

Empirical Research on Rate of Return, Interest Rate and Mudarabah Deposit

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Abstract : The objective of this study is to analyze the effects of interest rate, the rate of return of Islamic banks on the amount of mudarabah deposits in Islamic banks. In analyzing the effect of rate of return in the Islamic banks and interest rate risk in the conventional banks, the 1-month Islamic deposit rate of return and 1 month fixed deposit interest rate of a total Islamic deposit are considered. Using data covering the period from January 2010 to September 2013, the study applies the regression analysis to analyze the effect between variable and independence t-test to analyze the mean difference between rate of return and rate of interest. Regression analysis shows that rate of return have significantly negative influence on mudarabah deposits, while interest rate have negative influence but not significant. The result of independent t test shows that the interest rate is not different from the rate of return in Islamic Bank. It supports the hypothesis that rate of return in Islamic banking mimic rate of interest in conventional bank. The results of the study have important implications on the risk management practices of the Islamic banks in Indonesia.

Keywords : conventional bank, interest rate, Islamic bank, rate of return

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