

# A Decade Asset Growth Analysis of Sharia Commercial Banks in Indonesia

Nursiam<sup>1</sup>, Mujiyati<sup>2</sup>, Shinta Permata Sari<sup>3</sup>, Mega Wahyu Widawati<sup>4</sup>, Dewita Puspawati<sup>5</sup>, Heppy Purbasari<sup>6</sup>

<sup>1,2,3,4,5,6</sup>Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta

DOI: 10.29322/IJSRP.13.02.2023.p13443  
<http://dx.doi.org/10.29322/IJSRP.13.02.2023.p13443>

Paper Received Date: 10<sup>th</sup> January 2023  
Paper Acceptance Date: 10<sup>th</sup> February 2023  
Paper Publication Date: 25<sup>th</sup> February 2023

**Abstract-** The expansion of Islamic General Banks (IGB) is evidenced by the increase in asset ownership. This study intends to assess the evolution of Islamic commercial bank assets in light of internal and external factors. Internal aspects include profit sharing, training, office count, NPF, FDR, Promotion, and ROA, whereas external factors include Office channeling, money supply, inflation, remittances, and BI rate. This report provides a quantitative analysis of BUS in Indonesia from 2009 to 2018. 60 samples were acquired from 10 IGB throughout 10 years for this study. This study employs multiple regression analysis with the software SPSS V25. Furthermore, testing the gathered data revealed that both internal and external influences could effect the growth of a business's assets simultaneously. The NPF and FDR variables are the internal elements that can alter IGB growth, according to a partial test. In contrast, the only external element that can influence IGB growth is the varying amount of money.

**Index Terms-** asset growth, internal factors, external factor, Islamic General Bank

## I. INTRODUCTION

Since the 1980s, Islamic banking institutions in Indonesia have begun to develop. (Syafrida & Abror, 2011). The value of these banks' assets is indicative of the rise of Islamic banking. In contrast, the growth of Islamic banking assets in Indonesia must continue to increase. Even though Indonesia has the world's largest Muslim population, the average development of Islamic banking is still very modest, accounting for only about 5 percent of total national banking assets (Firdaus, 2019). In contrast, Islamic banking assets continue to grow globally in terms of their average market share. The total assets owned by Islamic General Banks (IGB) in 2021 totaled to 676,735 billion, which is an increase from 2019's figure of 524,564 billion ([www.ojk.go.id](http://www.ojk.go.id)). So that the Islamic banking industry in Indonesia still has high ambitions for its future growth in future times.

In Indonesia, the growth of Islamic banking assets is influenced by numerous factors. There are two types of factors that influence the development of assets: internal factors and external influences. According Syafrida & Abror (2011) internal factors consist of a variable number of offices, NPF, FDR, promotion costs, and third-party funding. According to Mawardi (2016), profit sharing is an internal element that can influence the level of an organization's assets. In addition, Abror (2011) argues that office channeling variables and the amount of money in circulation (M2) are external factors that can affect a growth in assets. The macroeconomic state of a country is an additional external aspect that can impact the performance of Islamic banking. GDP, inflation, and the interest rate / BI rate all reflect this macroeconomic state (Mankiw, 2007). Inflation rate and interest rate / BI rate are the macroeconomic condition variables utilized in this analysis. This study attempts to include training variables to the internal factors and remittance variables to the external factors that affect the growth of Islamic banking assets in Indonesia. Consequently, the problem statement for this study can be expressed as follows:

1. What is the influence of internal banking factors (rate of profit sharing, training, number of offices, NPF ratio, FDR ratio, promotion, and ROA) partially and simultaneously on the growth of Islamic banking assets in Indonesia?
2. What is the influence of external banking factors (amount of office channelling (OC), the amount of money in circulation (M2), inflation, remittances, and the BI rate) partially and simultaneously on the growth of Islamic banking assets in Indonesia?

## II. LITERATURE REVIEW AND RESEARCH METHOD

According to Mishkin (2009), macroeconomic factors, such as economic development in a stable nation, will directly motivate an individual to save and a business to invest. When economic growth conditions are challenging, businesses seek to increase their assets or business units in order to boost their productivity and save money. Stable economic growth facilitates the financial management and asset expansion of businesses. Asset growth can be interpreted as a change in total assets from the end of the previous calendar year to the end of the current calendar year (Cooper, 2008). In the world of banking, asset growth is heavily influenced by several factors, one of which is the level of profit sharing. According to Mishkin (2008), asset growth increases due to straightforward returns. Yields are used as an essential measure to determine whether an investment will be profitable so that people or fund owners will be more interested in saving at the bank based on the profit-sharing rate offered.

Muhammad (2004) claims that a country's monetary policy will greatly impact the management of funds in banking. Bank Indonesia, as the central bank of Indonesia, issues monetary policy exclusively. For instance, when Bank Indonesia implemented a tight money policy by increasing the reference interest rate / BI rate, all banks were required to adhere to the reference rate. Changes in the benchmark interest rate of the banking industry will result in a new strategy or management for the collection and distribution of funds in the community. Controlling interest rates is one of the monetary policy strategies aimed at decreasing the risk of inflation and limiting the amount of currency in circulation. This control can influence the stability of the rupiah's value as well as the growth of third-party funds. Furthermore, according to Muhammad (2004), the circulation of money has a significant impact on the expansion of banking assets. Where the money supply will influence the inflation rate, this will be a difficulty for banks in societal fund-raising.

Muhammad (2005) states that the marketing mix component of product promotion includes sales promotion, advertising, public relations, and publication marketing. These are requirements for banks to meet market demands. This banking marketing mix is vital for supplying the public with information and services. The services offered to the community can be used to evaluate the performance of a bank. Due to the public's faith in banks, a favorable performance evaluation might result in increased earnings. Moreover, the gain will affect the profit distribution to shareholders and customers. Moreover, this degree of profit sharing would affect the revenue that banks can collect from third parties.

### Hypotesis

Ha1: The profit-sharing rate affects Indonesia's growth of Islamic banking assets. Ha2: Training affects the growth of Islamic banking assets in Indonesia.

Ha3: The number of offices affects Indonesia's growth of Islamic banking assets. Ha4: NPF affects the growth of Islamic banking assets in Indonesia.

Ha5: FDR affects the growth of Islamic banking assets in Indonesia. Ha6: ROA affects the growth of sharia banking assets in Indonesia.

Ha7: Promotion affects the growth of Islamic banking assets in Indonesia.

Ha8: Office channeling (OC) affects Indonesia's growth of Islamic banking assets.

Ha9: The amount of money in circulation (M2) affects Indonesia's growth of Islamic banking assets.

Ha10: Inflation affects the growth of Islamic banking assets in Indonesia. Ha11: Remittances affect the growth of Islamic banking assets in Indonesia. Ha12: The BI rate influences Indonesia's growth of Islamic banking assets.

### Type and Data Source

This research utilizes quantitative methods of research and secondary data kinds. In addition, the data used in this study extends the years 2009 to 2018. Observing research data, only six Islamic financial institutions satisfy the research criteria. The Islamic banking companies in this study were Bank Muamalat Indonesia, Bank Syariah Mandiri, Bank BRI Syariah, Bank Panin Dubai Syariah, Bank Syariah Bukopin, and Bank Mega Syariah

### Variable Operational Definitions

#### 1. Internal Factors

- a) In this study, internal factors are Islamic bank aspects that can improve performance and boost profitability. Furthermore, Islamic banking can use these internal characteristics to define objectives and strategies (Mawardi, 2016). The internal variable factors for this study are:
- b) Profit sharing: the proportion of bank profits distributed to customers. The profit-sharing variable can reveal whether Islamic banking institutions are efficient or not.
- c) Training: This variable is utilized to increase employee knowledge in order to increase employee performance, hence increasing assets.
- d) Number of offices: the number of branch offices that are owned by financial institutions.
- e) NPF (non-performing financing): a variable used to measure Islamic banks' capacity to handle finance.
- f) FDR (financing to deposit ratio): describing the optimal development of the real sector by Islamic banks.
- g) Promotion: an effort by sharia banking to sell its financial products to the general population by brochures or advertisements.
- h) ROA (return on assets): a financial statistic that indicates a company's ability to increase earnings by utilizing its assets.

#### 2. External Factors

- a) In this study, external factors are factors that exist outside of Islamic banking and have the ability to effect Islamic banking performance. a) Office channelling (OC): a system for collecting cash between banking branch offices between the central and traditional branch offices of the same bank Typically still in a single location as demand deposits, savings, or deposits.
- b) Money in circulation (M2): the entire quantity of currency and demand deposits in a community.
- c) Inflation: the rate of inflation observed in Indonesia. Eventually, this inflation rate will impact consumer savings and Islamic banking practices.
- d) Remittance: a sharia-compliant banking service for transferring or sending money in the form of foreign currency, either domestically or internationally.
- e) BI rate: the variable interest rate imposed for banks by Bank Indonesia. Later, the banks will adjust the interest rate imposed by the central bank; as a result, the banks' strategy for enhancing the growth of their assets will change.

### 3. Asset Growth

The growth value of this asset represents the change in the company's assets (Fahmi, 2014). Asset growth can alternatively be viewed as the company's annual change in total assets (Harjito, 2013). Asset growth can be understood as the change in the value of the company's assets over the course of one year. Moreover, this asset expansion contributes to an increase in external confidence and the fulfillment of internal and external expectations (Setijaningsih, 2020).

## III. FINDINGS AND DISCUSSION

This study's data utilized six IGB over ten years to get 60 sample data. The results of testing the classical assumptions indicate that, with the exception of the FDR variable, which is affected by the heteroscedasticity problem, other variables are free of the classical assumption problem. Furthermore, multiple regression testing was conducted to assess the variables' hypotheses, with the following results:

**Table 1. Linear Regression Model**

Internal Factors		External Factors	
Variable	Sign	Variable	Sign
Profit-sharing	0.617	Office channeling	0.051
Number of Office	0.901	Money of Circulation (M2)	0.001
NPF	0.876	Inflation	0.873
FDR	0.001	Remittance	0.463
ROA	0.028	BIrate	0.275
Promotion	0.074	Statistic F	3.917
Statistic F	3.170	Sign F	0.004
Sign F	0.007	Adj R <sup>2</sup>	0.198
Adj R <sup>2</sup>	0.205		

### 1. What is the influence of internal banking factors (rate of profit sharing, training, number of offices, NPF ratio, FDR ratio, promotion, and ROA) partially and simultaneously on the growth of Islamic banking assets in Indonesia

The following results are based on data analysis using the SPSS analysis tool and the multiple linear regression technique. First, only the NPF and FDR variables have a partial effect on the expansion of Islamic banking assets in Indonesia for each of the internal component factors stated above. Multiple regression analysis reveals that NPF has a significant value of 0.001 and FDR has a significant value of 0.028, indicating that NPF and FDR influence the growth of IGB assets in Indonesia. As a result, it is possible to conclude that IGB's growth in the real sector and ability to finance debtors is more spectacular than its growth in banking assets. The findings of the regression indicate that the NPF relationship is negative, which implies that the greater the NPF value, the slower the growth of banking assets. According to Almunawwaroh and Marliana's (2018) research, NPF has a detrimental impact on the expansion of Islamic banking assets in Indonesia.

Moreover, FDR is positive, which means that the growth of Islamic banking assets in Indonesia increases as FDR increases. In addition, Syafrida and Abror (2011) found that FDR had a beneficial effect on the growth of Islamic banking assets in Indonesia. Moreover, internal factor variables concurrently influence the growth of Islamic banking assets in Indonesia with a

significant value of 0.007, and it can be stated that internal factor variables simultaneously influence the growth of Islamic banking assets in Indonesia.

## **2. What is the influence of external banking factors (amount of office channelling (OC), the amount of money in circulation (M2), inflation, remittances, and the BI rate) partially and simultaneously on the growth of Islamic banking assets in Indonesia?**

The findings of calculations using the SPSS analytical tool indicate that external factor variables have a partial and concurrent effect on the expansion of Islamic banking assets in Indonesia. First, because this variable has a significance threshold of 0.001, the external factor variables that influence the expansion of Islamic banking assets in Indonesia are limited to the money supply variable. In addition, the nature of the influence of the variable amount of money in circulation (M2) on the growth of Islamic banking assets in Indonesia is negative, meaning that the higher the value of the amount of money circulating in society, the lower the growth of Islamic banking assets in Indonesia. The fall in asset growth was driven by the indirect effect of an increase in the benchmark interest rate as a result of inflation resulting from an increase in the amount of money circulating in society. According to the quantity theory of money, the more money that circulates in a community, the greater the likelihood of inflation (Sukirno, 2000). This inflation prompts the central bank to boost its benchmark interest rate, followed by a rise in savings deposit interest rates at conventional banks. When the interest rate on savings accounts at conventional banks rises, Islamic banks will have difficulty generating a profit, and their expenses will rise due to an increase in the profit-sharing ratio, resulting in a decline in Islamic banking assets. Moreover, external component variables simultaneously influence the expansion of Islamic banking assets in Indonesia. Moreover, external factor variables simultaneously influence the expansion of Islamic banking assets in Indonesia. The F test's significant value of 0.004 indicates that it is possible to assert concurrently that external factor variables influence the growth of Islamic banking assets in Indonesia.

#### IV. CONCLUSIONS, SUGGESTIONS, AND LIMITATIONS OF THE RESEARCH

Asset growth is a metric that can be used to determine a bank's viability. Internal and external elements can be utilized to evaluate asset growth. This study classifies internal aspects such as profit sharing, training, office count, NPF, FDR, promotion costs, and return on assets. External factors are monitored by office channelling (OC), the amount of money in circulation (M2), inflation, remittances, and the BI rate, whereas internal factors are measured by the number of office channelling (OC), the amount of money in circulation (M2), inflation, and remittance. The expansion of Islamic banking assets in Indonesia is partially influenced by the results of calculations performed with the SPSS analytical tool. Internal factors are solely present in the NPF and FDR variables, whilst external influences are only partially present in the Amount of money in circulation variable (M2). In addition, simultaneous testing reveals that all internal and external variables influence the growth of Islamic commercial bank assets in Indonesia.

#### REFERENCES

- [1] Almunawwaroh, M., & Marlina, R. (2018). Pengaruh Car,Npf Dan Fdr Terhadap Profitabilitas Bank Syariah Di Indonesia. *Amwaluna: Jurnal Ekonomi Dan Keuangan Syariah*, 2(1), 1–17. <https://doi.org/10.29313/amwaluna.v2i1.3156>
- [2] Sukirno, S. (2000). *Makroekonomi Modern*. Rajawali Pers.
- [3] Syafrida, I., & Abror, A. (2011). Faktor-Faktor Internal Dan Eksternal Yang Mempengaruhi Pertumbuhan Aset Perbankan Syariah Di Indonesia. *Ekonomi Dan Bisnis*, 10(1), 25–33.
- [4] Cooper, M. J. (2008). Asset Growth and the Cross-Section of Stock Returns. *The Journal Of Finance* .
- [5] Fahmi, I. (2014). *Analisis laporan keuangan*. Bandung: Alfabeta.
- [6] Firdaus, A. S. (2019). Menuju Tiga Dekade Perkembangan Perbankan Syariah di Indonesia. *JIAI(Jurnal Ilmiah Akuntansi Indonesia) Vol. 4*.
- [7] Harjito, D. A. (2013). *Manajemen Keuangan*. Yogyakarta: Ekonisia.
- [8] Jusup, A. H. (2011). *Dasar-dasar Akuntansi Jilid 1 Edisi 7*. Yogyakarta: Bagian Penerbitan Sekolah Tinggi Ekonomi YKPN.
- [9] Mankiw, N. G. (2007). *Makroekonomi*. Jakarta: Erlangga.
- [10] Mawardi, D. R. (2016). FAKTOR – FAKTOR YANG MEMPENGARUHI PERTUMBUHANASET BANK SYARIAH DI INDONESIA TAHUN 2006-2015. *Jurnal Ekonomi Syariah*
- [11] Teori dan Terapan Vol. 3 .
- [12] Mishkin, F. S. (2008). *Ekonomi Uang, Perbankan, dan Pasar Keuangan*. Edisi Ke-8, Buku 1.
- [13] Terjemahan oleh Lina Soelistianingsih dan Beta Yulianita G. Jakarta: Salemba Empat.
- [14] Mishkin, F. S. (2009). *Ekonomi Uang, Perbankan, dan Pasar Uang*. Edisi Ke-8. Buku 2.
- [15] Terjemahan oleh Lina Soelistianingsih dan Beta Yulianita G. Jakarta: Salemba Empat. Muhammad. (2004). *Manajemen Dana Bank Syari'ah*. Edisi Pertama. Yogyakarta: Ekonisia. Muhammad. (2005). *Manajemen Bank Syari'ah*. Edisi Revisi. Yogyakarta: UPP AMP YKPN.
- [16] Setijaningsih, L. A. (2020). ANALISIS PENGARUH STRUKTUR ASET, PERTUMBUHANASET, DAN UKURAN PERUSAHAAN TERHADAP STRUKTUR MODAL. *Jurnal*
- [17] Multiparadigma Akuntansi Tarumanagara.

AUTHORS

**First Author** – Nursiam, Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta

**Second Author** – Mujiyati, Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta

**Third Author** – Shinta Permata Sari, Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta

**Fourth Author** – Mega Wahyu Widawati, Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta

**Fifth Author** – Dewita Puspawati, Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta

**Sixth Author** – Heppy Purbasari, Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Surakarta,  
email: heppy.purbasari@ums.ac.id