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Analysis Of The Influence Of Islamic Income Ratio (Isir) And Equitable Distribution Ratio (Edr) On The Profitability Of Sharia Banks In Indonesia

Nur Ahmadi Bi Rahmani

Universitas Islam Negeri Sumatera Utara

nurahmadi@uinsu.ac.id

Correspondence: nurahmadi@uinsu.ac.id | https:journal.aira.or.id/j-reb | Submission Received : 16-01-2022; Revised : 20-01-2022; Accepted : 21-01-2022; Published : 31-01-2022

Abstrack

This study aims to analyze the effect of Islamic Income Ratio (IsIR) and Equitable Distribution Ratio (EDR) on the profitability of Islamic banks in Indonesia for the period 2013-2020. This study uses a quantitative approach with secondary data. The analysis technique used is multiple linear regression where Islamic Income Ratio (IsIR) and Equitable Distribution Ratio (EDR) as independent variables and profitability proxied by Return On Assets (ROA) as the dependent variable with data processing analysis tools using SPSS 22.0. The results showed that partially Islamic Income Ratio (IsIR) had a positive and significant effect on profitability with a significance value of 0.000 less than 0.05. The results of subsequent research Equitable Distribution Ratio (EDR) has a positive and significant effect on profitability with a significance value of 0.000 less than 0.05. Simultaneously, Islamic Income Ratio (IsIR) and Equitable Distribution Ratio (EDR) have an effect on profitability with a significance value of 0.000, less than 0.05.

Keywords: Islamic Income Ratio (IsIR), Equitable Distribution Ratio (EDR), Profitability

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1. INTRODUCTION

In Indonesia, the development of total Islamic banking assets from year to year continues to experience positive growth. This can be seen from several aspects of Islamic banking, such as the development of the number of offices and the number of assets of Islamic banks which have increased significantly from year to year. The development and increase in total assets owned by Islamic banks requires Islamic banks to be able to manage these assets efficiently so as to obtain maximum profits. Achieving these profits is a challenge for Islamic banks because the company's development can be seen through the company's management ability to manage resources in creating value for the company.

Table 1. Development of Islamic Commercial Banks (BUS) and Sharia Business Units (UUS) in Indonesia

Tahun	Bank Umum Syariah (BUS)	Unit Usaha Syariah (UUS)
2012	11	24
2013	11	23
2014	12	22
2015	12	22
2016	13	21
2017	13	21
2018	14	20
2019	14	20
2020	14	34
2021	14	34

Based on table 1, it can be seen that Islamic commercial banks have experienced quite good growth from year to year, but the opposite has happened to Islamic business units which have decreased every year. Good growth of Islamic banks can be shown through the profits earned by Islamic banks. Profitability is one of the ratios used to calculate the company's ability to generate profits with return on assets (ROA) being one of the ratios that can be used to calculate the company's ability to generate profits.

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Islamicity Performance Index is one method that can evaluate banking performance not only from a financial perspective but also able to evaluate the principles of justice, halal and purification (tazkiyah) carried out by Islamic banking. Some of them are by calculating and analyzing the performance of Islamic banks through the Islamic Income Ratio (IsIR) and Equitable Distribution Ratio (EDR) ratios (Rudy, 2019). Islamic Income Ratio (IsIR) is a ratio used to calculate the percentage of halal income with the total income given as a whole. The value of halal income can be obtained through Islamic Bank fund management income as mudharib. Meanwhile, the total value of income can be obtained through sharia income, non-sharia income, other operating income, and non-operating income. Where the resulting value is a measure of Islamic income obtained by Islamic Banks.

The stakeholder theory explains that the company is not an entity that only operates for its own sake, but must be able to provide benefits to all stakeholders of a company. In this case, such as shareholders, consumers, government, society, and other parties, all of which are closely related to the Equitable Distribution Ratio (EDR) (Ghazali, 2007). Equitable Distribution Ratio (EDR) is a ratio used to measure what percentage of income is distributed to stakeholders as seen from the amount of money spent on qards and donations, employee expenses, dividend payments to shareholders, and the bank itself. For each of these things, it is calculated by assessing the amount distributed (to social

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communities, employees, investors and companies) divided by the total income that has been deducted by zakat and taxes.

Based on the research background, the formulation of this research is whether Islamic income ratio (isir) and equitable distribution ratio (EDR) affect the profitability of Islamic banks in Indonesia? Next, based on the research formulation, the purpose of this study is to analyze the effect of Islamic income ratio (isir) and equitable distribution ratio (EDR) on the profitability of Islamic banks in Indonesia.

2. LITERATURE REVIEW

Return On Asset (ROA).

Based on the research background, the formulation of this research is whether Islamic income ratio (isir) and equitable distribution ratio (EDR) affect the profitability of Islamic banks in Indonesia?. Next, based on the research formulation, the purpose of this study is to analyze the effect of Islamic income ratio (isir) and equitable distribution ratio (EDR) on the profitability of Islamic banks in Indonesia..

Islamic Income Ratio (IsIR)

Islamic Income Ratio (IsIR) is a ratio used to calculate the percentage of halal income with the total income given as a whole. The value of halal income can be obtained through Islamic Bank fund management income as mudharib.

Equitable Distribution Ratio (EDR)

Equitable Distribution Ratio (EDR) is a ratio used to measure what percentage of income is distributed to stakeholders as seen from the amount of money spent on qards and donations, employee expenses, dividend payments to shareholders, and the bank itself.

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Research concept framework

Based on the theory put forward, the framework of the research concept in this study is as follows:

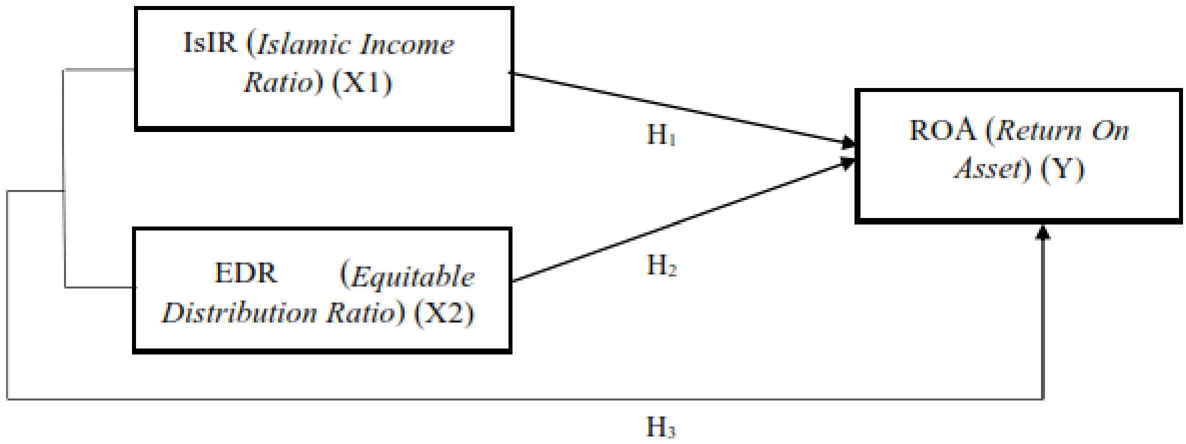

Figure 1. Research Concept Framework

3. METHOD

The type of research used in this research is descriptive quantitative analysis, using secondary data in the form of numbers. This study uses secondary data from the publication of Islamic Banking Financial Reports, through the OJK website, in the form of Islamic income ratio (isir), equitable distribution ratio (EDR) and return on assets (ROA) data. The data collection technique used is the Library Technique and Documentation Technique. The data analysis technique in this study used the classical assumption test and multiple linear regression to determine the relationship between variables. In addition, the technique of multiple linear analysis is used, which is a model in which the dependent

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variable depends on two or more independent variables or a technique for determining the correlation between two or more independent variables and the dependent variable. Multiple regression model consisting of two independent variables and one dependent variable.

In accordance with the variables studied, the multiple linear regression equation used in this study is:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Keterangan :

Y = Return on Asset (ROA)

a = Konstanta

$b_{1,2}$ = Koefisien Regresi

X1 = *Islamic Income Ratio* (ISiR)

X2 = *Equitable Distribution Ratio* (EDR)

e = Error

4. RESULTS AND DISCUSSIO

This test was conducted to find out partially the independent variables had a significant effect or not on the dependent variable. This test is carried out using a two-way test. T test is used to test whether each independent variable (independent) individually or partially has a significant effect on the dependent variable (dependent). The results of the f test (simultaneous testing and t-test (partial testing) are as follows:

Table 2 Test Results f

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J-Reb
Volume 1, Issue 1, January 2022

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5727.566	2	2266.170	43.051	.000[b]
Residual	1190.335	27	428.332		
Total	16917.901	31			

a. Dependent Variable: ROA

b. Predictors: (Constant), EDR, IsIR

Based on Table 2, it can be seen that the sig value from the f test results is smaller than 0.05 with a significant value of 0.000 <0.05. This shows that simultaneously, the Islamic Income Ratio (IsIR) variable and the Equitable Distribution Ratio (EDR) variable have a significant effect on Return On Assets (ROA).

Table 3. t test results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	129.322	55.178		2.997	.001
IsIR	5.071	.520	.704	12.791	.000
EDR	4.151	.413	.336	5.118	.000

a. Dependent Variable: ROA

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Based on Table 3, the multiple linear regression equation can be formulated as follows:

$$Y= a + b_1 X_1+ b_2X_2 + e$$

$$ROA = 129{,}322 + 5{,}071\ IsIr + 4{,}151 + e$$

From the results of the multiple linear regression equation above, it can be concluded as follows:

a. The constant has a positive value of 129.322, this indicates a unidirectional relationship between the X variable and Y variable, that if the Islamic Income Ratio (IsIR) and Equitable Distribution Ratio (EDR) variables are considered constant, the Return On Asset (ROA) value is 129,322..
b. The coefficient value of the Islamic Income Ratio (IsIR) variable is positive at 5.071, this indicates that the direction of the Islamic Income Ratio (IsIR) relationship to Return On Assets (ROA) is positive, meaning that each addition of the Islamic Income Ratio (IsIR) variable by 1% will increase Return On Assets (ROA) of 5.071 with a note that the Equitable Distribution Ratio (EDR) variable is considered constant.
c. The coefficient value of the Equitable Distribution Ratio (EDR) variable is positive at 4.151, this indicates that the Equitable Distribution Ratio (EDR) has a positive relationship to Return On Assets (ROA), meaning that each addition of the Equitable Distribution Ratio (EDR) variable by 1% will increase Return on Assets (ROA) of 4.151 with a note that the Islamic Income Ratio (IsIR) variable is considered constant.

Based on Table 3, it can also be seen that the results of hypothesis testing in this study, namely:

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a. a. The variable Islamic Income Ratio (IsIR) has a sig value less than 0.05, namely 0.000 <0.05. These results indicate that the Islamic Income Ratio (IsIR) variable has a significant effect on Return On Assets (ROA).
b. b. The variable Equitable Distribution Ratio (EDR)v has a sig value less than 0.05, namely 0.000 <0.05. These results indicate that the Equitable Distribution Ratio (EDR) variable has a significant effect on Return On Assets (ROA).

5. CONCLUTION

Islamic Income Ratio (IsIR) is a ratio used to calculate the percentage of halal income with the total income given as a whole with the aim of seeing how much halal income is owned or earned. High halal income will be one measure that shows the good management of the Bank's finances. Improved financial performance will have an impact on increasing the profitability of the Bank which will have implications for increasing Return On Assets (ROA). Return On Assets (ROA) is a ratio used to measure the company's ability in this case is the Bank in obtaining profits (profit) as a whole. The greater the Return On Assets (ROA) owned by a bank, the greater the level of profit achieved by the bank and the better the position of the bank in terms of asset use..

Equitable Distribution Ratio (EDR) is a ratio used to measure what percentage of income will be distributed to stakeholders as seen from the amount of money spent on qards and donations, employee expenses, dividend payments to shareholders, and the bank itself. Equitable Distribution Ratio (EDR) can also be used to see the size of the average distribution of income to a number of stakeholders. The greater the distribution given to the stakeholders, in this case the stakeholders, will indicate that the financial performance owned has also increased. Increasing financial performance will increase profitability which will have implications for increasing Return On Assets (ROA).

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