

Determining Factors Influencing the Total Funding in Islamic Banking of Indonesia

Authors : Euphrasia Susy Suhendra, Lies Handrijaningsih

Abstract : The banking sector as an intermediary party or intermediaries occupies a very important position in bridging the needs of working capital investment in the real sector with funds owner. This will certainly make money more effectively to improve the economic value added. As an intermediary, Islamic banks raise funds from the public and then distribute in the form of financing. In practice, the distribution of funding that is run by Islamic Banking is not as easy as, in theory, because, in fact, there are many financing problems; some are caused by lacking the assessment and supervision of banks to customers. This study aims to analyze the influence of the Third Party Funds, Return on Assets (ROA), Non Performing Financing (NPF), and Financing Deposit Ratio (FDR) to Total Financing provided to the Community by Islamic Banks in Indonesia. The data used is monthly data released by Bank of Indonesia in Islamic Banking Statistics in the time period of January 2009 - December 2013. This study uses cointegration test to see the long-term relationship, and use error correction models to examine the relationship of short-term. The results of this study indicate that the Third Party Fund has a short-term effect on total funding, Return on Assets has a long term effect on the total financing, Non Performing Financing has long-term effects of total financing, and Financing deposit ratio has the effect of short-term and long-term of the total financing provided by Islamic Banks in Indonesia.

Keywords : Islamic banking, third party fund, return on asset, non-performing financing, financing deposit ratio

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