

Impact of Macroeconomic Conditions on the Share of Sharia Bank Financing in Indonesia in 2020 – 2022

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ABSTRACT: This study aims to determine the macroeconomic impact such as inflation, BI rate, exchange rate, and Money Supply (JUB) on the share of financing, namely profit-sharing investment of Islamic banks in Indonesia which includes all Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) in Indonesia. The analysis used is multiple linear regression with the Ordinary Last Square (OLS) method to identify the impact of the independent variable on the dependent variable. During the monthly period 2020-2022, secondary data was collected from the Sharia Banking Statistics (SPS) of OJK, Central Statistics Agency (BPS), and Bank Indonesia (BI). Partial data shows that only the Money Supply (JUB) has an influence on the share of Islamic bank financing in Indonesia, while three other factors, such as inflation, BI rate, and interest rates, have no effect. However, simultaneously, macroeconomic conditions have a significant impact of 27.4% on the share of Islamic bank financing in Indonesia.

KEYWORDS: Inflation, BI rate, exchange rate, money supply, Islamic Bank Financing.

I. INTRODUCTION

The report on the development of Islamic finance in Indonesia released by the Financial Services Authority (OJK) in 2022 stated that the Global Economy grew by 3.4% amid a sustainable economic recovery. Economic activity began to gradually improve after previously being affected by the pandemic. However, the impact of global production has not fully recovered, pushing up an imbalance between supply and demand, thus driving inflation. Global economic challenges in 2022 have been exacerbated by Russia's military offensive into Ukraine.

The global Islamic finance profile says that global Islamic financial assets have reached US\$ 3.96 trillion in 2021. This figure increased from the previous year, which was US\$ 3.39 trillion. This indicates that the global Islamic finance industry is growing well in the midst of economic growth. This growth is also supported by the development of the Islamic finance industry in Indonesia.

The Sharia economy in Indonesia began in 1992 which was marked by the establishment of Bank Muamalat. The growth of financial institutions, especially Islamic commercial banks in Indonesia, has increased significantly in recent decades. Based on a report by the Financial Services Authority (OJK) in September 2023, the growth of Sharia financial assets in December 2022 for Sharia Commercial Banks amounted to 531,860 trillion, while asset growth in June 2023 increased by 543,072 trillion. The growth of Sharia Commercial Bank (BUS) offices in 2023 is 13 units, and 20 units of Sharia Business Unit (UUS) and Sharia People's Financing Bank (BPRS) offices are 171 units.

Table 1. Development of Islamic Finance in Indonesia in 2022



Source: Indonesia's Sharia Finance Development Report 2022

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The rise and fall of financing in Sharia banks is influenced by internal factors originating from the bank itself as well as external factors originating from macroeconomic conditions (Mumtazah, 2016). The macroeconomic factors in question include inflation, interest rates (BI rate), the rupiah exchange rate against the US dollar, the amount of money in circulation in the community, and so on.

According to (Mumtazah, 2016) High inflation leads to a continuous increase in the price of goods and services in general (not just one kind of goods and momentary) (Iswardono, hlm 214). The impact of inflation on Islamic banks is the high risk of default. This risk will increase the *Non-Performing Financing* (NPF) of Islamic banking. If the financing is based on profit sharing, if the debtor suffers business losses, this loss is also borne by Islamic banks or *risk sharing*. If the type of financing is a sale and purchase agreement, then high inflation can make sharia financing products in general relatively more expensive (Saekhu, 2015).

The second macroeconomic factor is interest rates (*BI Rate*). According to Karim (2015: 59), The higher the interest, the less credit amount from conventional banks to invest. In Sharia Commercial Banks, when the BI-Rate is high, Sharia Commercial Banks are not allowed to increase the percentage of profit sharing in financing, because it has been agreed at the beginning of the contract. The relationship between BI-rate and murabahah financing margin was presented by Veittzal dan Rivai (2008) that many factors affect interest rates include factors that affect the *mark-up* in *murabahah*. This shows that the *BI-rate* affects or is considered in determining the *murabahah margin*.

The third macroeconomic factor is the rupiah (Rp) exchange rate against the dollar (\$). The decline in the rupiah exchange rate (depreciation) and the increase in the rupiah exchange rate (appreciation) affect a country's exports. When the rupiah exchange rate against the dollar experiences a total depreciation, a country's exports will rise. Rising exporters' earnings will boost the country's gross domestic income (Samuelson & Nordhaus, 1997: 182). When export revenues increase, exporters try to finance in banks, thus affecting the distribution of Islamic bank financing (Lie & Malelak, 2015: 69).

The fourth macroeconomic factor is the development of the money supply (JUB) (Halim, 2013). The size of the JUB will affect the real purchasing power of the community and also the availability of community needs (Setyawan & Baratakusumah, 2005: 11). The amount of money in circulation in the hands of the community must develop reasonably, in order to have a positive influence on the economy. However, if the JUB increases sharply, it will trigger inflation and have a negative effect on the economy (Untoro, 2007).

The policy has been carried out by Bank Indonesia in an effort to improve the quality of banknotes in circulation in Indonesia by printing or updating new banknote models. This policy can affect the amount of money in circulation in the community and can trigger an increase in the inflation rate and the rupiah exchange rate will also depreciate. The following is a table of developments in Inflation, rupiah exchange rate, money supply, BI Rate and share of Islamic bank financing in Indonesia over the last 3 years, namely the 2020-2022 period.

Table 2. Inflation Developments, Rupiah Exchange Rate, Money Supply, BI Rate and Share of Sharia Bank Financing in Indonesia in 2020-2022

Period	Inflation	Rupiah Exchange Rate	Money Supply	Bi Rate	Share of Sharia Bank Financing
2020	1.68 %	14 165.68	6 905 939.30	3,75 %	39,03 %
2021	1.87 %	14 327.09	7 870 452.85	3,5 %	38,85 %
2022	5.51 %	14 340.67	8 528 022.00	5,5 %	38,72 %

Source: 2023 data processed

From table 2, it is explained that inflation, Rupiah Exchange Rate, Amount of Money Supply (JUB), the share of Islamic Bank financing in Indonesia fluctuated from year to year. Fluctuations can be seen in terms of inflation, which is always increasing. The Rupiah Exchange Rate and the Money Supply (JUB) always increase every year. The BI Rate decreased in 2021 but rose significantly in 2022 by 5.5% and the Financing Share of Islamic Banks actually decreased from year to year. The increase in the JUB will lower interest rates. Interest rate cuts will increase investment in the economy. This increase in investment will have an impact on the operational activities of Islamic banks. (Koniah, 2023). Based on the background description above, the researcher is interested in examining the **Impact of Macroeconomic Conditions on the Financing Share of Sharia Commercial Banks in Indonesia**.

a. Research Objectives

1. To find out and explain whether there is a significant influence of the *bi rate*, inflation, rupiah exchange rate against the dollar, and the amount of money in circulation, on the share of Sharia Bank financing in Indonesia.
2. To find out and explain whether there is a joint and significant influence of the variables of the *bi rate*, inflation, rupiah exchange rate against the dollar, and the amount of money in circulation on the share of Sharia Bank financing in Indonesia.

b. Scope of Research

The scope of this research is Sharia Banks registered with Bank Indonesia in the *OJK annual report* for 2020-2022.

c. Theoretical Foundations

1) Financing share

The weakness and strength of Islamic financial institutions is caused by macroeconomic indicators that affect the stability of the financial system (Herijanto, 2013: 148). Some of the factors that affect the demand and provision of financing are the level of bad loans, lack of capital, community funds, rupiah exchange rate, inflation and interest rates (Herijanto, 2013: 144). In addition, financing disbursement must be analyzed according to the right facts and information, in order to minimize the banking crisis that begins with credit disbursement with excessive risk (*over leverage*) and *economic shock* (major changes in the macroeconomy) (Herijanto, 2013: 158). Based on the explanation above, macroeconomic factors that affect Islamic banking financing in Indonesia are inflation, rupiah exchange rate, inflation rate and money supply. The size of the market share will change at any time, this change can be caused by consumer tastes or the transfer of consumer interest from one product to another (syachfuddin, 2017).

2) Inflation

Inflation is briefly defined as a tendency to increase the price of goods and services in general and continuously (Suseno, 2009). There are three important things that must be emphasized from the definition of inflation, namely:

- a. There is a tendency for prices to increase
- b. The price increase continues
- c. The price level in question is the price level in general, or not only on one commodity.

Inflation is one of the problems in the economy that is always faced by every country.

3) BI Rate

According to Keynes, interest is *an interest for the use of money*. Interest is a reward for the owner of capital, due to the existence of capital in others, where the owner of capital loses the opportunity to use his capital if he wishes. (Alma dan Priansa, 2009:273).

Islamic banks and conventional banks compete with each other in terms of fund distribution and fund collection. According to Adiwarman (2010), states that Islamic banks will face market risks including interest rate risk and profit sharing risk of other Islamic banks that are competitors, interest rate risk is a risk that arises as a result of interest rate fluctuations, even though Islamic banks do not set interest rates, both in terms of funding and financing.

4) Rupiah exchange rate against the US dollar

The influence of exchange rates on macroeconomic conditions is related to the prevailing price level and affects customer behavior in saving and financing requests. Mankiw (2001: 125) stated that if the real exchange rate is high, goods from abroad are relatively cheaper and domestic goods are more expensive and vice versa. If the rupiah exchange rate weakens against the currency of another country, then the goods or services produced by that country become more expensive based on the currency of that other country. As a result, the demand for goods or services decreases and substitutions can occur that suppress demand. As demand decreases, producers will lower supply and reach a new equilibrium. Supply reductions are carried out by reducing production so that the economy experiences a slowdown. As a result, the need for funds for working capital and investment has decreased, making it difficult for banks to distribute financing and vice versa (Cahyono, 2009; 31-32).

5) Money Supply (JUB)

Money Supply (M2) is the overall value of money in the hands of the community. The amount of money in circulation in a narrow sense (*narrow money*) is the amount of money in circulation consisting of currency and demand money.

$$M1 = C + D$$

Dimana:

M1: the amount of money in circulation in a narrow sense

C : Currency

D : Bills or checks

Money supply in a broad sense (M2) is plus time deposits.

$$M2 = M1 + TD$$

Information:

M2: Money Supply in a broad sense

TD: Time deposits

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Technically, what is calculated as the amount of money in circulation is money that is actually in the hands of the community. Money in the hands of banks, as well as banknotes and metals owned by the government are not counted as money in circulation (Tohari: 2010).

d. Previous Research

No	Name	Headings and variables	Result
1	Binti Koniah, Dhiyah Shabnatul Lisan, Fatiyatul Mubawaroh, Agus Eko Sujianto (2023)	Pengaruh Jumlah Uang Beredar Terhadap Profitabilitas Bank Syariah Di Indonesia Tahun 2011-2021 Variabel: X : JUB Y : ROA	Results of linear regression test simply based on the value of the regression coefficient with a negative value, it can be interpreted that JUB (X) has a negative effect on ROA (Y). (Koniah, 2023)
3	Yanti, Husnul Khotimah (2022)	Pengaruh Inflasi terhadap Pembiayaan Perbankan Syariah di Indonesia Periode 2016-2020 Variabel: X : Inflasi Y : Kinerja Bank Syariah	Hasil dari penelitian ini shows that inflation has an influence positive or negative to Financing to Depocit Ratio (FDR) and Non-Performing Financing (NPF). (Khotimah, 2022)

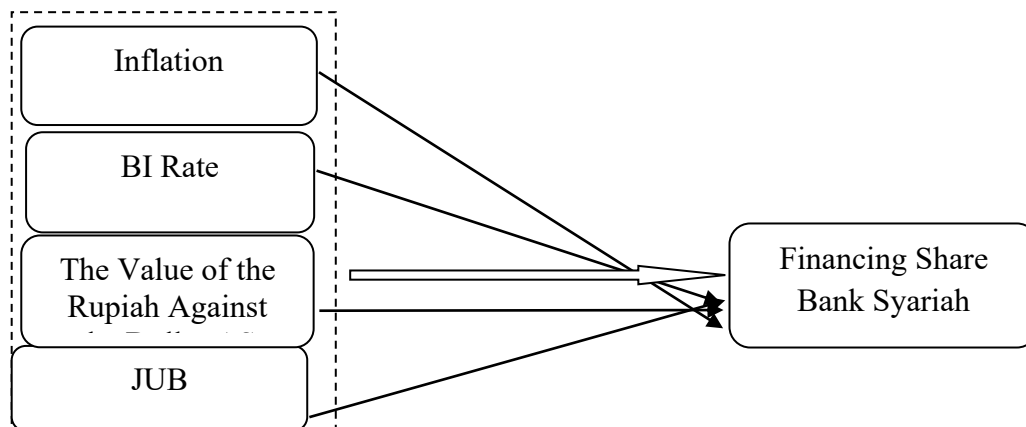
e. Hypothesis

Based on the existing theoretical foundation and theoretical framework, the hypothesis of this study is:

H_0 : Inflation, *BI Rate*, *rupiah* exchange rate against the dollar, and the amount of money in circulation do not have a significant and simultaneous effect on the share of Islamic Bank Financing in Indonesia.

H_1 : Inflation, *BI Rate*, *rupiah* exchange rate against the dollar, and the amount of money in circulation have a significant and simultaneous effect on the share of Islamic Bank Financing in Indonesia.

f. Framework of Thought



a. Types and Approaches of Research

This research is quantitative descriptive, namely explaining the relationship between variables by analyzing numerical data (numbers) using statistical methods through hypothesis testing. This research is a case study study on Sharia Banks in 2020-2022

b. Data Collection Methods

1) Data Source

The data used in this study is secondary time series data in the form of quantitative data for 2020-2022 obtained from Bank Indonesia's financial statements (www.bi.co.id), Financial Services Authority (www.ojk.co.id), Central Statistics Agency (www.bps.co.id) economic indicators published by the Central Statistics Agency, Bulletins, OJK Reports or research journals and other related sources.

2) Population and Sample

The population in this study is statistical data on Islamic banking financing published by the Financial Services Authority (OJK) in its monthly report. The statistical data on Islamic banking financing funds used in this study started from 2020 to 2022.

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The sample determination technique in this study is *purposive sampling*. Where the sample taken uses all the existing population numbers, namely 36 samples (data) which is monthly inflation data, Pembiayaan Perbankan Syariah, BI rate, Rupiah Exchange Rate against the US Dollar, and Money Supply (M2) from 2020 to 2022.

3) Data Collection Methods

The data collection techniques used in this study are documentation methods and literature methods in accordance with the theories above. The collection of data related to research matters or variables is based on statistical data published in general by the OJK and the Central Statistics Agency, and has been processed in such a way that it can make it easier to analyze.

c. Research Variables and Definition of Research Variables

1. Dependent Variable

The financing share referred to in this study is the proportion of profit-sharing investment of Islamic banks. The proportion of profit-sharing investment is taken from OJK's *annual report data*. According to Hasan, the financing share is a comparison between the amount of financing distributed by Islamic banks and the amount of credit distributed by national banks in general (Hasan, 2010:57). Financing share data is expressed in percentages taken from Sharia Banking Statistics. The formula used to find the financing share is as follows (www.ojk.co.id):

$$\text{Investment} = \frac{\text{Total Profit-Sharing Based Financing}}{\text{Total Financing}} \times 100\%$$

2. Independent Variable

a) Inflation

Inflation is briefly defined as a tendency to increase the price of goods and services in general and continuously (Suseno, 2009). An indicator that is often used to measure the inflation rate is the Consumer Price Index (IHK). The inflation variable in this study is calculated using the monthly CPI. The inflation data used is the development of inflation per month from 2020 to 2022.

The formula used is as follows:

$$\text{Inf} = \frac{(\text{IHK } n) - (\text{IHK } n-1)}{(\text{IHK } n-1)} \times 100\%$$

Information:

Inf : Inflation

IHK n : IHK the month in question

IHK n-1 : IHK previous month

b) BI Rate

BI Rate is a policy interest rate that reflects the monetary policy stance set by Bank Indonesia and announced to the public.

c) Rupiah Exchange Rate against Dollar

Exchange rate is a comparison of the exchange rate of a country's currency with the currency of a foreign country or a comparison of exchange rates between countries. Meanwhile, the rupiah exchange rate against the US dollar is a comparison of the rupiah exchange rate against the US dollar.

d) Amount of Money in Circulation (JUB)

Money Supply (M2) is the overall value of money in the hands of the community. The amount of money in circulation in a narrow sense (*narrow money*) is the amount of money in circulation consisting of currency and demand money.

Keterangan:

$$M1 = C + D$$

M1: The amount of money in circulation in a narrow sense

C : Currency

D : Bills of lading or checks

Money circulation in a broad sense (M2) is plus time deposits.

$$M2 = M1 + TD$$

Information :

M2 : Money Supply in a broad sense

TD : Time deposits

d. Data Analysis Techniques

1. Classical Assumption Test

Classic assumption testing includes the following:

Classical Assumption Test	Face	Information	Source
Normality Test	Test Jarque Bera	If the <i>Jarque-Bera Probability Value</i> is greater than 0.05 then it indicates that the data is normally distributed. A good regression model is normally distributed data	Ghozali (2006:147)
Uji Autokorelasi	Aji Telescope-Watson	A good regression model that is free of autocorrelation	Ghozali (2006: 99)
Multicollinearity Test	Uji VIF	Ho: Tidak terjadi multikolinearitas dalam model H1: Terjadi multikolinearitas dalam model Model regresi yang baik adalah bebas multikolinearitas	Ghozali (2006: 95)
Uji Heteroskedastisitas	Uji White	Ho: tidak terjadi heteroskedastisitas H1: terjadi heteroskedastisitas Model regresi yang baik adalah bebas heteroskedastisitas	Ghozali (2006:125)

2. Uji Kecocokan Model (*Goodness Of Fit*)

a) Uji Determinasi (R²)

Ghozali (2006: 87) said that the determination coefficient (R²) essentially measures how far the model is able to explain the variation of dependent variables. The value of the determination coefficient consists of only zero (0) and one (1).

b) Uji F

Ghozali (2006: 88) states that the statistical test F basically shows whether all independent or independent variables included in the model have a cohesive influence on the dependent or bound variables.

c) Uji T

The t-statistical test shows how far the influence of each independent variable individually in explaining the variation of the dependent variable (Ghozali, 2006: 91).

d) Model regresi

The data analysis technique used in this study is a test of multiple linear regression equation models. Systematically regression equations can be made as follows:

$$PBS = \alpha_0 + \beta_1 Inf + \beta_2 BRate + \beta_3 Kurs + \beta_4 JUB + e$$

Where:

PBS : Sharia Bank Financing

Inf : Inflation

You choose : Suku Bunga BI

Exchange Rate : Rupiah to Dollar Exchange Rate

JUB : Money Supply

$\beta_1, \beta_2, \beta_3, \beta_4$: The regression coefficient of each independent variable

α_0 : Constant

e : Error

1. RESULTS AND DISCUSSION

1.1. Research Results

a) Normality Test

The normality test aims to find out whether each variable is normally distributed or not. One way to test the normality of the data is to look at the *Jarque-Bera Probability* value. If the *Jarque-Bera Probability Value* is greater than 0.05, then it indicates that the data is normally distributed and thus the regression model meets the assumption of normality. Here are the results of the normality test:

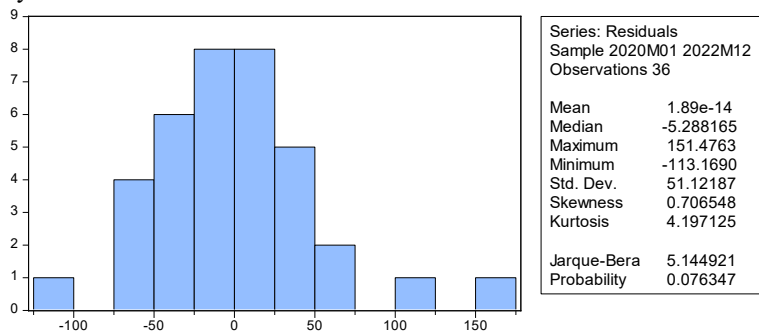


Figure 3.1.a: Normality Test Results
Source: EvIEWS12 Output

Based on figure 3.1.a, it is known that the probability value of JB is **0.076347 > 0.05** which means that the data in this study has a normal distributed data distribution, so that this data can be used in the study

b) Autocorrelation Test

The Autocorrelation test aims to see if in a linear regression model there is a correlation between the disruptive error in period t and the disruptive error in the period t-1 (previous). One way that can be used to detect the presence or absence of autocorrelation is with *the serial Corelation LM Test*. Here are the results of the Autocorrelation test:

Figure 3.1.b Autocorrelation Test Results Breusch-Godfrey Serial Correlation LM Test:			
<hr/>			
F-statistic	3.593513	Prob. F(2,29)	0403
Obs*R-squared	7.149882	Prob. Chi-Square(2)	0280
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Sumber: Output EvIEWS12

Based on Figure 3.1.a, it can be explained that the probability value in Obs *R-squared is **0.0280 < 0.05**, so it can be concluded that there is a problem in serial autocorrelation. Therefore, a healing method is carried out using the transformation of *first difference data*

Gambar 3.1.b. First Difference

Hasil Uji Autokorelasi setelah dilakukan transformasi data *first difference*

Breusch-Godfrey Serial Correlation LM Test:			
<hr/>			
0.7520			
F-statistic	14	Prob. F(2,28)	0.4807
1.7841			
Obs*R-squared	97	Prob. Chi-Square(2)	0.4098
<hr/>			

Sumber: Output EvIEWS12

Based on figure 3.1.b. *First Difference*, after the first difference data transformation is carried out, the probability value of Obs* R-squared has a value of **0.4098 > 0.05**, so it can be concluded that the assumption of the autocorrelation test has been fulfilled or has passed the autocorrelation test.

c) Multicollinearity Test

The multicollinearity test was performed to show whether or not there is a linear relationship between independent variables in the regression model. Testing for the presence or absence of symptoms of multicollinearity can be done by detecting the value of *Variance Inflating Factor* (VIF). A VIF value of less than 10 indicates that multicollinearity does not occur. The following table shows the results of the multicollinearity test.

Tabel 3.1.c Uji Multikolinieritas

Variance Inflation Factors			
Date: 10/16/23 Time: 01:56			
Sample: 2020M01 2022M12			
Included observations: 36			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	80182.19	978.2742	NA
X1	0.085377	91.81713	21.37143
X2	770.3428	87.72099	20.88595
X3	0.000358	929.8881	1.062254
X4	3.28E-10	210.4882	1.705441

Sumber: Output Eviews12

Table 3.4 shows the results of the multicollinearity test as follows:

1. variable X1 (Inflation) has a *Centered* VIF value of 21.37143 > 10 (Symptoms of Multicollinearity occur)
 2. Variable X2 (BI Rate) has a *Centered* VIF value of 20.88595 > 10 (Symptoms of Multicollinearity)
 3. Variable X3 (Rupiah Exchange Rate) has a *Centered* VIF value of 1.062254 < 10 (Passed the Multicollinearity Test)
 4. Variable X4 (JUB) has a *Centered* VIF value of 1.705441 < 10 (Passed the Multicollinearity Test)
- The results of this multicollinearity test show that in the regression model used in this study there is multicollinearity, in Variable X1 (Inflation) and Variable X2 (BI Rate) so that the regression model must be cured by *transforming log data*.

Variance Inflation Factors			
Date: 10/16/23 Time: 03:23			
Sample: 2020M01 2022M12			
Included observations: 36			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	114411.3	1383.926	NA
LOG(X1)	3172.518	1141.759	9.015219
LOG(X2)	2332.350	27.97259	8.426360
X3	0.000359	924.5723	1.056182
X4	2.99E-10	189.8837	1.538496

Figure 3.1.c. Log data Multicollinearity Test Results with LOG data transformation

Sumber: Output Eviews12

Based on Figure 3.1.c. log data, after the log data transformation is carried out, the test results are as follows:

1. Variable X1 (Inflation) has a *Centered* VIF value of 9.015219 < 10 (Passed the Multicollinearity test)
2. Variable X2 (BI Rate) has a *Centered* VIF value of 8.426360 < 10 (Passes Multicollinearity)
3. Variable X3 (Rp Exchange Rate) has a *Centered* VIF value of 1.062254 < 10 (Passes Multicollinearity)
4. Variable X4 (JUB) has a *Centered* VIF value of 1.705441 < 10 (Passes Multicollinearity)

The results of the four variables show a number of less than 10, so it can be concluded that there is no multicollinearity problem in this study.

d) Htereoskenasticity Test

The heteroscedasticity test showed that the variable variants were not the same for all observations. The heteroscedasticity test aims to "test for variance disparity from the residual of one observation to another. If the variant from the residual of one observation to another remains constant, then it is called homoscedasticity. A good regression model is one that is homogeneous or heteroscedasticity does not occur" (Ghozali, 2011:139). To determine whether or not there are symptoms of heteroscedasticity, the **White Test** can be used in the Eviews12 test as follows

Gambar 3.1.d Heteroskedasticity Test: White

Heteroskedasticity Test: White			
F-statistic	2.391652	Prob. F(14,21)	0.0345
Obs*R-squared	22.12415	Prob. Chi-Square(14)	0.0761
Scaled explained SS	26.22494	Prob. Chi-Square(14)	0.0242

Sumber: Output Eviews12

The test results using *the White Test* show the Prob Value . *Chi-Square* is **0.0761** > **0.05** so that this study is free from Heteroscedasticity.

Model Fit Test (Goodness Of Fit)

1. Uji Determinasi (R2)

The Coefficient of Determination (R2) is used to measure how far an independent variable is able to explain the dependent variable. The value of the coefficient of determination is between zero and one. The results of the determination coefficient (R2) in this study can be seen in the following Table 3.1.1:

Dependent Variable: Y				
Method: Least Squares				
Date: 10/16/23 Time: 00:59				
Sample: 2020M01 2022M12				
Included observations: 36				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3964.885	283.1646	14.00205	0.0000
X1	0.304019	0.292193	1.040473	0.3062
X2	-7.321637	27.75505	-0.263795	0.7937
X3	0.027758	0.018918	1.467241	0.1524
X4	-7.23E-05	1.81E-05	-3.989798	0.0004
R-squared	0.356647	Mean dependent var	3907.333	
Adjusted R-squared	0.273634	S.D. dependent var	63.73561	
S.E. of regression	54.32002	Akaike info criterion	10.95591	
Sum squared resid	91470.59	Schwarz criterion	11.17584	
Log likelihood	-192.2064	Hannan-Quinn criter.	11.03267	
F-statistic	4.296271	Durbin-Watson stat	1.167585	
Prob(F-statistic)	0.007010			

Figure 3.1.1. Multiple Regression

Sumber: Output Eviews12

Based on Figure 3.1.1, it can be explained that the value of the determination coefficient (*R-Squared*) is 0.356647. So, it can be concluded that the influence of inflation, BI rate, rupiah exchange rate and money supply on the share of Islamic bank financing in Indonesia is 35.66%, while 64.34% is influenced by other variables that are not described in the model.

2. Test F

The F test is performed to find out whether all independent variables together (simultaneously) have an effect on the bound variable. In this study, there are two hypotheses in the F test, namely

H0 : Simultaneously, inflation, BI Rate, Rupiah Exchange Rate, and Money Supply (JUB) do not have a significant influence on the Financing Share of Sharia Banks.

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H1: Simultaneously, inflation, BI Rate, Rupiah Exchange Rate, and Money Supply (JUB) have a significant influence on the Financing Share of Islamic Banks.

Based on Figure 3.1.1, it can be explained that the probability value (F-statistic) is 4.296271 with a Prob value (F-Statistic) of **0.007010 < 0.05**. This shows that H0 is rejected and H1 is accepted, meaning that the variables of inflation, BI Rate, Rupiah Exchange Rate, and Money Supply (JUB) together or simultaneously have a significant influence on the variable share of Sharia Bank Financing in Indonesia.

3. Uji T

The t-test is used to determine the influence of independent variables on dependent variables partially. Based on table 3.1.1, it can be explained that the results of the t-test are as follows:

1. The probability value of the INFLATION variable (X1) is $0.3062 > 0.05$ (meaning that the inflation variable does not have a significant impact on the Financing Share Variable (Ho accepted))
2. The probability value of the BI RATE variable (X2) is $0.7937 > 0.05$ (This means that the BI Rate variable does not have a significant impact on the Financing Share Variable (Ho is accepted))
3. The probability value of the variable EXCHANGE RATE RP (X3) is $0.1524 > 0.05$ (This means that the variable of the exchange rate of Rp does not have a significant impact on the Financing Share Variable (Ho is accepted))
4. The probability value of the variable AMOUNT OF MONEY SUPPLY (X3) is $0.0004 < 0.05$ (This means that the JUB variable has a significant impact on the Financing Share Variable (Ho is rejected))

4. Model regresi

Multiple linear regression analysis is used to determine the influence of several independent variables on one dependent variable. Multiple linear regression analysis in this study was used to determine the influence of inflation, BI Rate, Rp exchange rate and money supply on the share of Sharia Bank financing in Indonesia. Based on Figure 3.1.2, the analysis of multiple linear regression results can be carried out as follows:

Table 3.1.2: Analilis Regresi Linier Berganda

Variabel	Coefficient	Keterangan
Constanta	3964.885	Intersip
Inflasi (X1)	0.304019	Bernilai Positif
BI Rate (X2)	-7.321637	Bernilai negative
Nilai Tukar Rp (X3)	0.027758	Bernilai Positif
JUB (X3)	-7.23E-05	Bernilai Negatif

Source: Eviews12 output processed

Based on the test results in Table 3.1.2, the multiple linear regression equation is:

$$Y = 3964.885 + 0.304019(X1) - 7.321637(X2) + 0.027758(X3) - 7.23E-05(X4) + e$$

Information:

Y: Share of Sharia Bank Financing

X1 : Inflation

X2 : BI Rate

X3 : Exchange Rate Rp

X4 : amount of Money Supply (JUB).

e : Error term

II. DISCUSSION

a) The Impact of Inflation on the Share of Sharia Bank Financing in Indonesia

The results of the study empirically show that inflation does not have a significant impact on the share of financing or the proportion of profit-sharing investment of Islamic banks in Indonesia in this study. This is shown by the probability value of X1 (Inflation) of $0.3062 > 0.05$ so that H0 is accepted H1 is rejected. However, the value of the regression coefficient of the Inflation variable to the share of Islamic bank financing in Indonesia is 0.304019. This means that the level of financing share or the proportion of investment in profit sharing of Islamic banks will increase by 0.3 if inflation rises by 1 rupiah.

This is not in line with research conducted by (Khotimah, 2022) that inflation has a positive and negative impact on both Islamic bank financing with the indicators used in his research, namely FDR and NPF, although the impact is not too large on the Islamic banking industry. However, this study is in line with the results of research conducted by (Saekhu, 2015) which found that the inflation rate has an effect but is not significant on Islamic bank financing.

b) The impact of BI Rate on the share of Islamic bank financing in Indonesia

The results of the study empirically show that the BI Rate does not have a significant impact on the Share of Sharia Bank Financing in Indonesia. This is shown by the Probability value of X_2 (BI Rate) of $0.7937 > 0.05$ so that H_0 is accepted H_1 is rejected. However, the value of the regression coefficient of the BI Rate variable on the share of Islamic bank financing in Indonesia is -7.321637 . This means that if the BI Rate increases by 1 unit, the share of Islamic bank financing will decrease by 7.3.

This is natural because Islamic bank financing does not use the concept of interest rates (BI Rate) but the concept of profit sharing. This research is in line with the research conducted by (Ibrahim, 2014) which states that the presentation of profit sharing of musharakah financing at Bank Aceh syariah states that the influence of the BI rate is not significant because the BI Rate only functions as a benchmark for Islamic banking in determining the selling price in the economic market. It does not specify the percentage of profit sharing. Another study states that interest rates are negatively related to the amount of Mudharabah savings (Hilman, 2016)

c) The impact of the rupiah exchange rate on the share of Islamic bank financing in Indonesia

The results of the study empirically show that the rupiah exchange rate does not have a significant impact on the Financing Share of Sharia Banks in Indonesia. This is shown by the Probability value of X_3 (Rp Exchange Rate) of $0.1524 > 0.05$ so that H_0 is accepted H_1 is rejected. However, the value of the regression coefficient of the rupiah exchange rate variable to the share of Islamic bank financing in Indonesia is 0.027758 . This means that if the rupiah exchange rate rises by 1%, the share of Islamic bank financing will increase by 0.027758 . This study is not in line with the results of the study (Noftiawan, 2020) which states that the exchange rate partially affects the financing of Islamic banks

d) The Impact of Money Supply (JUB) on the share of Islamic bank financing in Indonesia

The results of the study empirically show that JUB has a significant impact on the Financing Share of Sharia Banks in Indonesia. This is shown by the X_4 Probability value (JUB) of $0.0004 < 0.05$ so that H_0 is rejected H_1 is accepted. The value of the regression coefficient of the JUB variable on the share of Islamic bank financing in Indonesia is $-7.23E-05$. This means that if the JUB increases by 1 rupiah, the share of Islamic bank financing will decrease by $-7.23E-05$ rupiah. The results of this study are in line with the research (Rohmi, 2022) which states that JUB has an influence on mudharabah financing,

e) The Impact of Macroeconomics on the share of Islamic bank financing in Indonesia.

The regression results showed that the statistical F value in this study was 4.296271 with a probability value (*F-statistic*) of $0.007010 < 0.05$ (less than 0.05). Based on the results of the F test, it can be concluded that macroeconomics which in this study uses inflation indicators, bi rate, rupiah exchange rate and Money Supply (JUB) has a significant impact simultaneously on the share of Islamic bank financing in Indonesia.

The value of the coefficient of determination (*R-Squared*) is 0.356647. Therefore, it can be concluded that macroeconomics has a significant impact on the share of financing or the proportion of profit-sharing investment of Islamic banks in Indonesia in 2020-2022, which is 35.66%, while the remaining 64.34% is influenced by other variables outside the research.

CONCLUSIONS

1. The results of the F test in the regression model are that the variables of inflation, BI rate, rupiah exchange rate and money supply simultaneously have a significant effect on the share of Islamic bank financing in Indonesia.
2. The results of the partial test on the regression model are that only the JUB variable has a significant impact on the Financing Share of Sharia Banks in Indonesia. Meanwhile, the other three factors (inflation, BI rate, and rupiah exchange rate) did not have a significant impact.

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