profit-sharing practices to increase profits and development of indonesian sharia banking

a Muthoifin, bNabila Firdaus, cSukisno, dSholihul Anwar, eMuhammad Nurul Ulum, fAchmad Irchamni, gWidodo, hRina Murtyaningsih

abstrACT

Objective: The purpose to be achieved in this writing is to achieve what are the factors of grants in Islamic banks regulated by law and also to study how the performance of Islamic banks in the profit-sharing system is carried out according to the views of existing Islamic law. The performance in question is not only financial performance that will be measured and researched but also a performance by measuring profit or profit and will analyze profit but also measured sharia maqasid so that the bank has management performance by the operational conditions of Islamic banks that will use Islamic law.

Method: This research uses quantitative methods by analyzing the financial statements of Islamic banks from 2012 to 2023. This data is taken from the annual financial report and calculated using the Islamic maqashid model index with quadrant analysis measurement. In this case, we can know the performance of Islamic banks in terms of finance.

Result: The results of this study show that the best bank performance is BRI Syariah Bank. In contrast, the bank that has the best performance according to Sharia Maqasid is BNI Syariah Bank. In contrast, banks that have good performance are Jateng Sharia Bank, Mandiri Syariah Bank, Panin Bank Syariah, and BCA Syariah.

Conclusion: It can be concluded that this study shows that the best bank performance is BRI Sharia Bank while the bank that has the best performance according to sharia maqasid is BNI Sharia Bank while banks that have good performance are Bank Jateng Syariah, Bank Syariah Indonesia, Bank Panin, Bank BCA Syariah, and so on. Thus this research is carried out hopefully can provide new enlightenment for all, including the next researcher, and banking actors in Indonesia.

a Ph.D. in Islamic Economic Law, Department of Islamic Law, Universitas Muhammadiyah Surakarta, Indonesia, E-mail: mut122@ums.ac.id, Orcid: https://orcid.org/0000-0001-7216-3966
b Master. in Islamic Economic Law, Department of Islamic Law, Universitas Muhammadiyah Surakarta, Indonesia, E-mail: 1000200066@student.ums.ac.id, Orcid: https://orcid.org/0009-0000-8972-4280
c Ph.D. in Islamic Education, Department of Islamic Education, Sekolah Tinggi Agama Islam Muhammadiyah Blora, Indonesia, E-mail: kisnoblora@gmail.com, Orcid: https://orcid.org/0000-0003-0477-1307
d Ph.D. in Islamic Education, Department of Islamic Education, Sekolah Tinggi Agama Islam Muhammadiyah Blora, Indonesia, E-mail: anwarstainiblora@gmail.com, Orcid: https://orcid.org/0000-0001-5663-641X
e Master. in Islamic Education, Department of Islamic Education, Sekolah Tinggi Agama Islam Muhammadiyah Blora, Indonesia, E-mail: m.nurululum10@gmail.com, Orcid: https://orcid.org/0009-0001-8767-3894
f Master. in Islamic Education, Department of Islamic Education, Sekolah Tinggi Agama Islam Muhammadiyah Blora, Indonesia, E-mail: airchamni@gmail.com, Orcid: https://orcid.org/0009-0000-6271-2167
g Master. in Islamic Education, Department of Islamic Education, Sekolah Tinggi Agama Islam Muhammadiyah Blora, Indonesia, E-mail: widodbiora4@gmail.com, Orcid: https://orcid.org/0009-0002-4202-4425
h Master. in Islamic Education, Department of Islamic Education, Sekolah Tinggi Agama Islam Muhammadiyah Blora, Indonesia, E-mail: rinamurty81@gmail.com, Orcid: https://orcid.org/0009-0002-3104-7912
PRÁTICAS DE PARTILHA DE LUCROS PARA AUMENTAR OS LUCROS E O DESENVOLVIMENTO DA SHARIA BANKING INDONÉSIA

RESUMO

Objetivo: O objetivo a ser alcançado nesta redação é alcançar quais são os fatores de subsídios em bancos islâmicos regulados por lei e também estudar como o desempenho dos bancos islâmicos no sistema de participação nos lucros é realizado de acordo com os pontos de vista da lei islâmica existente. O desempenho em questão não é apenas o desempenho financeiro que será medido e pesquisado, mas também um desempenho através da medição de lucro ou lucro e irá analisar o lucro, mas também medido sharia maqasid para que o banco tem desempenho de gestão pelas condições operacionais dos bancos islâmicos que usarão a lei islâmica.


Resultado: Os resultados deste estudo mostram que o melhor desempenho bancário é o BRI Syariah Bank. Em contraste, o banco que tem o melhor desempenho de acordo com a Sharia Maqasid é o BNI Syariah Bank. Em contraste, os bancos que têm bom desempenho são o Jateng Sharia Bank, o Mandiri Syariah Bank, o Panin Bank Syariah e o BCA Syariah.

Conclusão: Pode-se concluir que este estudo mostra que o melhor desempenho bancário é BRI Sharia Bank, enquanto o banco que tem o melhor desempenho de acordo com sharia maqasid é BNI Sharia Bank, enquanto os bancos que têm bom desempenho são Bank Jateng Syariah, Bank Syariah Indonesia, Bank Panin, Bank BCA Syariah, e assim por diante. Assim, esta pesquisa é realizada com esperança pode fornecer nova iluminação para todos, incluindo o próximo pesquisador, e agentes bancários na Indonésia.

Palavras-chave: maqasid sharia, sharia bank, performance, finanças, lucro, subvenção, lei islâmica.

1 INTRODUCTION

Islamic banking will continue to experience very significant progress that will bring the development of Islamic banks in 2016 and go through several economic crisis conditions and have good performance. This financial performance will make a good process in finance in Islamic law (Kasdi et al., 2022).

The measurement of Islamic bank performance will occur differently from conventional banks but not only look at performance from the business side or the ability to generate profits. In Islamic banks, profit should not be the only measure in determining
performance. But it is also a form of various other aspects that are very calculated and considered in this regard (Arshad et al., 2015; Rahman et al., 2021).

Financial performance is one analysis that will see the extent to which a company will carry out a performance using financial implementation rules properly and correctly from here it can be seen that financial performance is a rule of good and correct financial implementation rules and has been regulated (Hassan et al., 2018).

The maqasid syariah index (MSI) was developed based on three main factors, namely individual education, creation of justice, and achievement of welfare, where these three factors are by the general goal of sharia maqasid, namely "achieving welfare and avoiding evil". These three objectives are universal and should be the goals and operational basis of every publicly accountable entity not only Islamic banks but also conventional banks because they relate to the welfare of all stakeholders, not just shareholders or company owners (Al-Hunnayan, 2020). To find out how much Islamic banks are performing in Indonesia, research will be conducted by comparing the financial performance of Islamic banks through quadrant analysis measurement (QAM) with the Maqashid Syariah Index approach and profitability (Ichsan et al., 2021; Rozikin & Sofwani, 2023).

Analysis of financial statements in the form of these ratios includes the first liquidity ratio this ratio shows aspects of the company's ability to meet obligations due in the short term. The second ratio is leverage or solvency. Solvency measures a company's ability to meet obligations in the long term. The third ratio is profitability, namely, the company's ability to generate profits with its resources (Bulut & Gündoğdu, 2023).

The performance of the bank that will be carried out will be a very significant consideration for parties who have a very important interest in the bank. Parties that will be interested in the bank that will make things include investors, creditors, customers, employees, the government, and the surrounding community. Given the large number of interested parties having an assessment of bank performance becomes something very important. Bank performance will be assessed based on how the company's management will make something into the implementation of all its duties (Bilgin et al., 2021; Ladner, 1992; Schoon, 2016).

The bank's performance can be seen through financial statements that are regularly published by banks going public. Information in financial statements is information in the form of numbers that are records of transactions that occurred during a period (Diebel et
To find out the meaning of the numbers in the financial statements, an analytical tool is needed. The analytical tool used is usually financial statement analysis in the form of financial statement ratios (Blau, 1998).

The issues discussed include various aspects from the views of education, justice, welfare, and the Sharia maqashid index to be able to find out how the Sharia maqashid works correctly and appropriately. Sharia maqashid is a model of measuring Sharia banking performance by the objectives and characteristics of sharia banking which includes various factors (Arifin & Munir, 2023; Firmansyah & Fadli, 2023; Muthoifin, 2019).

2 THEORETICAL FRAMEWORK

Analysis of Sharia Banking Performance in Indonesia Using Sharia Maqasid Index (SMI), concluded that Sharia Commercial Bank (BUS) Performance Measurement in Indonesia has not used the Sharia Maqasid Index which still uses the same performance measurement as conventional banking. This research uses the Maqasyid Sharia index method which only focuses on financial performance but also on social performance that has a broad impact on society (Mingka, 2013).

With this Maqasid Syariah Index method, it is expected that the performance of Islamic banking in Indonesia can be compared with Islamic banking in other countries because the measurement method is by Sharia principles, and contains relevant and appropriate information to stakeholders, management, and other users of financial statements. The results obtained, the performance of Islamic banking in the first rank was obtained by Bank NTB Syariah (Putra & Amrin, 2023).

Determinants of Islamic Banking Financial Performance, by Isah, concluded that the Islamic banking industry is one of the drivers of a country's growth potential. It is characterized by a significant increase. However, the number of Islamic banks in Indonesia has increased, during the period 2014-2016. The purpose of this study is financial performance in Islamic banking with financing variables, operational efficiency, capital adequacy principles, profit sharing and social contributions. The object of research is Islamic banking which has been issued by OJK from 2011 to 2016 year (Muthoifin, 2021; Sutrisno & Widarjono, 2018).

The selection period of that year is to provide a complete picture and terms related to the performance of Islamic banking. The results of this study show that financing and
capital adequacy do not have a significant effect on financial performance. Meanwhile, operational efficiency and profit sharing for the results have an impact on financial performance. As for the influence of alternating between financial performance and social contributions to each other (Asia & Apriantoro, 2023; Shobron & Rahman, 2019).

A comparative analysis of the financial performance of Islamic banks and conventional banks in Indonesia, by Roberts & Thizy, 2022, concluded that, Islamic banks and conventional banks using financial ratio methods (CAR, NPL/NPF, ROA, ROE, LDR/FDR, REO/BOPO) during the period 2005 - 2012. b. Analyze the potential superiority of Islamic bank financial ratios over conventional banks with library research and field research type methods as most of them information obtained from the library as well as information obtained from the company through the company’s website or information informed by the Indonesia Stock Exchange (IDX), especially regarding bank policies and bank financial statements, as well as Bank Indonesia (BI) publication reports (Hendarsyah, 2016; Mahamid, 2023; Shobron & Masruhan, 2017).

The financial performance of Islamic banks decreased compared to conventional banks, especially at the CAR ratio of 13.43% while in conventional banks at 18.09%, the ROA ratio of Islamic banks was 1.68% lower than conventional banks at 2.74%, because the higher the value of CAR and ROA, the better the quality. The ROE ratio of Islamic banks is lower than conventional banks, where Islamic banks are 27.22% while conventional banks are 49.70%. The NPL/NPF ratio of Islamic banks is better than conventional banks, where the NPL/NPF ratio of Islamic banks is 3.42% while conventional banks are 3.85%, because the lower the NPL/NPF ratio the better the quality. The LDR/FDR ratio of Islamic banks is better than conventional banks, where the LDR/FDR ratio of Islamic banks is 96.05% while conventional banks are 71.57% because the best LDR/FDR according to BI is 78%-100%. Likewise, the REO/BOPO ratio of Islamic banks is better than conventional banks, where the REO/BOPO ratio of Islamic banks is 79.01% while conventional banks are 85.18%, the smaller the percentage of REO/BOPO ratio, the better (Nurul Hakim, 2023).

Analysis of the efficiency and performance of Islamic banks in Indonesia concluded that, quadrant analysis to determine the performance of Islamic banks in Indonesia by comparing the level of efficiency through the Data Envelopment Analysis (DEA) method and the level of productivity through the Malmquist Productivity Index. Both of these approaches are very suitable for Islamic banks in Indonesia because they
will know more comprehensive results. After all, the results obtained are not only the results of comparing one component. The research was conducted on Islamic banks in Indonesia in the period from 2013 to 2017. The results showed that the bank with the highest level of efficiency was Bank Panin Syariah while the bank with the lowest efficiency was Bank Mega Syariah. The highest level of Islamic bank efficiency occurred in 2015. The bank that has the highest level of productivity is Maybank Syariah while the bank that has the lowest level of productivity is Panin Syariah Bank. The results of the quadrant analysis show that the banks that have the best performance, namely high efficiency and high productivity, are Bank Muamalat and Maybank Syariah. Meanwhile, the banks with the lowest performance are Bank Mega Syariah, Bank BCA Syariah and Bank Victoria Syariah (Irmii et al., 2023; Kelkusa et al., 2023; Nasir et al., 2022; Nuha, Sudarno Shobron, 2020).

Analysis of Sharia bank performance assessment based on the shari‘ah maqasid index, by Salman, concluded that, so far, the measurement of Islamic bank performance has been carried out using financial ratios that adopt from conventional bank performance measurement. This study uses the Maqasyid Sharia index method which only focuses on financial performance but also a social performance that has a broad impact on the community. Sharia maqasid index is a bank performance measurement model Sharia based on the objectives of sharia (maqasid syariah) developed by Muhammad the basic basis for the development of the Islamic Maqasid index as a measure of Islamic bank performance is the concept of sharia maqasid as a result of Abu Zahrah’s thoughts which has 3 (three) objectives, namely: educating individuals, upholding justice, and maintaining benefits (Adiansyah et al., 2023; Ashfahany et al., 2023; Maryam et al., 2023; Nugroho et al., 2023; Saiin & Karuok, 2022; Sutrisno et al., 2023).

3 METHODOLOGY

This research is quantitative research where using quantitative methods is based on describing factors that are interrelated and supportive of each other. However, it is also accompanied by a causal relationship that provides clarification of causal influences with dependent variables (X) and independent variables (y). Therefore, it is explained that the variable is a variable consisting of a dependent variable about profit-sharing practices and an independent variable about Islamic Banking which contains financing, and efficiency in sharia maqashid (Amry et al., 2023; Muthoifin, Bahaaeldin et al., 2023; Oktatianti et
1. Population and Sample. The population taken from this study is Islamic banking which adheres to the profit-sharing system in sharia maqashid in Indonesia in the period 2015-2022. This study is to be able to explain the performance of Islamic banking in the profit-sharing system using sharia maqashid (Lamotte & Troussier, 1994).

2. Data Analysis Techniques. In conducting this research using the stages of measuring the performance of sharia maqashid which is divided into 3 stages:

3. Assess each sharia maqasid performance ratio consisting of 10 performance ratios


5. Determine the Sharia Maqasid Index (SMI) of each Islamic bank

6. Sample. Using samples of various banks that use the Sharia system only 4 were selected, namely, Bank BRI Syariah, BNI Syariah, Bank Jateng Syariah, and Bank Syariah Indonesia were chosen because the 4 banks were identical to their sharia factors or Islamic law in the application of their performance (Itsna Nur Muflikha, Sya’roni, 2023; Shobron et al., 2023; Shobron & Anshori, 2020).

4 RESULTS AND DISCUSSION

Analysis in sharia maqashid there are several aspects discussed taken from the data of 4 banks that are sampled as data sources and can later be used as a result of the comparison of the 4 banks to be the source of knowing the sharia maqashid index that occurs which will be explained below:

4.1 EDUCATIONAL ASPECT

For this purpose, several banks use the type of educational aspects that will be discussed in the picture below which contains the cost of education, the cost of issuance, and then the average.
From the picture above, it can be seen that the first aspect of educational objectives is more about training costs than publishing costs from the 2015-2022 period. The results of this study show that the best education aspect obtained by BRIS banks is 1% while other Islamic banks are 0.8-0.2% (Shobron & Anshori, 2020).

4.2 JUSTICE ASPECT

In this aspect, several banks use aspects of fairness (Griffin &; Lewis Jr., 1990) which will be discussed in the picture below which includes net income and total income and average:
In this picture, it is explained that the bank that occupies the highest position in the aspect of justice is Bank Jateng Syariah which reaches 9700 net profit then others occupy 8000 and below.

4.3 WELFARE ASPECT

In the figure below, the welfare aspect is divided into several scopes, namely zakat, investment, and average as follows:
In this picture, it can be seen that the most zakat occupies BNIS which reaches 7.5 while other banks occupy below 7.5.

4.4 SHARIA MAQASID INDEX OF SHARIA COMMERCIAL BANKS

The Islamic maqasid index measures all Islamic bank maqasid performance for all three aspects (Ginsburg, 1979). The sharia maqasid index is obtained by summing the performance indicators (IC) of Islamic banks from the first aspect to the third aspect. The following will be explained according to this picture brought with 4 Banks As Its Sample (Z. Chen & Wang, 2012; Nurfalah & Rusydiana, 2019; WIBOWO et al., 2020; www.neliti.com, n.d.).

Figure 4. Sharia Maqasid Index (SMI) of every Islamic bank.

Based on the picture above, it can be seen that the Islamic banks that obtained the highest achievement, the first aspect of sharia maqasid, the best educational aspect was BRIS of 2000 and the lowest achievement was BJS of 1000. The second aspect of sharia maqasid of justice is BJS which reached 4000 and the lowest achievement is BJS which is 1200. The highest achievement The third aspect of sharia maqasid of welfare, namely Bank BNIS reached 4000 and the lowest achievement is BJS.

Through the above analysis, we can find out how the correct and appropriate sharia maqashid works. Sharia maqashid is a model of measuring Sharia banking
performance by the objectives and characteristics of Sharia banking (Amrin et al., 2021; Apriantoro, 2021; H.-W. Chen, 2023) which will be developed with 3 main factors namely:

1. Educational aspect
2. Aspects of Justice
3. Aspects of well-being

Where the three factors are broad or open. The three performance measures based on maqashid sharia, namely education, justice, and welfare, require national banks to be able to design education and training programs with religious values and Islamic sharia so that they will be able to increase (Anurogo, 2023; Anurogo et al., 2023; Michaud & Audebrand, 2022; Muhamad Subhi Apriantoro, Yasir Hasanridhlo, Widhi Indira Laksni, 2023).

5 CONCLUSION

It can be concluded that this study shows that the best bank performance is BRI Sharia Bank while the bank that has the best performance according to sharia maqasid is BNI Sharia Bank while banks that have good performance are Bank Jateng Syariah, Bank Syariah Indonesia, Bank Panin, Bank BCA Syariah, and so on. Thus this research is carried out hopefully can provide new enlightenment for all, including the next researcher, and banking actors in Indonesia.
REFERENCES


