

## THE IMPACT OF FINANCING *MUDHARABAH* AND *MURABAHAH* ON THE NET PROFIT OF ISLAMIC COMMERCIAL BANKS FOR THE 2019-2023 PERIOD

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### ABSTRACT

This study aims to analyze the influence of financing *Mudharabah* And *Murabahah* on the Net Profit of Islamic Commercial Banks in Indonesia for the period 2019-2023. The data used are secondary data sourced from published financial reports available on the Financial Services Authority website and related company reports. The study population includes all Islamic Commercial Banks registered with the Financial Services Authority, and the sample was obtained using a random sampling technique. *purposive sampling* with data analysis carried out using the panel data regression method. The results of the study show that partially *Mudharabah* does not have a significant effect on the Net Profit of Islamic Commercial Banks, *Murabahah* has a significant influence on Net Profit. In addition, simultaneously *Mudharabah* And *Murabahah* significantly impacts net profit. These findings are expected to serve as a reference for Islamic commercial banks in formulating strategies to increase corporate profits and financing effectiveness.

**Keywords :** *Mudharabah*, *Murabahah*, Net profit.

### INTRODUCTION

Sharia accounting is a branch of accounting that is gaining increasing attention, along with growing awareness of the importance of sharia principles in guiding economic practices towards sustainability and social justice. In an era of increasingly complex globalization and economic integration, sharia accounting offers a unique approach because it is based on Islamic values that emphasize justice, transparency, social responsibility, and the prohibition of detrimental practices, such as *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation). This approach is not only relevant for Muslim communities, the primary target of sharia economic implementation, but also offers an ethical alternative that can be universally adopted in an effort to create a more just and sustainable economic system (Amsari et al., 2024).

The development of the Islamic economy in Indonesia has shown significant progress, particularly in recent decades, in line with the growth of the Islamic financial industry, which includes Islamic banks, Islamic insurance companies, and zakat management institutions (Yulitasari et al., 2024). However, the implementation of Islamic accounting is not free from various structural and technical challenges, such as harmonization of Islamic accounting standards with international accounting standards, limited human resources competent in Islamic accounting, and the need to adopt appropriate technology to support transparent and accountable financial reporting. These challenges demand an innovative and collaborative approach involving various parties, including the government, educational institutions, and the industrial sector (Angganita & Novitasari, 2024). The government has a strategic role in providing incentives and promoting regulations that support the development of the Islamic economy, while educational institutions have the responsibility to produce competent professionals in Islamic accounting. Furthermore, the industry is expected to integrate relevant modern

technology to improve operational efficiency and strengthen transparent reporting practices. The fundamental difference between Islamic accounting and conventional accounting lies in the core principles underlying both systems (Trisya et al., 2024). Islamic accounting is designed to ensure that every aspect of financial reporting is in line with Islamic sharia principles, which emphasize the values of fairness, transparency, and social responsibility. One of the most important elements of Islamic accounting is the prohibition on the practice of *riba*, which is considered detrimental and contrary to the principles of justice in Islam. In addition, sharia accounting also avoids *gharar* and *maysir*, which has the potential to create unfairness and instability in financial transactions. This system emphasizes clear, fair contracts, free from any element of uncertainty that could harm either party. Sharia accounting is not limited to profit-based financial reporting alone but also encompasses a broader social dimension (Zarkasih & Rahmatika, 2024).

One of the financial institutions that adheres to Sharia principles is Sharia Bank, which has become a key pillar in the development of Sharia-based financial systems in various countries, including Indonesia. Sharia Banks are considered institutions that integrate Islamic principles into their operations, play a role in providing financial services and promoting ethical values such as fairness, transparency, and social responsibility. Within the Sharia Banking system, practices that conflict with Sharia, such as *usury*, *gharar*, and *maysir* are expressly prohibited (Gustanto & Mubarak, 2023). This makes Islamic banking an attractive alternative for people seeking financial services that align with Islamic principles while supporting sustainable economic development. The development of Islamic banking in Indonesia has shown significant progress since the enactment of the Islamic Banking Law in 2008. As the country with the largest Muslim population in the world, Indonesia has great potential to become a global Islamic financial center (Rohmah et al., 2024). On the other hand, Islamic banking faces various challenges. One of the main challenges is the relatively low level of Islamic financial literacy among the general public (Sihaloho, 2024).

Islamic banks face intense competition from conventional banks, which have a larger market share and a more established infrastructure. Conventional banks' dominance in the banking sector is inseparable from their ability to offer a diverse range of financial products and services, with more competitive fees and extensive operational networks. This makes conventional banks more attractive to various customer segments, especially those who prioritize cost efficiency and service accessibility. On the other hand, Islamic banks often face challenges in reaching a broader market share, particularly amidst public perceptions that still tend to view Islamic financial services as exclusive and limited to certain groups (Muchlis, 2020). This competition has become increasingly complex as conventional banks have begun to adopt several Islamic financial principles through their Islamic business units (IUBUs), which offer Sharia-based products while still utilizing their established infrastructure. With this approach, conventional banks have succeeded in attracting customers interested in Islamic products without having to completely switch to Islamic banking institutions. These challenges require Islamic banks to innovate to strengthen their competitiveness, both through unique product development, improved service quality, and technology optimization to increase efficiency and ease of access for customers. Furthermore, the need for technological innovation is an equally important challenge for improving operational efficiency and accessibility of Islamic banking services (Nuraini, 2023). In the digital era, Islamic banks are expected to adopt cutting-edge technology to support

financial reporting, data analytics, and the development of digital products that can more effectively meet customer needs (KK & Maharani, 2024).

Bank Umum Syariah / Islamic Commercial Bank	
1	PT. Bank Aceh Syariah
2	PT BPD Riau Kepri Syariah
3	PT BPD Nusa Tenggara Barat Syariah
4	PT. Bank Muamalat Indonesia
5	PT. Bank Victoria Syariah
6	PT. Bank Jabar Banten Syariah
7	PT. Bank Syariah Indonesia, Tbk
8	PT. Bank Mega Syariah
9	PT. Bank Panin Dubai Syariah, Tbk
10	PT. Bank Syariah Bukopin
11	PT. BCA Syariah
12	PT. Bank Tabungan Pensiunan Nasional
13	PT. Bank Aladin Syariah, Tbk
14	PT Bank Nano Syariah
Unit Usaha Syariah / Islamic Business Unit	
14	PT Bank Danamon Indonesia, Tbk
15	PT Bank Permata, Tbk
16	PT Bank Maybank Indonesia, Tbk
17	PT Bank CIMB Niaga, Tbk
18	PT Bank OCBC NISP, Tbk
19	PT BPD DKI
20	PT BPD Daerah Istimewa Yogyakarta
21	PT BPD Jawa Tengah
22	PT BPD Jawa Timur, Tbk
23	PT BPD Jambi
24	PT BPD Sumatera Utara
25	PT BPD Nagari
26	PT BPD Sumatera Selatan dan Bangka
27	PT BPD Kalimantan Selatan
28	PT BPD Kalimantan Barat
29	PT BPD Kalimantan Timur
30	PT BPD Sulawesi Selatan dan Sulawesi Barat
31	PT Bank Tabungan Negara (Persero), Tbk.
32	PT Bank Jago, Tbk

**Figure 1.**List of Islamic Banks in Indonesia

Based on the Sharia Banking Statistics in Indonesia sourced from the Financial Services Authority, the number of Sharia Banks in Indonesia is 33 companies, including 14 Sharia Commercial Banks and 19 Sharia Business Units, which can be found through **Figure 1**. These statistics reflect the significant development of Islamic banking in Indonesia in recent years. However, there is a significant difference, with the number of Islamic business units exceeding that of Islamic commercial banks. This requires a discussion of the profit growth of Islamic commercial banks as a benchmark for assessing the development of Islamic commercial banks in Indonesia. This study will focus on the role of Islamic accounting in enhancing transparency and accountability of Islamic financial institutions. This study aims to identify the profit growth of Islamic commercial banks in Indonesia as an implementation of Islamic accounting in the modern era.

**Library Review**

**Sharia Accounting**

Sharia accounting is the activity of identifying and making reports to make economic decisions based on the principles of sharia contracts, namely not containing usury (*maysir* (gambling), *gharar*(fraud), and *zhulum*(injustice) (Harahap & Marliyah,

2021). The fundamental difference between Islamic accounting and conventional accounting lies in the basic principles used. Islamic accounting is designed to meet the needs of financial reporting in accordance with Islamic law, including the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation). Furthermore, Islamic accounting emphasizes the importance of social reporting as a form of accountability to society (Djamil, 2023).

### **Islamic Commercial Bank**

Islamic Commercial Banks are financial institutions that operate based on Islamic Sharia principles (Marzuki, 2024). In practice, Islamic Commercial Banks carry out various banking activities, such as fundraising, financing distribution, and other financial services, while adhering to regulations prohibiting usury, *gharar* (uncertainty), and *maysir* (speculation). Furthermore, Islamic commercial banks also implement a profit-sharing system as a form of financing and fund management, replacing the interest-based mechanism commonly used in conventional banks (Aida & Yazid, 2024). Structurally, Islamic Commercial Banks in Indonesia are regulated by Law Number 21 of 2008 concerning Islamic Banking, which explains that these banks must ensure that all their operations comply with fatwas issued by the National Sharia Council (DSN). According to Law Number 10 of 1992 concerning banking, Islamic Banks are Commercial Banks that carry out business activities based on sharia principles, which in their activities provide services in payment transactions. Islamic Commercial Banks not only function as financial institutions, but also play a vital role in supporting sharia-based economic development that prioritizes justice, balance, and sustainability (Maulidizen, 2024). Islamic Commercial Banks offer a variety of products and services specifically designed to meet the needs of the community, which are of course based on Islamic principles, such as Islamic savings, Islamic deposits, *mudharabah* (partnership) financing, *murabahah* (buying and selling with profit margins), and *wakalah* (representation) (Muarief, 2024).

Sharia savings products guarantee financial security for customers while adhering to the prohibition of usury, ensuring transparent fund management and profit-sharing principles (Yudha, 2021). Sharia deposits offer competitive returns, with mechanisms that prioritize fairness between the bank and the customer, allowing customers to feel confident that their invested funds are managed in accordance with Islamic law (Iswanaji et al., 2021). *Mudharabah* financing is a leading solution for supporting productive partnerships between banks and customers. In practice, the bank provides business capital, while the customer acts as the business manager, with profits shared based on a predetermined agreement (Rusanti & Sofyan, 2023). *Murabahah* services, based on buying and selling with a profit margin, are also a key product of Sharia Commercial Banks. Under this scheme, the bank first purchases the customer's needs and then resells them to the customer at an agreed-upon profit margin, without interest or other elements of equity. *Gharar* This mechanism provides flexibility for customers to meet their needs without violating Sharia principles. *Wakalah* services at Islamic banks involve a mechanism where the bank acts as a representative to carry out certain transactions or tasks on behalf of the customer (Sosiawan, 2020). This service facilitates customers in managing various aspects of their finances efficiently and in accordance with Islamic principles.

**Mudharabah**

*Mudharabah* is a form of business cooperation between capital owners (*Shahibul painting*) and business managers (*mudharib*), where profits from the business are shared based on an initial agreement, while losses are borne by the capital owner as long as there is no negligence on the part of the business manager. This principle is often used in the Islamic banking system to support MSMEs. In practice, *mudharabah* financing strives to uphold the principles of mutual trust and fair risk management, where profits are shared based on an initial agreement while losses, if not caused by negligence of the business manager, are fully borne by the capital owner. This approach reflects the spirit of justice that is at the heart of Islamic economics, while also being an ethical and sustainable alternative to conventional financial systems, which are often interest-based.

**Murabahah**

*Murabahah* is a sale and purchase agreement in the Islamic financial system in which the seller discloses the purchase price of the goods and sets a profit margin agreed upon with the buyer. In the context of Islamic financing, *murabahah* is often used by financial institutions to provide financing to customers in the form of needed goods, with payment in installments or all at once. Financing *murabahah* is rooted in Islamic sharia principles that prohibit usury, thus providing an ethical alternative for financial transactions. In the contract *murabahah* the seller transparently discloses the purchase price of the goods to be sold and sets a profit margin mutually agreed upon with the buyer. This principle of transparency reflects the core values of Islamic finance, which emphasize honesty and fairness in every transaction.

**Research methods**

This research will focus on analyzing the influence of financing *mudharabah* and *murabahah* on the profits of Islamic Commercial Banks in Indonesia for the period 2019-2023. We use the profit variable to determine the effect of this variable on the net profit of Islamic Commercial Banks, the variable *mudharabah*, and variable *murabahah*. The data sources in this study are secondary data from published financial reports on the Financial Services Authority (OJK) website and from individual companies. The study population is Sharia Commercial Banks registered with the OJK for the 2019-2023 period. The sampling technique used is *purposive sampling* with the following criteria:

- 1) Sharia Commercial Banks that published their financial reports for the 2019-2023 period.
- 2) Published financial reports are publicly accessible.
- 3) There is complete data for the required variables.

We then analyzed the obtained data using panel data regression analysis to determine the influence between variables. Mathematically, the equation is as follows:

$$Y = b_0 + b_1X_{1it} + b_2X_{2it} + e$$

Information:

AND = Net Profit

b<sub>0</sub> = Constant Value

X<sub>1</sub> = *Mudharabah*

X<sub>2</sub> = *Murabahah*

b = Magnitude of Regression Coefficient

i = Subject i

Panel regression testing using the E-Views tool. Based on panel data regression analysis, several tests will be conducted, including:

**Uji Chow**

The Chow test is a test carried out to determine the model *common effect model* (CEM) or *fixed effect model* (FEM) which will be used in the research.

**Hausman test**

The Hausman test is performed as a further testing step if the Chow test results indicate a FEM model. The Hausman test is applied to compare models *fixed effect model* (FEM) or random effect model (REM).

**Uji Lagrange Multiplier**

This test is applied when the results of the chow test show a model *common effect model* (CEM). The Lagrange Multiplier test will compare between the models *common effect model* (CEM) or *random effect model* (REM).

The three tests above were conducted as steps to determine the panel regression model to be used. Next, the classical assumption test, which tested for multicollinearity and heteroscedasticity, was performed. Finally, the t- and f-tests were used to examine the influence between variables. The hypotheses in this study include:

H1 : *Mudharabah* has a significant partial effect on Net Profit

H2 : *Murabahah* has a significant partial effect on Net Profit

H3: *Mudharabah* And *Murabahah* has a significant simultaneous effect on Net Profit

**Results and Discussion**

**Results**

Panel regression analysis is performed by first determining the regression model. The first test will be conducted to compare the models *Fixed Effect Model* (FEM) or *Common Effect Model* (CEM). The chow test is described in Table 1.

Table 1. Results of Chow Test Analysis

Effect Test	Statistic	d.f.	Prob.
Cross-section F	2.112065	(5,21)	0.1040
Cross-section Chi-square	11.81397	2	0.0374

The probability value based on the Chow test results is 0.0374, where the result is less than  $> 0.05$ , so the selected model is FEM. The next test will compare the FEM model or *Random Effect Model* (REM) which is carried out through the Hausman Test, is systematically explained in Table 2.

Table 2. Results of Hausman Test Analysis

Test Summary	Chi-sq. Statistic	Chi-sq. d.f.	Prob.
Cross-section random	7.680236	2	0.0215

Based on Table 2, the results of the Hausman test can be seen based on the probability value.0.0215, which is less than  $> 0.05$ , so the selected model is consistent with FEM. The classical assumption test was conducted, and the results were free from

multicollinearity symptoms and passed the heteroscedasticity test. The FEM panel regression model is explained in Table 3.

Table 3. Selected Panel Regression Models

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-275278.6	103279.8	-2.665368	0.0145
X1	0.349769	0.238586	1.466005	0.1575
X2	0.436739	0.050904	8.579693	0.0000

The next hypothesis test is conducted by analyzing the selected panel regression model. Based on Table 3 above, the probability value of the variable *Mudharabah*(X1) is 0.1575 with a value greater than 0.05 so that it does not fulfill the partial influence on the Net Profit variable (Y). Therefore, hypothesis 1 is rejected. In addition, the variable *Murabahah*(X2) the probability value of 0.0000 is smaller than 0.05 so that the variable is partially *Murabahah*(X2) has an effect on the Net Profit variable (Y) so that hypothesis 2 is accepted. The simultaneous test through the F test is explained in Table 4.

Table 4. F Test Results

R-squared	0.961279
Adjusted R-squared	0.948372
S.E. of regression	318134.4
Sum squared resid	2.13E+12
Log likelihood	-403.9057
F-statistic	74.47757
Prob(F-statistic)	0.000000

Based on Table 4 above, it can be seen that the simultaneous probability value is 0.0000, which is smaller than the probability value of 0.05, so that simultaneously the variables *Mudharabah*(X1) and *Murabahah*(X2) has an effect on the Net Profit variable (Y). Based on these results, hypothesis 3 is accepted. In addition, based on the determination coefficient value of 0.948372, it explains that the variable *Mudharabah*(X1) and *Murabahah*(X2) explains in percentage 94% its influence on the Net Profit variable (Y), where 6% is explained by other variables not used in this study.

### Discussion

**Variables *Mudharabah*** The results of the previous regression test showed no partial effect on the profits of Islamic Commercial Banks. This result aligns with research by Sari & Akbar (2021), which stated that financing *Mudharabah* does not have a significant impact on the company's net profit. The increase or decrease in financing *Mudharabah* does not directly affect the company's profit. In addition, the company not only benefits from financing *Mudharabah*, but from other income. Sharia Commercial Banks carry out profit sharing financing other than *Mudharabah* such as financing *Musyarakah*. Islamic Commercial Banks also earn income from other income schemes such as rent, *Istishna'*, and so on. However, the research results are not in line with the research of Fitriana et al. (2023), which states that financing *Mudharabah* has a negative and insignificant effect on Net Profit

**Variables *Murabahah*** In the previous regression test results, it partially had a significant effect on the Net Profit of Islamic Commercial Banks. In Islamic Commercial Banks, income from *Murabahah*, calculated as the company's receivables because in the

financial statements it is included in the receivables category. In addition, in the profit and loss financial statements of Islamic General Banks, the receivables balance *Murabahah* will contribute directly to the company's Net Profit so that *Murabahah* has an influence on the company's profit. This result is in line with research by Setiawan et al. (2018), which states that financing *Murabahah* has a significant impact on Net Profit. Increased income from financing *Murabahah* will increase the company's net profit. This result is also supported by research conducted by Fitriyah et al. (2023), which states that financing *Murabahah* has a positive and insignificant effect on Net Profit.

### Conclusion

Based on the research results above, it can be concluded that the variables *Mudharabah* Partially, it does not have a significant effect on the profits of Islamic Commercial Banks. The company earns profits from various other sources of income, such as financing *Musyarakah* and other income schemes such as rent and *Istishna* so that it does not indirectly affect the Net Profit of Islamic Commercial Banks. In addition, the variable *Murabahah* has a significant effect on the Net Profit of Islamic Commercial Banks. Based on the financial reports of Islamic Commercial Banks, income from *Murabahah* which is calculated as receivables contributes directly to the company's Net Profit, The difference in influence between *Mudharabah* And *Murabahah* The impact of Islamic financing on profits reflects the different operational mechanisms and sources of income in the Islamic financing system. The results of this study are expected to serve as a reference for Islamic commercial banks in implementing effective strategies to increase corporate profits and improve financing effectiveness *Mudharabah* and *Murabahah*. Furthermore, future research is expected to utilize other financing variables and different analytical methods to obtain comprehensive research results.

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