as Bank Victoria Syariah.

With no effect on NPF on the distribution of financing, it means that the high and low NPF values in Islamic banking will not affect the amount of funds allocated for financing in Islamic banking. This means that BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Syariah Bukopin, and Bank Victoria Syariah in channeling financing do not make ROA one of the calculations in providing financing to customers.

The results of this study are in line with the results of research conducted by Risfiati and Utama

in 2019 [35]; Ali and Miftahurrohman in 2016 [36], who found that Non-Performing Financing had no effect on financing. However, it is different from the results of research conducted by Annisa and Fernanda in 2017 [37]; Nurrochman and Mahfudz in 2016 [38]; Rr. Yoppy Palupi Purbaningsih and Nurul Fatimah 2018 [39], which actually revealed that Non-Performing Financing had an effect on financing distribution.

### 5.3 Effect of Return On Asset on the Distribution of Financing in Islamic Commercial Banks in Indonesia

In table 7, namely the t statistical test, the Sig X3 value (ROA) is 0.001. smaller than 0.05, and the tcount value of this variable is -3.473 indicating a larger amount when compared to the ttable of 2.008, so that the Return On Asset variable affects the amount of financing disbursement to BCA Syariah banks, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Sharia Bukopin, equivalent to Bank Victoria Syariah. As well as in Figure 1, namely the t curve shows the result that the variable X3 (ROA) has an effect on the distribution of financing, while for determining the negative or positive effect, the variable X3 is in the area of negative influence, so that the variable Return On Asset has a negative effect on the distribution of financing at BCA banks Sharia, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, Bank Sharia Bukopin, and Bank Victoria Syariah.

With a negative influence, it means that if the lower the rate of Return On Asset, it will affect the increase in the amount of distribution of Islamic banking financing. This is proven by the highest level of profitability achieved by Bank Victoria Syariah in 2011 which amounted to 6.93%, while the lowest financing distribution also occurred in 2011 by Bank Victoria Syariah with financing distribution of Rp. 118,428,000,000. has a negative  $\beta$  coefficient of -0.524, this means that every time there is an increase in X3 (ROA) of 1%, it will cause a decrease in financing distribution of 0.524 (5.24%).

The results of this study are in line with the results of research conducted by Ali and Miftahurrohman in 2016 [40]; Bakti in 2017 [41], which revealed that Return On Asset affect the distribution of financing. However, it is different from the results of research conducted by Permatasari and Yulianto in 2018 [42]; Susilowati and Nawangsari in 2018 [43]; and Anwar and Miqdad in 2017 [44], who actually found that Return On Asset had no effect on financing.

## 6. Conclusion

Related to the research results that have been presented, the researcher can draw conclusions that:

1. The variable liquidity does not affect the distribution of Islamic banking financing in Indonesia.
2. Non-Performing Financing variables have no effect on the distribution of Islamic banking financing in Indonesia.
3. The variable Return On Asset influences the distribution of Islamic banking financing in Indonesia.
4. The variables of liquidity, Non-Performing Financing, and Return On Asset have a joint effect on the distribution of Islamic banking financing in Indonesia.

Based on the conclusions regarding the research results that have been described previously, the researcher can provide suggestions:

1. For Islamic banks to be able to pay attention to the profitability obtained in determining the amount of financing distribution to be provided because in this study it was revealed that profitability affects the amount of financing distribution provided.
2. To future researchers, it is recommended to calculate the nominal distribution of financing using an analysis that is able to calculate the increase in distribution from the previous year. As well as the need for further research on other variables that might affect the amount of financing disbursement.

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