

The Effect of Financial Ratios on Profit-Sharing Financing in Bank Syariah Indonesia Post Merger

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ABSTRACT

The purpose of this study is to analyze the effect of Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Operating Expenses to Operating Income (BOPO) on profit-sharing financing. The object of this research is Bank Syariah Indonesia, which is the result of a merger between Bank Syariah Mandiri, BNI Syariah, and BRI Syariah. The research data were obtained from the quarterly published financial reports of Bank Syariah Indonesia for the period 2021–2025. Data analysis was conducted using the EViews application. The results show that Non-Performing Financing (NPF) and Operating Expenses to Operating Income (BOPO) have a negative relationship with profit-sharing financing, while the Financing to Deposit Ratio (FDR) has a positive effect on profit-sharing financing. The independent variables, consisting of NPF, FDR, and BOPO, simultaneously have a significant effect on the dependent variable, profit-sharing financing. These findings are consistent with the theory of Islamic banking intermediation, which emphasizes that the stability of internal financial performance is a key factor influencing a bank's ability to distribute profit-sharing-based financing to its customers.

Keywords: Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), Operating Expenses to Operating Income (BOPO), Profit-Sharing Financing

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INTRODUCTION

In Indonesia, banks are categorized into two types: conventional banks and Islamic banks. An Islamic bank is a financial institution that operates its business activities based on Sharia principles. Islamic banks have characteristics that differentiate them from conventional banking systems. Islamic banks conduct their operations based on Islamic principles and are classified into two types: *Bank Umum Syariah* (BUS or Islamic Commercial Banks) and *Bank Pembiayaan Rakyat Syariah* (BPRS or Islamic Rural Banks). In conventional banks, pricing is always determined by interest rates, whereas in Islamic banks it is based on the Islamic concept of partnership through profit- and loss-sharing schemes (Heri, 2021).

The development of Islamic banking in Indonesia has shown significant progress over the past decade. From 2015 to 2020, the number of Islamic Commercial Banks (BUS) increased consistently. However, in 2021, the number of BUS decreased due to the merger of three state-owned Islamic banks — Bank Syariah Mandiri, BNI Syariah, and BRI Syariah — into PT Bank Syariah Indonesia Tbk (BSI) on February 1, 2021. This merger marked a major milestone in the transformation of the national Islamic financial industry and represented part of the government's strategy to strengthen the structure of the Islamic financial sector and realize Indonesia's vision of becoming a global hub for Islamic economy and finance (OJK, 2021).

Following the merger, BSI became the largest Islamic bank in Indonesia with total assets exceeding IDR 240 trillion, more than 1,200 branch offices, and ranking among the top ten national banks based on total assets (OJK, 2022). With its increased scale and capacity, BSI is expected to enhance the performance of Islamic financial intermediation, particularly in distributing profit-sharing-based financing such as *mudharabah* and *musyarakah*, which are the hallmarks of Islamic banking. However, the post-merger growth in assets and business scale must be supported by healthy financial performance to ensure the bank's optimal capacity in channeling financing. Financial ratios such as the Financing to Deposit Ratio (FDR), Non-Performing Financing (NPF), and Operating Expenses to Operating Income (BOPO) are key indicators in assessing the stability and efficiency of Islamic banks. Fluctuations in these ratios can affect the level of profit-sharing financing, as the bank's ability to extend financing largely depends on its financial ratio performance. Based on data from the OJK Islamic Banking Statistics, sale-based financing such as *murabahah* still dominates more than 55% of total financing, while the proportion of profit-sharing financing (*mudharabah* and *musyarakah*) has remained relatively stagnant at around 35% during the 2022–2024 period. This indicates that the higher risks associated with profit-sharing financing make banks more cautious, particularly when financial ratios such as NPF or BOPO increase.

In addition, post-merger BSI faces challenges related to operational efficiency and financial system integration. The process of consolidating three large entities requires substantial time and cost, which temporarily affects the efficiency ratio (BOPO). This pressure also influences the bank's ability to expand its profit-sharing financing portfolio, necessitating a deeper analysis of its financial performance. Therefore, it is important to examine how financial ratios affect the share of profit-sharing financing in BSI after the merger, as a reflection of institutional transformation effectiveness and intermediation performance.

In general, the profit-sharing principle in Islamic banking can be implemented through four main contracts, namely Al-Musyarakah, Al-Mudharabah, Al-Muzara'ah, and Al-Musaqah. However, the most commonly used principles are Al-Musyarakah and Al-Mudharabah, while Al-Muzara'ah and Al-Musaqah are specifically applied to *plantation financing* or agricultural financing by several Islamic banks (Antonio, 2001: 90). Mudharabah is a business cooperation contract between two parties in which the first party (*Shahibul Maaal*) provides all (100%) of the capital, while the other party acts as the manager. In a Mudharabah financing scheme, the business capital is provided by the investor, while the entrepreneur contributes labor and management, and the financing is supplied by the bank (Febianto, 2012). Business profits in a Mudharabah are shared according to a pre-agreed ratio stated in the contract, whereas losses are borne solely by the capital provider, as long as the losses are not due to the manager's negligence. If the losses result from fraud or misconduct by the manager, the manager must be held responsible for those losses (Antonio, 2001: 95). Musyarakah is a partnership contract between two or more parties for a specific business venture in which each party contributes capital with the agreement that profits and risks will be shared jointly according to the terms of the contract (Antonio, 2001: 90).

Several previous studies have shown the influence of financial ratios on profit-sharing financing in Islamic banking. Fitria and Maulana (2022) found that ROA had a positive effect on profit-sharing financing, while FDR and CAR had no significant effect in Islamic Rural Banks. Meanwhile, Melani and Sugiarto (2021) found that CAR, FDR, and NPF significantly affected *mudharabah* deposit profit-sharing returns in Islamic Commercial Banks in Indonesia. Another study by Sasmita and Setiawan (2025) on Bank Syariah Indonesia found that *musyarakah* financing positively affected net profit and profit-sharing distribution, indicating the importance of a bank's financial health in supporting partnership-based financing. Similarly, research by Suciati, Soimah, and Rosyidah (2023) confirmed that profit-sharing financing positively influences the financial performance of Islamic Commercial Banks during the 2014–2022 period.

Based on these findings, financial ratios play an important role in determining the ability and willingness of Islamic banks to extend profit-sharing financing. However, there is still limited research specifically examining the effect of financial ratios on profit-sharing financing in Bank Syariah Indonesia after the merger. Therefore, this study aims to fill this research gap and provide

empirical evidence regarding the effect of financial ratios on profit-sharing financing in Bank Syariah Indonesia in the post-merger period.

METHOD

This study is categorized as an explanatory or confirmatory research type. According to Sugiyono (2018), explanatory research is used to test theories or hypotheses to strengthen, reject, or refine existing theories. This type of research is typically conducted using a quantitative approach because it requires measurable data to examine the influence among variables.

The research variables are generally divided into two categories: independent and dependent variables. The dependent variable in this study is Profit-Sharing Financing (Y), while the independent variables consist of three indicators: Non-Performing Financing (X1), Financing to Deposit Ratio (X2), and Operating Expenses to Operating Income (X3). The analytical technique employed in this study is panel data regression analysis.

The type of data used in this study is secondary data, derived from the quarterly published financial reports of PT Bank Syariah Indonesia Tbk for the period 2022 to 2024 (post-merger). The data include quarterly financial position reports and quarterly financial ratio reports.

The secondary data sources were obtained from the official website of Bank Syariah Indonesia (BSI) and the official website of the Financial Services Authority (OJK).

The data collection technique used in this study is the documentary study method, which involves reviewing records or documents from the quarterly financial publications of Bank Syariah Indonesia (BSI). The data were obtained from the official websites www.bankbsi.co.id and www.ojk.go.id. The object of this study is PT Bank Syariah Indonesia Tbk, an Islamic commercial bank that resulted from the merger of three state-owned Islamic banks — Bank Syariah Mandiri, BNI Syariah, and BRI Syariah — on February 1, 2021. This research employs a quantitative descriptive approach. Quantitative descriptive research explains the relationship among variables by analyzing numerical data using statistical methods and by testing existing hypotheses (Ghozali, 2021).

FINDING AND DISCUSSION

1. Chow Test (Structural Break Test)

The Chow Test to determine whether there was a structural change (structural break) in the model between the periods before and after that point. The results show:

$$F\text{-statistic} = 15.34668$$

$$\text{Prob}(F) = 0.0008 < 0.05$$

$$\text{Prob}(\text{Chi-square}) = 0.0000 < 0.05$$

Thus, H_0 (no structural change) is rejected, indicating a significant structural change in the regression model after the 2023Q1 period. This implies that the relationship between NPF, FDR, and BOPO toward profit-sharing financing experienced a shift, which may have been influenced by external factors such as policy adjustments, economic conditions, or changes in the bank's management strategies post-2023.

2. Classical Assumption Tests

Normality Test

Based on the results of the Jarque–Bera test (as presented in the report), the probability value is greater than 0.05, indicating that the residuals are normally distributed. Therefore, the normality assumption is fulfilled.

Heteroskedasticity Test

The results of the Glejser and Breusch–Pagan–Godfrey tests show the following values:

$$\text{Prob}(F) = 0.1479 \text{ (Glejser)}$$

$$\text{Prob}(F) = 0.3032 \text{ (Breusch–Pagan–Godfrey)}$$

Both probability values are greater than 0.05, indicating that there is no heteroskedasticity in the model. In other words, the error variance is homogeneous (homoskedastic).

3. Regression Model Estimation Results

The research model was estimated using the Ordinary Least Squares (OLS) method, with the dependent variable being LOG_PBH (logarithm of Profit-Sharing Financing) and the independent variables being NPF, FDR, and BOPO. Based on data processing using EViews, the regression equation obtained is as follows:

$$\text{LOG_PBH} = 18.7017 - 0.3495 \cdot \text{NPF} + 0.0164 \cdot \text{FDR} - 0.0222 \cdot \text{BOPO} + \varepsilon$$

The R-squared value of 0.8487 indicates that 84.87% of the variation in profit-sharing financing can be explained by the three independent variables (NPF, FDR, and BOPO), while the remaining 15.13% is explained by other factors outside the model. The Adjusted R-squared value of 0.8109 further confirms that the model has a strong explanatory power.

4. Simultaneous Hypothesis Test (F-Test)

The results show an F-statistic value of 22.43838 with a $\text{Prob}(\text{F-statistic}) = 0.000033 < 0.05$. This indicates that simultaneously, the independent variables consisting of NPF, FDR, and BOPO have a significant effect on the dependent variable, Profit-Sharing Financing (LOG_PBH).

This finding suggests that collectively, the financial performance of Islamic banks—reflected by the level of non-performing financing (NPF), financing liquidity (FDR), and operational efficiency (BOPO)—has an important influence on the growth of profit-sharing financing. This is consistent with the theory of Islamic banking intermediation, which emphasizes that the stability of internal financial performance is a key factor in a bank's ability to channel profit-sharing-based financing to customers.

5. Partial Hypothesis Tests (t-Tests)

1. Effect of NPF on Profit-Sharing Financing

The estimation results show that the NPF coefficient is -0.3495 with a probability value of $0.3442 > 0.05$. This means that, partially, NPF has a negative but not significant effect on profit-sharing financing. Economically, the negative direction indicates that an increase in non-performing financing tends to reduce the bank's ability to extend financing. When asset quality declines due to higher NPF, the increased credit risk reduces both trust and capacity to channel funds to productive sectors. This result is consistent with banking risk management theory and prior research showing that a high NPF ratio negatively impacts Islamic financing distribution. These findings align with Jannah (2020), who also found that NPF had no significant partial effect on the volume of profit-sharing financing, although simultaneous results may differ.

2. Effect of FDR on Profit-Sharing Financing

The FDR coefficient is 0.0164 with a probability value of $0.1069 > 0.05$, indicating that FDR has a positive but not yet significant effect on profit-sharing financing. Conceptually, this positive relationship implies that a higher FDR ratio—which reflects the proportion of third-party funds allocated to financing—enhances the bank's capacity to channel funds to customers. Although the effect is not statistically significant, the positive tendency supports the Islamic banking liquidity theory, suggesting that improved intermediation efficiency (high FDR) can stimulate financing growth.

This finding is supported by the asset allocation approach theory, which states that one of the objectives of fund allocation is to achieve an adequate level of profitability while maintaining a safe liquidity position (Arifin, 2009:63).

3. Effect of BOPO on Profit-Sharing Financing

The BOPO coefficient is -0.0222 with a probability value of $0.1848 > 0.05$, indicating a negative but not significant effect on profit-sharing financing. Economically, this suggests that an increase in the ratio of operating expenses to operating income reduces the bank's ability to provide financing. A high BOPO value reflects low efficiency, which diminishes profitability and lending capacity.

Although the effect is not statistically significant, the negative direction aligns with the intermediation efficiency theory, which posits that the more efficient a bank's operations, the greater its potential to expand financing.

CONCLUSIONS

The research findings reveal that the independent variables, namely Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Operational Efficiency Ratio (BOPO), collectively exert a significant influence on the dependent variable, Profit-Sharing Financing. This indicates that when considered together, these three financial indicators play an important role in determining the level of profit-sharing financing within Islamic banking institutions.

However, when analyzed individually, the results show varying effects. The NPF variable demonstrates a negative but statistically insignificant impact on profit-sharing financing. This suggests that although an increase in non-performing financing tends to reduce the amount of profit-sharing financing, the effect is not strong enough to be considered significant. Meanwhile, the FDR variable shows a positive relationship with profit-sharing financing, yet this influence has not reached a statistically significant level. This means that higher liquidity and financing capability of the bank may encourage more profit-sharing financing, but the effect remains inconclusive in this study.

Lastly, the BOPO variable exhibits a negative and insignificant relationship with profit-sharing financing. This implies that a higher operational efficiency ratio, which reflects increased operational costs, could potentially reduce the level of profit-sharing financing, although the effect is not statistically meaningful.

Overall, these findings highlight that while the combined impact of NPF, FDR, and BOPO is significant, each variable's individual influence on profit-sharing financing requires further exploration to better understand their specific roles in shaping Islamic banking performance.

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