FACTORS THAT INFLUENCE MUDHARABAH FINANCING DECISIONS AT BANK MUAMALAT JAMBI BRANCH

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Abstract

This study aims to determine the factors influencing Mudharobah financing decisions at the Muamalat Bank Jambi Branch. This relates to the arrears in repaying Customer's loans to banks. This study uses primary data, and the method used in this study is the method of multiple linear regression. Econometrics analysis using multiple linear regression was conducted to identify the variables influencing the Mudharabah financing decision at the Muamalat Bank Jambi branch. The variables used in this study are financing decision variables as dependent and character variables, capacity, capital, economic conditions, and collateral as independent variables. 25 statement items used to assess financing decisions, 99.96 per cent of statement items used to assess financing decisions are declared valid or can be accepted as statement items to assess financing decisions, and only 0.04 per cent of statement items in assess financing decisions are declared invalid. Financing decision as a dependent variable in this study, there is a Cronbach's Alpha value of 0.988 which is greater than the value of the r table is 0.3202 meaning all items of this statement are declared reliable or trusted as a data collection tool in this study.

Keywords: Character, Capacity, Capital, Condition of Economics, Collateral, Financing Decisions

INTRODUCTION

The development of Islamic banks in Islamic countries influenced Indonesia. In the early 1980s, discussions of Islamic banks as a pillar of Islamic economics began. Several trials on a relatively limited scale have been realized, including the establishment of the Baitut Tamwil Salman Bandung and the form of a cooperative in Jakarta, Ridho Gusti, which had grown impressively (Antonio, 2001).

In principle, the term financing in Islamic banking has a concept similar to the term credit in conventional banking. Islamic banks in channelling financing also require stages and a thorough analysis of prospective customers. The most important stage in financing is due diligence analysis which is the spearhead in minimizing the occurrence of problematic financing. The principle used in financing analysis is the 5C principle, namely character, capacity, capital, collateral and condition of the economy (Martono, 2002).

Although it is recognized in a Sharia bank basic analysis of 5 C is not enough, so it is necessary to pay attention to the concept of the nature of the trust, honesty and trust of each customer. The financial feasibility assessment system using the 5C principle brings its own difficulties for prospective customers, especially MSMEs because they need bureaucracy and difficult requirements. On the other hand Islamic banks as financial institutions also want to minimize the risk of problem financing. Therefore the right strategy is needed in order to create a win-win solution and avoid the risk of loss from both parties, namely through a strategy in financing analysis (Martono, 2002).

One form of financing in Islamic banking is Mudharabah financing, a fund investment transaction from the owner of the fund (shahibul maal) to the fund manager (mudharib) to carry out certain business activities in accordance with sharia with the distribution of operating results in accordance with the ratio that was agreed upon earlier (Muhammad, 2014).

Islamic banks use a profit margin system. The assessment of the community in determining profit margins is not far from bank interest because Islamic banks take greater profits compared to conventional banks. So sometimes Islamic banks are considered un-Islamic.

In addition to the Mudharabah financing, the application of the contract is not appropriate, for example in financing using a mudharabah or cooperation agreement, but in reality the financing uses a murabahah or sale and purchase agreement. Inappropriate application can result in problematic financing. At the Muamalat Bank Jambi Branch the product that is in great demand by customers is Mudharabah financing so that mudharabah financing becomes a superior product. As can be seen in the table below.

Table 1. Development of Muamalat Bank Jambi Branch Partners In 2009-2013

Year	Savings (Entity)	Deposits (Entity)	Financing (Entity)
2009	356	12	18
2010	513	16	15
2011	441	13	13
2012	392	10	22
2013	649	42	26
Jumlah	**2.351**	**93**	**94**

Based on the background above, the formulation of the problem in this study is as follows: How to Process Mudharabah Financing at Muamalat Bank Jambi branch, and How is the influence of Character (personality), Capacity (Customer ability to pay off obligations), Capital

(wealth owned by the Customer), Capital (wealth owned by the Customer), economic conditions (Condition of economy), Collateral (collateral) for mudharabah financing decisions at the Muamalat Bank Jambi Branch. The purpose of this study is: To see how the Mudharabah Financing Process in the Bank Muamalat Jambi branch, and How is the influence of Character Character (personality), Capacity (the ability of the Customer to pay off obligations), Capital (condition of wealth owned by the Customer), Capital (condition of wealth owned by the Customer), economic conditions (Condition of economy), Collateral (collateral) against the mudharobah financing decision at the Jambi branch of Muamalat Bank. The usefulness of this research is that it is expected to be able to provide benefits to the world or financial institutions so that they can prepare financing well for customers.

RESEARCH METHODS

In this study using the interview method that is the method of interviewing Muamalat Bank branch employees of the main city of Jambi, amounting to 38 people about data and information relevant to the problem under study, by distributing questionnaires which are the population of this study and directly used as a sample of this study. The analytical method used in this study uses multiple linear regression equation analysis, t test, F test, coefficient b determination and classical assumptions (multicollinearity, heteroscedasticity, and normality).

Types of research

Quantitative analysis is an analysis of the data required for the data obtained from the results of respondents provided, then an analysis based on statistical methods and the data is classified into certain categories using tables to facilitate analysis. Multiple linear regression analysis is a means of forecasting the influence of two or more independent variables on a dependent variable to prove the presence or absence of a function relationship or causal relationship between two or more independent variables with one dependent variable. To simplify and save time, this research is assisted with the SPSS program.

Time and Place of Research

This research was conducted at the Muamalat Bank of the City of Jambi, and this research was conducted in 2018.

Research subject

Sampling was based on groups of subjects, such as groups of traders, farmers, and fishermen. If the population is more than 100, it can be taken to be a sample of 10-15%, and if

the population is equal to 100, then all are respondents, but if the population is less than 100 then everything will be used as samples or respondents. In this study the population was Muamalat Bank Jambi Branch employees, amounting to 38 people. Based on the above theory because the population is less than 100, then all of them serve as respondents or samples, as many as 38 respondents.

Data analysis technique

Multiple linear regression analysis is a tool for forecasting the value of influence of two or more independent variables on the dependent variable to prove the presence or absence of a function relationship or causal relationship between two or more independent variables with one dependent variable. To simplify and save time, this research is assisted with the SPSS program.

RESULTS AND DISCUSSION

Effect of character, capacity, capital, conditions of economic, collateral on financing

The influence of character, capacity, capital, condition of economic, collateral on financing at Jambi branch Muamalat bank based on SPSS 23 calculations can be seen as follows:

Table 2. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	914.439	113.928		8.026	.000
character	-28.858	22.913	-.233	-1.259	.217
capacity	-3.604	4.894	-.035	-.736	.467
condition	251.900	38.750	1.195	6.501	.000
collateral	3.520	10.976	.015	.321	.750

Based on the information above it is known that the regression equation is as follows:

$$Y = 914.439 - 28.858\ X_1 - 3{,}608\ X_2 + 251.900 X_3 + 3.520 X_4$$

Character variable coefficient of -28.858 means that if the character has increased by 1%, the financing will decrease by -28.858, while the variable capacity coefficient is -3.608 meaning that if the capacity has increased by 1% then the financing will decrease by -3.608. variable condition of economic coefficient of 251.900, meaning that if the condition of economic increases by 1%, financing will increase by 251.900. The coefficient of the collateral variable is 3,520, meaning that if the collateral increases by 1%, the financing increases by 3.520.

Table 3. Excluded Variables

	Beta In	T	Sig.	Partial Correlation	Collinearity Statistics Tolerance
capital	.b	.	.	.	.000

A constant of 914.439 means that if the character, capacity, capital, condition of economic and collateral variables are constant, the financing decision at the Muamalat Bank Jambi Branch is 914.439.

Coefficient of Determination (R^2)

The SPSS calculation results to see the correlation coefficient can be seen in the following summary model:

Table 4. Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.968a	.936	.928	133.55817

From the determination test results obtained adjusted R^2 value of 0.928 or equal to 92.8 percent of this number states that the variables X_1, X_2, X_3, X_4, and X_5 (Character, capacity, capital, condition of economic, and collateral) are able to explain the variable (Y) Funding at the Jambi branch of Muamalat bank is 92.8%, while 7.2% is caused by other variables outside the variables studied.

Correlation coefficient

Correlation coefficient between Character, capacity, capital, condition of economic, collateral to financing in Muamalat Bank 96.8 percent, meaning that there is a close relationship between variables X_1, X_2, X_3, X_4, X_5 (character, capacity, capital, condition of economic, collateral) and Y (financing).

Hypothesis testing

T test is used to see the effect between variable character (X_1), capacity (X_2), Capital (X_3), condition of economic (X_4), collateral (X_5) on financing (Y).

Criteria:

Ho = There is no influence between character (X_1), capacity (X_2), Capital (X_3), condition of economic (X_4), collateral (X_5) on financing (Y).

Ha = There is an influence between character (X_1), capacity (X_2), Capital (X_3), condition of

economic (X₄), collateral (X₅) on financing (Y)

Calculating t-table (Supardi, 2013:233) determines the price of t table that is obtained from reading the distribution table t for the significance level (α specified) and dk = n - k - 1. In this case n = the amount of data (sample unit of analysis) and k = number of independent variables or 38 - 5 - 1 = 32 and t-table = 2.02809.

Based on the calculation results obtained t-count character (X_1) -1.259 while t-table of 2.02809. So t-count -1.259 < t-table 2.02809. Then Ho's decision was accepted and Ha was rejected. Thus there is an insignificant influence between character on financing at the Jambi branch of Muamalat Bank. t-count capacity (X_2) -0.736 while the table is 2.02809. So t-count capacity -0.736 < t-table 2.02809 then Ho's decision is accepted and Ha is rejected. Thus there is no significant effect between capacity and financing. T-count condition ofeconomic (X_3) 6.501, while the table is 2.02809. So t-count economic condition 6.501 > t-table 2.02809 then Ho's decision is rejected and Ha is accepted. Thus there is a significant influence between the condition of economic with financing counted collateral (X_4) 0.321 where as table of 2.02809. So t count collateral 0.321 < t-table 2.02809 then Ho's decision is accepted and Ha is rejected. Thus there is no significant effect between collateral and financing.

Table 5. ANOVA[a]

Model	Sum of Squares	Mean Square	F	Sig.
Regression	8623424.991	2155856.248	120.859	.000[b]
Residual	588646.904	17837.785		
Total	9212071.895			

Test is used to determine the level of significance of the influence of independent variables (character, capacity, condition of economic, capital, collateral) together (simultaneously) on the dependent variable (financing). Where F-count 120,859 > F-table 2.39 shows Ho is rejected and Ha and has a significant effect.

CONCLUSION

Based on the discussion in the previous chapters, several conclusions can be drawn as follows:

1. The variables used in this study are financing decision variables as dependent and character variables, capacity, capital, conditions of economic, collateral as independent variables. 25 statement items used to assess financing decisions, there are 99.96 percent of statement items

used to assess financing decisions are declared valid or can be accepted as statement items to assess financing decisions, only 0.04 percent of items statement in assessing the financing decision declared invalid. Financing decision as a dependent variable in this study there is a Cronbach's Alpha value of 0.988 which is greater than the value of r table that is 0.3202 meaning all items of this statement are declared reliable or trusted as a data collection tool in this study.

2. Variable character, capacity, capital, condition of economic and collateral are independent variables in this study, all items of statement used are declared valid or can be accepted and tested and all items used to assess the decision on financing are said to be reliable or trusted as a tool data collector.

3. Based on the hypothesis test it is known that there is a Character variable coefficient of - 28.858 meaning that if the character has an increase of 1% then the financing will decrease by -28.858 and this variable also has an insignificant influence on financing decisions, while the coefficient of variable capacity is -3.608 meaning that if the capacity has increased by 1% then the financing will decrease by -3.608 this variable also has an insignificant influence on the financing decision. variable condition of economic coefficient of 251.900, meaning that if the condition of economic increases by 1% then financing will increase by 251.900 this variable also has a significant influence on financing decisions. The coefficient of the collateral variable is 3.520, meaning that if the collateral increases by 1%, the financing increases by 3.520, but this variable has no significant effect. Whereas the constant value of 914.439 means that if the character, capacity, capital, condition of economic and collateral variables are constant, the financing decision at the Muamalat Bank Jambi Branch is 914.439.

4. From the results of the determination test the adjusted R^2 value of 0.928 is obtained or equal to 92.8 percent, variable X_1, X_2, X_3, X_4, and X_5 (character, capacity, capital, condition of economic and collateral) able to explain the variable (Y) Financing at Muamalat bank Jambi branch by 92.8%, while 7.2% is caused by other variables outside the variables studied.

5. Correlation coefficient between character, capacity, capital, condition of economic, collateral to financing in Muamalat Bank 96.8 percent, meaning that there is a close relationship between variables X_1, X_2, X_3, X_4, X_5 (character, capacity, capital, condition of economic, collateral) and Y (financing).

6. The hypothesis test used is the t test and the f test to see the effect between variable

characters (X_1), capacity (X_2), capital (X_3), condition of economic (X_4), collateral (X_5) on financing (Y).

7. Based on the calculation results obtained t-count character (X_1) -1.259 while t-table of 2.02809. So t-count -1.259 < t-table 2.02809. Then Ho's decision was accepted and Ha was rejected. Thus there is an insignificant influence between character on financing at the Jambi branch of Muamalat Bank. t-count capacity (X_2) -0.736 while the table is 2.02809. So t-count capacity -0.736 < t-table 2.02809 then Ho's decision is accepted and Ha is rejected. Thus there is no significant effect between capacity and financing. T-count condition of economic (X_3) 6.501, while the table is 2.02809. So t-count economic condition 6.501 > t-table 2.02809 then Ho's decision is rejected and Ha is accepted. Thus there is a significant influence between the condition of economic with financing. T-count collateral (X_4) 0.321 while table is 2.02809. So t-count collateral 0.321 < t-table 2.02809 then Ho's decision is accepted and Ha rejected. Thus there is no significant effect between collateral and financing. F test is used to determine the level of significance of the influence of independent variables (character, capacity, condition of economic, capital, collateral) together (simultaneously) on the dependent variable (financing). Where F-count 120,859 > F-table 2.39 shows Ho is rejected and Ha and has a significant effect.

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