

## **Influence Analysis of Profit Sharing Agreement and Financing Risk to Profitability in Islamic Bank of Indonesia**

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**Abstract :** Islamic bank is a financial industry with huge potential to grow in Indonesia. Profit-sharing agreement in the operations of Islamic banks distinguishes Islamic banks with conventional banks. Profit-sharing agreement allows sharing of benefits and risks between shahibul maal and mudharib in islamic bank. This study aimed to observe the patterns of influence between the risk-sharing agreement, financing risk and Profitability in Islamic banks. This research used several Islamic banks as sample and path analysis method. The empirical results of this research shows that the profit-sharing agreement in deposits structure has no direct significant effect to ROA, but it has indirect effect to ROA through profit-sharing financing. On the other hand, profit-sharing financing has direct and indirect influence to ROA through financing risk. This research shows that profit-sharing financing has a positive significant effect to the financing risk and also to the ROA. The research recommends Islamic banks to continue using and developing profit-sharing agreement in its operational activities, hence to create value.

**Keywords :** Islamic bank, profit-loss sharing agreement, financing risk, profitability

**Conference Title :** ICIBFI 2015 : International Conference on Islamic Banking, Finance and Investment

**Conference Location :** Zurich, Switzerland

**Conference Dates :** January 13-14, 2015