Profit-Loss Sharing Financing and Profitability of Indonesian Islamic Banks

By Sutrisno Sutrisno

Profit-Loss Sharing Financing and Profitability of Indonesian Islamic Banks

Abstract

The primary source of Islamic bank to generate income is financing, which then contributes to the bank's profitability. There are two financing schemes, namely profit-loss sharing and nonprofit-loss sharing financing. The main purpose of this study is to analyze the impact of profit-loss sharing financing on the Islamic bank's profitability. We employ 9 Islamic banks in Indonesia using quarterly data and spanning from 2016:1 to 2020:4. The two-step system GMM is applied to estimate dynamic panel regression. The findings reveal that profit-loss sharing financing has a negative influence on profitability, suggesting that profit-loss financing discourages Islamic bank performance. While some control variables such as size and liquidity risk positively influence profitability and low efficiency and financing quality negatively affect profitability. These findings have an important implication for Islamic banks. Islamic banks must conduct tight monitoring for PLS financing so this ex-post ante scheme can encourage the Islamic banks' profitability.

Public Interest Statement

Indonesia, the biggest Muslim country, has practiced Islamic banking since 1992. Islamic banks offer two types of financing contracts, namely profit-loss sharing (PLS) financing and non-profit-loss sharing (NPLS) financing. However, in practice, Islamic banks around the world, including in Indonesia, prefer NPLS financing because it is less risky. Interestingly, PLS financing in Indonesian Islamic banking is the highest in the world. Therefore, it is interesting to study why Islamic banks do not like to disburse financing in the form of PLS contracts. The findings confirm that PLS financing reduces the profitability of Islamic banks in Indonesia.

1. Introduction

In banking system, profits are obtained mostly from income in the form of interest income for conventional banks and income from financing for Islamic banks. Thus, for Islamic banks, the main income is the financing disbursement. Two financing schemes provided by banks are profit-loss sharing (PLS) and nonprofit-loss sharing (NPLS) schemes. The PLS schemes comprise Mudharabah and Musyarakah. Mudharabah financing is financing where the Islamic bank provides all the cash needed by the customer while the customer provides the project and its management. Musyarakah financing is frequently called equity financing, where the bank provides funds in the form of equity participation and the bank is allowed to participate in management (Schoon, 2016).

NPLS schemes consist of Murabahah, Isthisna, Salam, Ijarah, and Qardh. Murabaha financing is financing where the bank will buy the assets needed by the customer and then the asset is sold to the customer by adding a profit margin according to the agreement. Salam is a contract in which the Islamic bank provides some goods on a future date fully paid at the time of contract. Isthisna is a contract in which the Islamic bank provides some goods on a future date paid at an agreed method of payment. Ijarah is the selling of benefits or use or services for a fixed price. Qard is a loan in which the borrower is required to repay the amount borrowed without any additional cost.

In addition to operating in accordance with sharia, Islamic banks (IB) must also be profit-oriented because the company needs to earn sufficient profit for growth and continuity. To make a profit, IBs need to earn income from their operations. The primary source of income

for Islamic banks is financing where the greater the financing is the greater the earning potential and the greater the potential for profit. PLS financing is the main core of Islamic banks and is expected to replace debt-like financing such as profit margin financing or Murabahah. Nevertheless, Islamic banks across the world have a preference to provide debt-like financing due to low risk than PLS financing with high financing risk (Warninda et al., 2019; Šeho et al., 2020). Islamic banks in Indonesia also provide more financing on NPLS financing compared to PLS financing. Table 1 shows that the average NPLS financing is 80.84% of total financing, while the PLS financing is only 11.91% of total financing during 2016-2020.

Table 1 Islamic bank financing in Indonesia (IDR trillion)

Year	PLS financing	%	NPLS financing	%	Total Financing
2016	65.860	14.93	375.138	85.07	440.998
2017	58.405	12.40	412.606	87.60	471.011
2018	46.161	6.88	624.445	93.12	670.606
2019	58.404	11.05	470.209	88.95	528.613
2020	80.707	16.53	407.403	83.57	488.110
Average	61.907	11.91	457.960	88.09	519.868

Source: Indonesian Financial Service Authority (Otoritas Jasa Keuangan)

There are several reasons why the PLS financing is minor financing. First, PLS contracts have complex procedures because Islamic banks must know in detail the characteristics of customers (Abedifar et al., 2013). Second, PLS contracts also cause high transaction costs because Islamic banks must carry out well controlling and monitoring (Louhichi & Boujelbene, 2016). Third, the PLS contracts also pose a high financing risk due to agency problems, causing asymmetric information and moral hazard (Beck et al., 2013). However, a PLS contracts generate a fair contract between an Islamic bank and a customer because of the ex-post ante principle. Profits and losses will be shared according to the agreement so this type of contract is expected to appeal to more customers to borrow money from Islamic banks (Risfandy et al., 2019).

According to the above facts, this study investigates whether PLS financing, which stems from the main principle of Islamic bank, could harm or enhance Islamic bank's performance. More exactly, our study explores whether PLS financing deteriorates or strengthens the Islamic bank's profitability in Indonesia. Our empirical study is important since PLS financing is not the main choice of financing for Islamic banks. The selection of Indonesian Islamic banks is because PLS financing is the largest financing compared to other countries even though the market share of Indonesia Islamic banks is small

Our paper will contribute to the existing empirical study in some ways. First, although PLS financing is the core business of Islamic banks, research on the role of PLS financing on Islamic bank profits has not been widely carried out. Several studies examine the effect of PLS financing on non-performing financing (Alandejani & Asutay, 2017; Warninda et al., 2019; Widarjo et al., 2020). Second, PLS financing is the core business of Islamic banks, so this finding is expected to be important information for Islamic banks and policymakers in managing PLS financing.

2. Literature Review and Hypothesis Development
Financing schemes and profitability

Islamic bank, in addition to having the goal of providing usury-free banking services to the public, must also be oriented to seek profit as in conventional bank so that Islamic bank can grow and develop with other Islamic financial institutions. Profitability is the company's ability

to generate profits, which can be measured by several formulations such as return on assets (ROA), return on equity (ROE), return on investment (ROI) and profit margin (PM) (Van Horn & Wachowicz, 2013). Profitability is widely proxied by ROA because ROA shows the ability to earn profits with all assets owned. Profitability is very important for the company because it is an indicator of management performance that can affect the value of the company. Profitability indicates that the company is developing and growing, which allows the company to pay larger dividends (Ahmed, 2015).

Sanmugam and Zahari (2009) revealed that financing in Islamic banks could be grouped into natural certainty contracts (NCC) and natural uncertainty contracts (NUC). NCC is a financing contract with a definite amount and time of return. The NCC comprises NPLS schemes such Murabahah contract because there is certainty about the amount and time of return, and this financing is low risk and very easy to calculate. Meanwhile, NUC is a financing contract for which there is no certainty about the amount and time of payment because it depends on the benefits obtained by the customer. The NUC is a PLS scheme where the financing instalments depend on the customer's profits which will be given in the form of profit sharing. The number of instalments may not be determined at the beginning of the agreement. What may be determined at the beginning is the ratio or profit-sharing portion.

An Islamic bank in applying financing contract prefers NPLS which have low risk and are easier to process. According to financing data, the portion of NPLS is much higher, which is more than 80% on average compared to PLS, which averages less than 20% in Indonesia. Accordingly, the amount of financing provided through NPLS contracts has a positive effect on profitability due to its low risk and easy to implement (Warninda, 2014; Belkhaoui et al., 2020). By contrast, Equity financing may result in a different impact on profitability. Mudharabah contract leads to high impaired financing and then lower profitability because it causes agency problems due to moral hazard and asymmetric information (Azmat et al., 2015; Widarjono et al., 2020). However, PLS contracts can increase profitability if Islam bank can monitor and manage well both Musyarakah and Mudharabah contracts (Čihák & Hesse, 2010); (Danlami et al., 2022). Thus, the hypotheses can be expressed:

H1: PLS financing has either negative or positive effect on Islamic bank's profitability

Market share

One theory that describes the link between bank's profitability and market structure is the relative market power (RMP) hypothesis. The RMP states that the profitability of a bank relies on the market share (Smirlock, 1985). The large market share can generate various products to capitalize market power and then can determine the high price and leads to high profits. Some previous studies documented that bank profitability is associated with high market share (Mirzaei et al., 2013; Sahile et al., 2015); Hamid, 2017). Accordingly, the third hypothesis can be stated as follow:

H2: market share has a positive impact on Islamic bank's profitability.

Bank size and profitability

Bank size (SIZE) is the size of a bank that can be measured by total assets (Petria et al., 2015; Javaid & Alalawi, 2018; Lohano & Kashif, 2019). Banks with large sizes have greater opportunity to diversify their portfolios, so they tend to generate higher profitability. With large assets, they have a great opportunity to provide financing. Bank management is required to manage assets effectively and efficiently so that they can contribute to profitability. This positive influence is possible because bank management can provide financing with prudent principles (Lohano & Kashif, 2019). Then, size is positively linked to the profitability of

Islamic banks (Zarrouk et al., 2016) and conventional banks (Jaouad & Lahsen, 2018). Therefore, the proposed hypothesis is:

H[3]: SIZE has a positive effect on Islamic bank's profitability

Capital and profitability

Capital for banks is very important, so the government regulates bank capital by setting a capital adequacy ratio (CAR) which is a comparison between equity and risk-weighted assets (Schoon, 2016). The Financial Services Authority (FSA) in Indonesia sets a minimum CAR limit of 8%. Bank capital is very important because the function of capital is as a reserve to cover bank losses. In addition, the amount of bank capital can also be used for financing so that the higher the CAR will be able to increase profitability. Several studies conducted on Islamic banks show a positive influence between CAR and profitability (Javaid & Alalawi, 2018; Hossain & Khalid, 2018). Similar findings are found in conventional banking (Durguti et al., 2020; Oleiwi et al., 2019; Lohano & Kashif, 2019). Therefore, the hypothesis can be formulated as follows:

H[4]: CAR has a positive effect on Islamic bank's profitability

Liquidity risk and profitability

Liquidity problems in Islamic banks are more complicated than those of conventional banks because the instrument for placing funds for Islamic banks is limited (Islam et al., 2017). Liquidity, apart from preparing funds to be used as reserves in case of withdrawal of funds from customers at any time, also relates to the bank's commitment to providing funds for financing. In this study, liquidity is measured by the financing to deposit ratio (FDR), namely the amount of financing provided by Islamic banks compared to customer deposits. The greater the FDR is the higher the financing and the higher the financing can increase income which will ultimately increase profitability. The results of research on Islamic banks show a positive and significant effect between FDR and profitability (Widarjono et al., 2020); The same results were found in the conventional banks (Sofyan, 2019; Koroleva et al., 2021; Thus, the formulation of the hypothesis is:

H[5]: FDR has a positive effect on Islamic bank's profitability

Efficiency and profitability

Bank management is required to manage well their operating cost so that there is no waste that can lead to inefficiency. Bank profitability can be achieved if management can operate efficiently so that efficiency becomes one of the elements that make up profitability. Efficiency is measured by the comparison of operating expenses with operating income (OEIR). The lower the OEIR, the more efficient it will be and will be able to increase profitability because profit is derived from operating income minus operating costs (Hossain & Khalid, 2018). Operational costs must be reduced in such a way that they cannot be greater than operating income so that the bank can make a profit. Several studies found a negative effect between OEIR and profitability (Javaid & Alalawi, 2018; Al-Harbi, 2019). The formulation of the hypothesis is as follows:

H[7]: OEIR has a negative effect on Islamic bank's profitability

Financing risk and profitability

Islamic bank operating income comes from the financing disbursement. The greater the financing provided is the greater the opportunity to earn a large income to increase profits. However, financing may result in a high financing risk if the financing selection process does not use the precautionary principle (Schoon, 2016). This financing risk of the Islamic banks is considered to measure risk-taking behaviour. Our study employs the ratio of financing loss provisions to total financing (FLP) to which this FLP measures Islamic banks' financing quality. High financing provision indicates an inability of borrowers to fulfil their financing obligation in a timely manner. The existing literature documented a negative influence between financing quality and profitability for Islamic banks (Sutrisno & Widarjono, 2018) and for the conventional bank (Lohano & Kashif, 2019; Durguti et al., 2020; Koroleva et al., 2021). Based on the theoretical studies and the previous findings, the following hypotheses can be formulated:

H_7: FLP negatively influences Islamic bank's profitability

Covid-19 and profitability

Covid-19 has had an impact on all economic sectors, including the Islamic banking sector. The existence of covid-19 has caused social restrictions so that it disrupts the production of goods and services for the small, medium, and large firm. As a result, GDP in the third quarter of 2020 grew by minus 3.49% in Indonesia. Consequently, Islamic banks experience excess liquidity due to limited disbursement of funds. In addition, the decline in the production of goods and services will also increase the non-performing financing of Islamic banks. Thus, the impact of covid on profitability can be written in the following hypothesis:

H_8: Covid-19 has a negative effect on Islamic bank's profitability

3. Research Method

According to the existing literature, our study applies a panel data model, which is a combination of time series and cross-section data. The dynamic panel data regression is employed to explore the effect of PLS financing on Islamic bank's profitability as follows (Zarrouk et al., 2016):

$$ROA_{it} = \emptyset_0 + \emptyset_1 ROA_{it-1} + \emptyset_2 PLS_{it} + \emptyset_3 MS_{it} + \emptyset_4 SIZE_{it} + \emptyset_5 CAR_{it} + \emptyset_6 FDR_{it} + \emptyset_7 OEIR_{it} + \emptyset_8 FLP_{it} + \emptyset_9 COVID_{it} + e_{it} \qquad (1)$$

Where ROA is the return on asset, PLS is profit loss sharing financing. Control variables include market share, bank size, capital adequacy ratio, financing to deposit ratio, operating cost to income ratio, and financing loss provision. Table 2 shows variables and their measurement.

Table 2: Variables and their measurement

Variables	Symbol	Measurement
Return on Assets	ROA	Earning After Tax/Total Assets
Profit Sharing Financing	PLS	1. (Musyarakah+Mudharabah)/Asset
		2. (Musyarkah + Mudharabah)/Financing
Market Share	MS	Asset/total asset of the market
Bank Size	SIZE	Ln Total Assets
Capital Adequacy Ratio	CAR	Equity/Assets weighted risk

Financing to Deposit Ratio	FDR	Total financing/Third party fund
Operating expense to Income Ratio	OEIR	Operating expense/operating income
Financing loss provision	FLP	Financing loss provision/total financing
Covid-19	COVID	Dummy variable

Our study uses the GMM method to estimate the dynamic panel regression in equation (1). Two approaches are widely applied to estimate the GMM method, consisting of the difference GMM method (Arellano & Bond, 1991) and the system GMM (Arellano & Bover, 1995). Both methods solve the endogeneity problem in the dynamic panel regression. We apply the system GMM system because it generates an unbias and efficient estimators (Blundell & Bond (1998). The system GMM method uses the variable instrument, so the validity of the instruments is checked using the Hansen test for over-identifying test. The coefficients of regression are efficient and consistent as the second-order autocorrelation correlations is not found using the Arellano-Bond AR(2) test.

This study covers 31 Islamic banks, comprising Islamic commercial banks and Islamic window banks. The observation period is for four years, 2017 – 2020, with quarterly data so that 620 observations are obtained with the balanced panel data. The data is extracted from the website of the Financial Services Authority (FSA), which can be freely accessed by the public (www.ojk.go.id).

4. Result and Discussion
Descriptive statistics

Table 3 presents an overview of research data obtained from 31 IBs with quarterly data for 2016-2020. The descriptive statistics of variables show that the profitability has a maximum value of 13.52% and a minimum of -10.77% with an average of 1.99% and a standard deviation of 2.54. These results indicate that IB suffered large losses, but another IB experienced large profits. Islamic bank provides PLS and NPLS financing where PLS financing should be the core financing of Islamic banks. However, on average, PLS financing are lower than those of NPLS financing. More interestingly, some Islamic banks do not provide PLS financing because the risk of this financing is very high. On average, the market share of Islamic banks was 3.2 but with a high standard deviation (4.571). These findings indicate that the size of Islamic banks varies but one of the Islamic banks dominates the market with high assets of 127 IDR trillion and a market share of 22.664%.

Equity has a minimum value of 10.16% and a maximum of 88.65% with an average of 21.393%, meaning that the CAR of all RBs is above the minimum FSA requirement of 15%. The FDR, on average, was 1101.455% with a maximum of 338.52%, implying that Islamic banks are very aggressive in providing financing since they are the latest player in the Indonesian banking system. However, the aggressive strategy of Islamic banks is manageable since the FDR range set by the FSA was 85%-110%. The average Islamic bank operating efficiency (OEIR) was 84.79^%, with a minimum value of 16.84% and a maximum of 217.4%. Financing loan provision, on average, was 2.149%, with a minimum of 0.01% and a maximum of 13.990%. The low FLP indicate that Islamic banks face low financing risk. The data show that non-performing financing (NPF) for all Islamic banks during the study period was 3.75%, which is under the maximum value of 5%.

Table 3 descriptive statistics

Variable	Mean	Std. Dev.	Min	Max
ROA	1.996	2.544	-10.770	13.580
PLS (IDR trillion)	4.313	6.719	0.000	30.500

MS	3.200	4.571	0.155	22.664
Asset (IDR trillion)	14.200	20.500	0.498	127.000
CAR	21.393	6.317	10.160	88.650
FDR	101.455	32.723	0.470	338.520
OEIR	84.790	14.034	16.840	217.400
FLP	2.149	1.883	0.010	13.990

Table 4 displays the coefficient of correlation among variables both dependent and independent variables. The highest coefficient of correlation was 0.962, which is the correlation between the ratio of PLS financing to total financing (PLSF) and the ratio of PLS financing to the total asset (PLSA). However, all coefficients of correlation exhibit less than 0.85. The findings imply that a possible multicollinearity problem is not found so all explanatory variables can be used to estimate the dependent variable. The highest correlation between PLSF and PLSA does not lead to any major problems of multicollinearity since each variable is regressed separately.

Table 4 Correlation matrix

	ROA	PLSF	PLSA	MS	Size	CAR	FDR	OEIR
ROA	1							
PLSF	-0.293	1						
PLSA	-0.288	0.962	1					
MS	-0.138	-0.004	0.022	1				
Size	-0.151	0.156	0.174	0.822	1			
CAR	0.342	-0.115	-0.138	-0.294	-0.181	1		
FDR	0.368	-0.013	0.067	-0.277	-0.347	0.114	1	
OEIR	-0.589	0.199	0.216	0.203	0.298	-0.383	-0.151	1
FLP	-0.335	-0.053	0.033	-0.013	0.003	-0.128	0.018	0.326

Empirical Results

Table 5 presents the empirical findings of dynamic panel regression with two systems GMM where PLS financing is calculated by the ratio of PLS financing to total financing. Model 1 shows the results of no covid effect and model 2 include the covid effect. Model 1 and 2 generate the same results. The diagnostic tests for all estimations are shown in the bottom part of table 5. The number of instruments is less than the number of Islam banks and our instruments are also valid using the Hansen diagnostic test. The Arellano-Bond test for AR (2) to check the autocorrelation problem confirms that estimated coefficients of regression are consistent.

Our findings show that all the coefficients of the lagged ROA (ROA(-1)) are statistically significant, affirming that the model specification is the dynamic model. The dynamic panel regression is a better method to examine the Islamic banks' profitability in Indonesia instead of static panel regression, namely pooled, fixed, and random effect. The findings imply that, to some extent, the profitability of Indonesian Islamic banks is persistent. This obviously confirms that Islamic banks producing high profits in the preceding quarter also experience high profits in the present quarter.

Table 5 ROA-PLS financing relationship: ratio of PLS financing to total financing

Variables	Model 1: Without covid effect	Model 2: With covid effect
ROA (-1)	0.4484**	0.4476**

	(0.0130)	(0.0100)
PLS	-0.0092**	-0.0099***
	(0.0170)	(0.0080)
MS	-0.0375	-0.0450
	(0.1310)	(0.1780)
Size	0.2616*	0.3001**
	(0.0790)	(0.0490)
CAR	0.0035	0.0071
	(0.4380)	(0.3850)
FDR	0.0159***	0.0162***
	(0.0025)	(0.0015)
OEIR	-0.0525***	-0.0512***
	(0.0025)	(0.0035)
FLP	-0.1351***	-0.1348***
	(0.0265)	(0.0150)
Covid	-	-0.2284
	-	(0.1170)
Constant	0.4587	-0.2676
	(0.8830)	(0.9210)
No of observations	589	589
No of banks	31	31
No of Instruments	28	29
Hansen p-value	0.530	0.489
AR (2) p-value	0.224	0.239

Note: The parentheses show the p-value. *** $p < 0.01$, ** $p < 0.05$ and *$p < 0.1$

The effect of PLS financing on profitability, as our main concern, shows that the coefficient of PLS is negative and statistically significant. These findings imply that the probability of Islamic banks can be deteriorated by increasing PLS financing and a fall in PLS financing enhances Islamic banks' profitability. Our result is consistent with the existing empirical research using static panel regression such as Risfandy (2018), Kuswara et al. (2019), Roziq and Sukarno (2021). These findings are in accordance with the practice of Islamic bank financing where Islamic banks prefer the non-equity financing contracts such as Murabahah financing to which Islamic banks experience low financing risk for this type of contract (Čihák & Hesse, 2010; Widarjono et al., 2022). By contrast, equity financing generates high risk financing because of agency problems and moral hazards (Azmat, 2015). Equity financing causes high NPF and further decreases the Islamic bank's profitability (Kabir et al., 2015).

The second hypothesis indicates that the variable of market share (MS) is negative and statistically insignificant. Islamic banks cannot capitalize their market power through their market share by charging a high price to produce supernormal profit due to their limited financing. The findings imply that MS has no effect on profitability and fails to confirm the hypothesis of relative market power (RMP). Our findings affirm the existing empirical study where Islamic rural banks in Indonesia with an imperfect competition market also fail to exercise profitability through the market share (Widarjono et al., 2020).

The variable of Islamic bank size, which is measured by total asset, is positive and significant. This result indicates that the higher the size of the Islamic bank is the higher the profitability. This finding is reasonable because large Islamic banks have a greater potential to earn income than small Islamic banks due to economies of scale (Ibrahim & Rizvi, 2017; Trinugroho et al., 2017). Bank management must work hard in managing and controlling assets

to avoid inefficiency so increase income which in turn increases profitability. Several studies have also found that SIZE has a positive effect on profitability (Petria et al., 2015; Istiqomaha et al., 2021).

The third hypothesis reveals that CAR is not statistically significant for all models, indicating that CAR has no effect on profitability. This could be due to the lack of effective capital management, as indicated by the average CAR of 21.393%. High CAR indicates that bank management cannot use equity to be channeled as financing. This findings is in accordance with the study conducted by Sudarsono et al. (2021) who found that CAR has no effect on profitability. Excessive CAR generates increasingly inefficient, so it actually reduces profitability. Several studies found a negative and significant effect between CAR and profitability (Setiawan 021; Durguti et al., 2020: Irwan, 2017; dan Said & Ali, 2016).

Liquidity risk as measured by FDR is positive and statistically significant, suggesting that FDR positively affects profitability. Thus, a rise in financing enhances Islamic bank's profitability and a fall in financing lower Islamic bank's profitability. As the latest player in the banking sector and a large number of Muslim consumers in Indonesia, Islamic banks carry out an aggressive policy in channeling their funds. The aggressiveness of Islamic banks can be seen in the high average FDR of 101.455%. The high disbursement of funds and low NPF lead to high income and further increase the profits of Islamic banks in Indonesia. Our finding confirms the existing empirical study such as arrouk et al. (2016) and Danlami et al. (2022).

The level of bank efficiency (OEIR) is negative and statistically significant, implying that high operating efficiency enriches the profitability. The magnitude of the OEIR indicates the greater the bank's operating costs, so that the higher the OEIR will reduce the bank's profit, because the profit is derived from the bank's operating income minus the bank's operating costs. Therefore, bank management must be competent to manage operating costs efficiently so as to reduce OEIR. Javaid and Alalawi (2018) and Setiawan (2021) who examined Islamic banks documented a negative effect between operating efficiency and profitability. Similarly, operating efficiency also has a negative effect on profitability in conventional banks (Al-Harbi, 2019; Sofyan, 2019; Lohano & Kashif, 2019; Durguti et al., 2020).

Financing loss provision (FLP) is negative and statistically significant, meaning that FPL has a negative effect on profitability. The high FLP indicates high NPF then it lowers profitability due to low financing quality (Widarjono et al., 2022). The NPF shows the amount of financing default, which is calculated as costs and of course, will reduce profits. NPF for Islamic banks needs serious attention because it is directly related to bank income. Aggressive strategy of financing disbursement may result in high income but it also generates high financing default (Hamid & Ibrahim, 2021). These results are in line with the results conducted by Lohano and Kashif (2019) and Istiqomaha et al. (2021), which found a significant and negative effect between low financing quality and profitability.

Covid-19 has a negative sign but is not statistically significant, meaning that the covid-19 pandemic does not affect the profitability of Islamic bank. The plausible reason is that covid-20 is a temporary, not permanent shock. Covid occurred in March 2020 in Indonesia, but economic growth in the second quarter was still positive. The impact of covid 19 happened in the third quarter of 2020 when economic growth in Indonesia experienced negative growth in that quarter but economic growth returned to positive in the following quarters.

4.2. Robustness Check

Our study carries out a robustness check to examine whether our findings are strong. We measure our main independent variable (PLS) with another measurement. The ratio of PLS financing to the total asset is a proxy for PLS financing following previous research such as Alam and Parinduri (2017) and Risfandy et al. (2019). Tabel 6 presents the results with model 3 without covid and model 4 with covid effect. The bottom part of table 6 exhibits the

diagnostic test for dynamic panel regression. The instruments are valid since the number of objects exceeds the number of instruments and we fail to reject the Hansen test. Our estimated coefficients of regression are also consistent due to rejecting the autocorrelation problems using AR (2). More importantly, the profitability of Indonesian Islamic banks is persistent since the current profitability is associated with preceding profitability due to the significance of the lagged profitability.

Our results produce similar results using the ratio of PLS financing to total financing. High PLS financing lowers profitability. Large Islamic banks can capitalize their size to earn greater income and profitability. High financing disbursement (FDR) also strengthens profitability, but low-quality financing (FLP) decreases profitability. Low operating efficiency also reduces profitability. However, model 3 shows that covid-19 negatively affect the profitability of Indonesian Islamic banks, meaning that covid-19 deteriorates the profitability because economic growth was downturn after covid-19. Economic growth has not experienced negative growth, but economic growth was lower during the pandemic since the fourth of 2020.

Table 6 ROA- PLS financing relationship: ratio of PLS financing to total asset

Variables	Model 3: Without covid effect	Model 4: With covid effect
ROA (-1)	0.4350**	0.4421***
	(0.0140)	(0.0070)
PLS	-0.0132***	-0.0138***
	(0.0050)	(0.0040)
MS	-0.0325	-0.0406
	(0.1505)	(0.2120)
Size	0.2514*	0.2859**
	(0.0820)	(0.0450)
CAR	0.0035	0.0090
	(0.4395)	(0.3635)
FDR	0.0171***	0.0160***
	(0.0010)	(0.0010)
OEIR	-0.0539***	-0.0538***
	(0.0015)	(0.0025)
FLP	-0.1245**	-0.1131**
	(0.0420)	(0.0330)
Covid	-0.6109	-0.2685*
	(0.8420)	(0.0630)
Constant	-	0.1338
	-	(0.9580)
No of observations	589	589
No of banks	31	31
No of Instruments	28	29
Hansen p-value	0.548	0.464
AR (-2) p-value	0.241	0.251

Note: The parentheses show the p-value. *** $p < 0.01$, ** $p < 0.05$ and *$p<0.1$

5.   Conclusion

The main purpose of the study is to find answers to why PLS financing schemes are not the main financing contract in Islamic banks. Based on the results, it is found that PLS financing negatively affects profitability, meaning that Islamic commercial banks in Indonesia prefer NPLS financing with fixed income such as Murabahah financing in disbursing their fund to get higher profit. Other findings show that some control variables such as size and liquidity risk enhance profitability. Meanwhile, low operating efficiency and low financing quality worsen profitability.

The results are expected to be used by the Islamic banks in managing their financing to increase their profitability. PLS financing does impair Islamic bank's profitability but it must be pursued to become the core business of Islamic banks. This financing needs tight monitoring encourage profitability. The empirical literature shows that PLS financing increases profits in the case of large Islamic banks (Čihák & Hesse, 2010). In addition, other empirical studies also show that Musyarakah financing leads to a reverse U-shape effect on NPF, meaning that Musyarakah financing at a certain level clearly reduces NPF so that it can encourage Islamic bank's profitability (Warninda et al., 2019).

PLS financing consists of Musyarakah and Mudharabah financing. Musyarakah and Mudharabah financing yield obviously different financing risks where the latter is riskier than those of the former. However, this study does not distinguish between Musyarakah and Mudarabah financing. Accordingly, further study is needed to know which PLS financing contract enhances profitability.

References

Abedifar, P., Molyneux, P., & Tarazi, A. (2013). Risk in islamic banking. *Review of Finance*, *17*(6), 2035–2096. https://doi.org/10.1093/rof/rfs041

Ahmed, I. (2015). Liquidity, Profitability and the Dividends Payout Policy. *World Review of Business Research*, *5*(2), 73–85.

Al-Harbi, A. (2019). The determinants of conventional banks profitability in developing and underdeveloped OIC countries. *Journal of Economics, Finance and Administrative Science*, *24*(47), 4–28. https://doi.org/10.1108/JEFAS-05-2018-0043

Alam, N., & Parinduri, R. A. (2017). Do Islamic banks shift from mark-up to equity financing when their contracting environments are improved? *Applied Economics Letters*, *24*(8), 545–548. https://doi.org/10.1080/13504851.2016.1210759

Alandejani, M., & Asutay, M. (2017). Nonperforming loans in the GCC banking sectors: Does the Islamic finance matter? *Research in International Business and Finance*, *42*(July), 832–854. https://doi.org/10.1016/j.ribaf.2017.07.020

Arellano, M., & Bond, S. (1991). Some Tests of Specification for Panel Data: Monte Carlo Evidence and an Application to Employment Equations. *The Review of Economic Studies*, *58*(2), 277–279. https://doi.org/10.2307/2297968

Arellano, M., & Bover, O. (1995). Another look at the instrumental variable estimation of error-components models. *Journal of Econometrics*, *68*(1), 29–51. https://doi.org/10.1016/0304-4076(94)01642-D

Azmat, S., Skully, M., & Brown, K. (2015). Can Islamic banking ever become Islamic? *Pacific Basin Finance Journal*, *34*, 253–272. https://doi.org/10.1016/j.pacfin.2015.03.001

Beck, T., Demirgüç-Kunt, A., & Merrouche, O. (2013). Islamic vs. conventional banking: Business model, efficiency and stability. *Journal of Banking and Finance*, *37*(2), 433–447. https://doi.org/10.1016/j.jbankfin.2012.09.016

Belkhaoui, S., Alsagr, N., & van Hemmen, S. F. (2020). Financing modes, risk, efficiency and profitability in Islamic banks: Modeling for the GCC countries. *Cogent Economics and Finance*, *8*(1). https://doi.org/10.1080/23322039.2020.1750258

Blundell, R., & Bond, S. (1998). Initial conditions and moment restrictions in dynamic panel data models. *Journal of Econometrics*, *87*(1), 115–143. https://doi.org/10.1016/S0304-4076(98)00009-8

Čihák, M., & Hesse, H. (2010). Islamic Banks and Financial Stability: An Empirical Analysis. *Journal of Financial Services Research*, *38*(2), 95–113. https://doi.org/10.1007/s10693-010-0089-0

Danlami, M. R., Abduh, M., & Abdul Razak, L. (2022). CAMELS, risk-sharing financing, institutional quality and stability of Islamic banks: evidence from 6 OIC countries. *Journal of Islamic Accounting and Business Research*. https://doi.org/10.1108/JIABR-08-2021-0227

Durguti, E. A., Krasniqi, E. H., & Krasniqi, D. (2020). Assessing the performance of factors affecting the profitability of the banking system: Evidence from Kosovo. *European Journal of Sustainable Development*, *9*(2), 304–314. https://doi.org/10.14207/ejsd.2020.v9n2p304

Hamid, F. S. (2017). The Effect of Market Structure on Banks' Profitability and Stability: Evidence from ASEAN-5 Countries. *International Economic Journal*, *31*(4), 578–598. https://doi.org/10.1080/10168737.2017.1408668

Hamid, S. F., & Ibrahim, M. H. (2021). Competition, diversification and performance in dual banking: a panel VAR analysis. *Economic Research-Ekonomska Istrazivanja*, *34*(1), 194–220. https://doi.org/10.1080/1331677X.2020.1782242

Hossain, A., & Khalid, K. S. (2018). Determinants of bank profitability before, during, and after the financial crisis. *International Journal of Finance and Accounting*, *7*(5), 142–

146. https://doi.org/10.1108/IJMF-07-2017-0148

Ibrahim, M. H., & Rizvi, S. A. R. (2017). Do we need bigger Islamic banks? An assessment of bank stability. *Journal of Multinational Financial Management*, *40*, 77–91. https://doi.org/10.1016/j.mulfin.2017.05.002

Irwan, C. (2017). The Effect Of Financial Ratios On Islamic Rural Bank Performance In Indonesia. *International Journal of Scientific & Technology Research*, *06*(08), 384–390.

Islam, A., Farooq, M., & Ahmad, A. (2017). Factors Affecting Liquidity Position of Islamic Banks. *City University Research Journal*, (Special Issue), 27–36.

Istiqomaha, S. N., Hendratmi, A., Sukmaningrumb, P. S., & Widiastuti, T. (2021). Macroeconomic and Bank Specific on Profitability: The Case of Islamic Rural Bank in Indonesia. *Review of International Geographical Education Online*, *11*(4), 495–502. https://doi.org/10.33403/rigeo.800665

Jaouad, E., & Lahsen, O. (2018). Factors Affecting Bank Performance: Empirical Evidence from Morocco. *European Scientific Journal ESJ*, *14*(34), 255–267. https://doi.org/10.19044/esj.2018.v14n34p255

Javaid, S., & Alalawi, S. (2018). Performance and profitability of islamic banks in Saudi Arabia: An empirical analysis. *Asian Economic and Financial Review*, *8*(1), 38–51. https://doi.org/10.18488/journal.aefr.2018.81.38.51

Kabir, M. N., Worthington, A., & Gupta, R. (2015). Comparative credit risk in Islamic and conventional bank. *Pacific Basin Finance Journal*, *34*, 327–353. https://doi.org/10.1016/j.pacfin.2015.06.001

Koroleva, E., Jigeer, S., Miao, A., & Skhvediani, A. (2021). Determinants affecting profitability of state-owned commercial banks: Case study of china. *Risks*, *9*(8). https://doi.org/10.3390/risks9080150

Kuswara, D. P., Puji Lestari, E., & Retnaningsih, T. K. (2019). Determinant of Islamic Banking Profitability In Indonesia. *Jurnal Organisasi Dan Manajemen*, *15*(1), 36–45. https://doi.org/10.33830/jom.v15i1.295.2019

Lohano, K., & Kashif, M. (2019). Factors Affecting the Profitability of Banks in Developing Countries. *NUML International Journal of Business & Management ISSN*, *14*(2), 2410–5392.

Louhichi, A., & Boujelbene, Y. (2016). Credit risk, managerial behaviour and macroeconomic equilibrium within dual banking systems: Interest-free vs. interest-based banking industries. *Research in International Business and Finance*, *38*, 104–121. https://doi.org/10.1016/j.ribaf.2016.03.014

Mirzaei, A., Moore, T., & Liu, G. (2013). Does market structure matter on banks' profitability and stability? Emerging vs. advanced economies. *Journal of Banking and Finance*, *37*(8), 2920–2937. https://doi.org/10.1016/j.jbankfin.2013.04.031

Oleiwi, A. T., Ali, M., Jassim, S. H., Nadhim, M. H., Gueme, G. M., & Bujang, N. (2019). The relationship between credit risk management practices and profitability in malaysian commercial bank`s. *International Journal of Engineering and Advanced Technology*, *8*(5), 53–59. https://doi.org/10.35940/ijeat.E1007.0585C19

Petria, N., Camparu, B., & Ihnatov, I. (2015). Determinants of bank's profitability: evidence from EU 27 banking systems. *Procedia Economic and Finance*, *20*, 518–524.

Risfandy, T. (2018). Equity Financing and Islamic Banks' Profitability: Evidence from the Biggest Muslim Country. *Jurnal Keuangan Dan Perbankan*, *22*(3), 496–505. https://doi.org/10.26905/jkdp.v22i3.2150

Risfandy, T., Harahap, B., Hakim, A. R., Sutaryo, S., Nugroho, L. I., & Trinugroho, I. (2019). Equity Financing at Islamic Banks: Do Competition and Bank Fundamentals Matter? *Emerging Markets Finance and Trade*, *56*(2), 314–328.

https://doi.org/10.1080/1540496X.2018.1553160

Roziq, A., & Sukarno, H. (2021). The Effect of Islamic Financing Schemes on Risk and Financing Performance in Islamic Banks in Indonesia. *IQTISHODUNA: Jurnal Ekonomi Islam*, *10*(1), 17. https://doi.org/10.36835/iqtishoduna.v10i1.729

Sahile, S. W. G., Tarus, D. K., & Cheruiyot, T. K. (2015). Market structure-performance hypothesis in Kenyan banking industry. *International Journal of Emerging Markets*, *10*(4), 697–710. https://doi.org/10.1108/IJoEM-12-2012-0178

Said, M., & Ali, H. (2016). An analysis on the factors affecting profitability level of Sharia banking in Indonesia. *Banks and Bank Systems*, *11*(3), 28–36. https://doi.org/10.21511/bbs.11(3).2016.03

Sanmugram, B., & Zahari, Z. R. (2009). *A primer on Islamic finance*. *Research Fondation of CFA Institute*. https://doi.org/10.2470/rf.v2009.n6

Schoon, N. (2016). *Modern Islamic Banking: Products and Processes in Practice*. John Wiley & Sons Ltd.

Šeho, M., Bacha, O. I., & Smolo, E. (2020). The effects of interest rate on Islamic bank financing instruments: Cross-country evidence from dual-banking systems. *Pacific Basin Finance Journal*, *62*(December 2019), 101292. https://doi.org/10.1016/j.pacfin.2020.101292

Setiawan, I. (2021). The Impact of Financing Risk on Islamic Banking Performance in Indonesia. *Share: Jurnal Ekonomi Dan Keuangan Islam*, *10*(2), 212. https://doi.org/10.22373/share.v10i2.9400

Smirlock, M. (1985). Evidence on the (Non) Relationship between Concentration and Profitability in Banking. *Journal of Money , Credit and Banking*, *17*(1), 69–83.

Sofyan, M. (2019). Analysis Financial Performance of Rural Banks in Indonesia. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, *3*(03), 255–262. https://doi.org/10.29040/ijebar.v3i03.588

Sudarsono, H., Afriadi, F., & Suciningtias, S. A. (2021). Do stability and size affect the profitability of Islamic rural bank in Indonesia? Heri. *Jurnal Ekonomi Dan Keuangan Islam*, *7*(2), 105–122.

Sutrisno, & Widarjono, A. (2018). Maqasid Sharia Index, Banking Risk and Performance Cases in Indonesian Islamic Banks. *Asian Economic and Financial Review*, *8*(9), 1175–1184. https://doi.org/10.18488/journal.aefr.2018.89.1175.1184

Trinugroho, I., Risfandy, T., Ariefianto, M. D., Prabowo, M. A., Purnomo, H., & Purwaningsih, Y. (2017). Does religiosity matter for Islamic banks' performance? Evidence from Indonesia. *International Journal of Economics and Management*, *11*(2), 419–435.

Van Horn, J. C., & Wachowicz, J. M. (2013). *Fundamnetal of Financial Management. 13th Edition*. Prentice Hal.

Warninda, T. D. (2014). Islamic Rural Bank Profitability : Evidence from Indonesia. *Journal of Islamic Economics, Banking and Finance*, *3*, 109–122.

Warninda, T. D., Ekaputra, I. A., & Rokhim, R. (2019). Do Mudarabah and Musharakah financing impact Islamic Bank credit risk differently? *Research in International Business and Finance*, *49*, 166–175. https://doi.org/10.1016/j.ribaf.2019.03.002

Widarjono, A., Anto, M. B. H., & Fakhrunnas, F. (2020). Financing Risk in Indonesian Islamic Rural Banks : Do Financing Products Matter ? *The Journal of Asian Finance, Economics and Business*, *7*(9), 305–314. https://doi.org/10.13106/jafeb.2020.vol7.no9.305

Widarjono, A., Mifrahi, M. N., & Perdana, A. R. A. (2020). Determinants of Indonesian Islamic Rural Banks ' Profitability : Collusive or Non- Collusive Behavior ? *The Journal of Asian Finance, Economics and Business*, *7*(11), 657–668. https://doi.org/10.13106/jafeb.2020.vol7.no11.657

Widarjono, A., Wijayanti, D., & Suharto, S. (2022). Funding liquidity risk and asset risk of Indonesian Islamic rural banks. *Cogent Economics & Finance*, *10*(1). https://doi.org/10.1080/23322039.2022.2059911

Zarrouk, H., Ben Jedidia, K., & Moualhi, M. (2016). Is Islamic bank profitability driven by same forces as conventional banks? *International Journal of Islamic and Middle Eastern Finance and Management*, *9*(1), 46–66. https://doi.org/10.1108/IMEFM-12-2014-0120

Profit-Loss Sharing Financing and Profitability of Indonesian Islamic Banks

10 www.tandfonline.com
Internet

28 words — 1%

11 muqtasid.iainsalatiga.ac.id
Internet

27 words — < 1%

12 Agus Widarjono. "The Role of Equity Financing on the Profitability of Indonesian Islamic Banks", Muqtasid: Jurnal Ekonomi dan Perbankan Syariah, 2021
Crossref

18 words — < 1%

13 aiipub.com
Internet

18 words — < 1%

14 ijebmr.com
Internet

18 words — < 1%

15 ur.booksc.me
Internet

18 words — < 1%

16 revista-uem.uno
Internet

17 words — < 1%

17 clutejournals.com
Internet

16 words — < 1%

18 www120.secure.griffith.edu.au
Internet

16 words — < 1%

19 Agus Widarjono, Diana Wijayanti, Suharto Suharto. "Funding liquidity risk and asset risk of Indonesian Islamic rural banks", Cogent Economics & Finance, 2022
Crossref

14 words — < 1%

20 Akbar, R Darma, I Mujahidin, A Irawan. "The Impact of the Covid-19's Economic Recession on

14 words — < 1%

Food Security in Indonesia", IOP Conference Series: Earth and Environmental Science, 2022
Crossref

21 MOAU YONG TOH, DEKUI JIA. "DETERMINANTS OF BANK LIQUIDITY CREATION: A COMPARISON BETWEEN ISLAMIC BANKS AND CONVENTIONAL BANKS IN A DUAL BANKING SYSTEM", The Singapore Economic Review, 2021
Crossref

13 words — < 1%

22 Mohammad Dulal Miah, Md. Nurul Kabir, Md Safiullah. "Switching costs in Islamic banking: The impact on market power and financial stability", Journal of Behavioral and Experimental Finance, 2020
Crossref

13 words — < 1%

23 Omonga, Karim Mulamba. "The Effects of Governance on Economic Growth and Human Development in Sub-Saharan Africa: an Empirical Investigation Using Cross-Sectional and Panel Analysis", University of Johannesburg (South Africa), 2021
ProQuest

13 words — < 1%

24 journal.iainkudus.ac.id
Internet

12 words — < 1%

25 Rifqi Muhammad, Peni Nugraheni. "The effect of internal factors on the mudharabah financing of Indonesian Islamic banks", Journal of Sustainable Finance & Investment, 2021
Crossref

11 words — < 1%

26 Sutrisno Sutrisno. "THE EFFECT OF FUNDING AND RISK ON FINANCING DECISION Empirical Study of Islamic Banks in Indonesia", INFERENSI, 2016
Crossref

11 words — < 1%

27 digilib.mercubuana.ac.id
Internet

11 words — < 1%

28 hull-repository.worktribe.com
Internet

11 words — < 1%

29 journal.unpas.ac.id
Internet

11 words — < 1%

30 jurnal.unmer.ac.id
Internet

11 words — < 1%

31 repository.uin-malang.ac.id
Internet

11 words — < 1%

32 www.econstor.eu
Internet

11 words — < 1%

33 Mehmet Huseyin Bilgin, Gamze Ozturk Danisman, Ender Demir, Amine Tarazi. "Economic uncertainty and bank stability: Conventional vs. Islamic banking", Journal of Financial Stability, 2021
Crossref

10 words — < 1%

34 ijicc.net
Internet

10 words — < 1%

35 ijiefer.kuis.edu.my
Internet

10 words — < 1%

36 journalarticle.ukm.my
Internet

10 words — < 1%

37 sciedupress.com
Internet

10 words — < 1%

38 Fetene Bogale Hunegnaw, Adem Feto Bedhaso. "A dynamic analysis on foreign bank entry Nexus economic growth in Sub-Sahara African countries", Cogent Economics & Finance, 2021
Crossref

9 words — < 1%

39 Kamarudin Othman, Jamilah Binti Laidin, Nor Azira Ismail. "Determinants of Islamic Bank Credit Risk in ASEAN Countries", Journal of Emerging Economies and Islamic Research, 2020
Crossref

9 words — < 1%

40 Mohammad Zen Nasrudin Fajri, Adamu Abubakar Muhammad, Khoirul Umam, Lila Prisilia Putri, Mohammad Ali Ramadhan. "The Effect Covid-19 and Sectoral Financing on Islamic Bank Profitability in Indonesia", Journal of Islamic Economic Laws, 2022
Crossref

9 words — < 1%

41 Muhammad Said, Herni Ali. "An analysis on the factors affecting profitability level of Sharia banking in Indonesia", Banks and Bank Systems, 2017
Crossref

9 words — < 1%

42 Rihab Grassa. "Islamic banks' income structure and risk: evidence from GCC countries", Accounting Research Journal, 2012
Crossref

9 words — < 1%

43 Saddam A. Hazaea, Mosab I. Tabash, Jinyu Zhu, Saleh F. A. Khatib, Najib H. S. Farhan. "Internal audit and financial performance of Yemeni commercial banks: Empirical evidence", Banks and Bank Systems, 2021
Crossref

9 words — < 1%

44 Siew Peng Lee, Mansor Isa. "Determinants of bank margins in a dual banking system", Managerial

9 words — < 1%

Finance, 2017
Crossref

45   mpra.ub.uni-muenchen.de   9 words — < 1%
      Internet

46   pdfs.semanticscholar.org   9 words — < 1%
      Internet

47   repository.radenintan.ac.id   9 words — < 1%
      Internet

48   scholarworks.waldenu.edu   9 words — < 1%
      Internet

49   Annisa Fithria, Mahfud Sholihin, Usman Arief, Arif   8 words — < 1%
      Anindita. "Management ownership and the
      performance of Islamic microfinance institutions: a panel data
      analysis of Indonesian Islamic rural banks", International
      Journal of Islamic and Middle Eastern Finance and
      Management, 2021
      Crossref

50   Eyup Kadioglu, Burak Gunalp. "Profitability of   8 words — < 1%
      brokerage houses in Turkey", Economic Research-
      Ekonomska Istraživanja, 2019
      Crossref

51   Guilherme Magacho, Rafael Ribeiro, Igor Rocha.   8 words — < 1%
      "Economic complexity and price competitiveness
      dependence: empirical evidence using panel models",
      International Journal of Development Issues, 2021
      Crossref

52   Habib Hussain Khan, Rubi Binti Ahmad, Sok Gee   8 words — < 1%
      Chan. "Market structure, bank conduct and bank

performance: Evidence from ASEAN", Journal of Policy Modeling, 2018
Crossref

53 Morope, Lesego E.. "Determinants of Foreign Direct Investment Inflows to Middle-Income Countries.", University of Johannesburg (South Africa), 2021
ProQuest

8 words — < 1%

54 Nasir Ababulgu Abasimel. "Islamic Banking and Economics: Concepts and Instruments, Features, Advantages, Differences from Conventional Banks, and Contributions to Economic Growth", Journal of the Knowledge Economy, 2022
Crossref

8 words — < 1%

55 Shahari Farihana, Md. Saifur Rahman. "Can profit and loss sharing (PLS) financing instruments reduce the credit risk of Islamic banks?", Empirical Economics, 2020
Crossref

8 words — < 1%

56 Sugeng Haryanto. "Efficiency, Risk and Profitability of Islamic Banks: Under Pressure in the Competition of the Banking Industry in Indonesia", KnE Social Sciences, 2020
Crossref

8 words — < 1%

57 Unggul Priyadi, Kurnia Dwi Sari Utami, Rifqi Muhammad, Peni Nugraheni. "Determinants of credit risk of Indonesian Sharīah rural banks", ISRA International Journal of Islamic Finance, 2021
Crossref

8 words — < 1%

58 journal.fudutsinma.edu.ng
Internet

8 words — < 1%

59 jurnal.umsu.ac.id

Internet 8 words — < 1%

60 media.africaportal.org
Internet 8 words — < 1%

61 media.neliti.com
Internet 8 words — < 1%

62 qmro.qmul.ac.uk
Internet 8 words — < 1%

63 roar.uel.ac.uk
Internet 8 words — < 1%

64 www.asianinstituteofresearch.org
Internet 8 words — < 1%

65 www.ejbe.org
Internet 8 words — < 1%

66 www.grafiati.com
Internet 8 words — < 1%

67 www.sciedu.ca
Internet 8 words — < 1%

68 www.scielo.pt
Internet 8 words — < 1%

69 www.syekhnurjati.ac.id
Internet 8 words — < 1%

70 Abdul Rohman, Ahmad Nurkhin, Hasan Mukhibad, Kusumantoro, Christian Wiradendi Wolor. "Determinants of Indonesian banking profitability: Before and 7 words — < 1%

during the COVID-19 pandemic analysis", Banks and Bank Systems, 2022
Crossref

71   Rifqi Muhammad, Ahsin Suluki, Peni Nugraheni. "Internal factors and non-performing financing in Indonesian Islamic rural banks", Cogent Business & Management, 2020
Crossref

7 words — < 1%

72   Zaini Ibrahim, Nury Effendi, Budiono B., Rudi Kurniawan. "Determinants of profit and loss sharing financing in Indonesia", Journal of Islamic Marketing, 2021
Crossref

7 words — < 1%

73   e-space.mmu.ac.uk
Internet

7 words — < 1%

74   "New Challenges in Banking and Finance", Springer Science and Business Media LLC, 2017
Crossref

6 words — < 1%

75   Agus Widarjono, M. B. Hendrie Anto, Faaza Fakhrunnas. "Is Islamic Bank More Stable Than Conventional Bank? Evidence From Islamic Rural Banks in Indonesia", International Journal of Financial Research, 2021
Crossref

6 words — < 1%

76   Irwan Trinugroho, Tastaftiyan Risfandy, Mochammad Doddy Ariefianto. "Competition, Diversification, and Bank Margins: Evidence from Indonesian Islamic Rural Banks", Borsa Istanbul Review, 2018
Crossref

6 words — < 1%

77   Layla Ramadhani, Sutrisno. "Factors Affecting Financing on Islamic Rural Bank in Yogyakarta and

6 words — < 1%

Central Java Province", International Journal of Economics, Business and Management Research, 2022

Crossref

EXCLUDE QUOTES   OFF   EXCLUDE SOURCES   OFF

EXCLUDE BIBLIOGRAPHY   ON   EXCLUDE MATCHES   OFF