

OVERVIEW OF THE IMPLEMENTATION OF PROFIT SHARING SYSTEM IN ISLAMIC COMMERCIAL BANKS IN INDONESIA

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Abstract

Profit-sharing system is a special feature of Islamic banking to be offered to the public as a substitute for interest in conventional banks that are considered to contain elements of usury. Identification of problems based on data and previous research is to review how the application of profit-sharing that is characteristic of Islamic banks as a substitute for usury solution, whether the majority of Muslim Indonesians have made maximum use of the profit-sharing system, and whether Islamic banks carry out their financing activities by Sharia provisions. The purpose of this study was to determine the application of the profit-sharing system in Islamic commercial banks in Indonesia and the comparison of the Mudharabah and Musharakah financing systems with the Murabahah financing margin. This research uses qualitative methods of library research approach (literature study). Data analysis techniques using qualitative data Miles and Huberman models. As a result, the application of profit sharing in 12 Sharia commercial banks (BUS) in Indonesia is greater than the financing of Musharakah financing Mudharabah. Comparison of Mudharabah and Musharakah financing with a profit-sharing system with Murabahah financing, namely as of December 2022, Murabahah financing is still the largest financing in demand by the Indonesian people. This is because financing with a profit-sharing system contains many risks.

Keywords: *Profit sharing, Mudharabah, Musharakah, Murabahah, Sharia Commercial Bank*

1. INTRODUCTION

The profit-sharing system in Islamic banking is a new thing for the people of Indonesia because people are more familiar with the conventional banking system by using sistem the interest system. Thus, the mindset of society has already been formed that banks cannot be separated by interest. Interest considered it reasonable to carry out activities of financing, trade, and production processes as well as in the industry (Sobri & Sulindawati, 2015). The controversy over conventional banking interests still colours people's lives today. The reason is that interest given by conventional banks is something that is haram and the Indonesian Ulema Council (MUI) issued a fatwa on bank interest in 2003. Although the fatwa was issued, but there are various arguments from the community, including from the educated though, to justify interest, interest is not the same as usury, whereas the Qur'an and Hadith are very clear that interest is usury. The Status of bank interest according to Islamic Economic Experts does not need to be debated and doubted its ugliness. All Islamic economic experts in the world have agreed that bank interest is not by Islamic law, and taking it was haram (Mashuri, 2017).

Profit sharing is the concept of distributing part of profits or income such as final profits, bonuses, and others in the company. Profit-sharing system that divides the results of business or between fund owners and fund managers (Muhamad & Dwi, 2009a). The concept of profit sharing can be called the concept of profit sharing (profit sharing) (Muhamad, 2005). In general, the application of a profit-sharing system in Islamic financial institutions is the

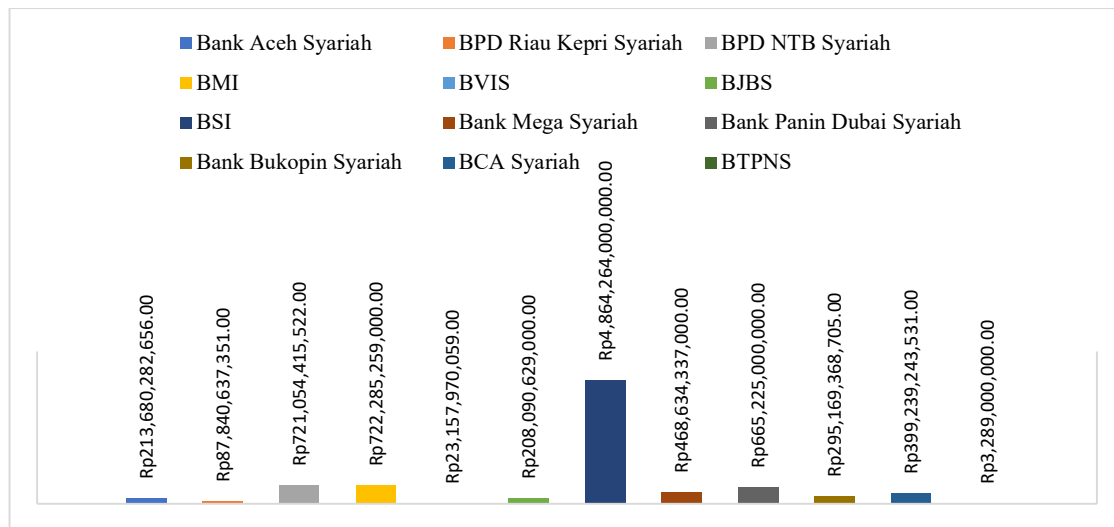
reward of Musharakah and Mudharabah products. Profit-sharing system is the main characteristic and the basic foundation of Islamic banking operations, where Islamic banks are partners for customers or entrepreneurs who need funds (Muhamad & Dwi, 2009b). For example in the implementation of the revenue sharing system in the Mudharabah contract, the mudharib or fund manager must agree with shahibul maal or the fund owner regarding the percentage of revenue sharing specified in the contract (Saeed, 2004a). The factors that affect the percentage of the results are agreement from the fund manager (mudharib), potential yield, market responsiveness, the ability of the company's management and the terms of the applicable contract. If he does not benefit, then mudharib does not receive any reward or reward for his work. In the event of a loss, shahibul maal is responsible for the loss as long as the loss is not due to the negligence of mudharib (fund manager) and there is no abuse or error in fund management, but if it is the opposite, then mudharib is responsible for the loss (Saeed, 2004b).

Islam strongly encourages its adherents to practice profit-sharing in their muamalah activities and forbids the practice of interest (riba). The practice of profit sharing and usury have similarities, which provide profit for the owner of capital, but there are significant differences, among others: (1) the process of determining the amount of interest is made at the time of the contract / agreement which is always assumed to be in a state of profit, while in determining the amount of the ratio / ratio (profit sharing) contract time based on various possibilities that will occur (can be profit or loss), (2) the percentage of interest is based on the amount of money or capital borrowed, while the percentage of profit sharing ratio is based on the amount of profit obtained, (3) the interest payment system is fixed in accordance with what has been agreed at the beginning, also without considering whether the business run by the customer is experiencing profits or losses, in contrast to the profit-sharing system where the payment depends on the profits of the business being undertaken, in other words, if the company is running a deficit, then the losses will be borne jointly by both parties based on mutual agreement, (4) interest payments do not experience elasticity in the sense that the amount of interest payments will not increase nor decrease even in the condition of the company's profits or revenues have increased significantly, but it is different from the profit sharing system where the percentage of profit/loss profits in revenue sharing will experience elasticity that can increase can also decrease in accordance with the increase in the amount of income or decrease in income in the business being undertaken, (5) in terms of the existence of the interest system is very doubtful (if not condemned) by various religions including Islam, in contrast to the revenue sharing system, there is no doubt about its validity because it is considered fair (Amiludin, 2021).

System profit-sharing is a special characteristic system to be offered to the public as a substitute for interest in conventional banks that are considered to contain elements of usury. Profit sharing has Shari'ah rules in MUI related to the determination of the distribution of business results that must be determined first at the beginning of the contract (Akad). The amount of the portion of revenue sharing between the two parties through a mutual agreement, dith must have a sense of willingness (*An-Tarodhin*) for the parties to the contract without any element of coercion. The application of Mekanisme calculation in Shariah banking is divided into two systems, namely: Profit Sharing and Revenue Sharing. Revenue sharing can theoretically be implemented through four main types of contracts: Musharakah, Mudharabah, Muzara'ah, and Musaqah. Although the four contracts are theoretically available, Islamic banks generally focus on and apply the principle of profit sharing, especially through Musarakah and

Mudharabah contracts in their operations (Ilyas, 2014). Musharakah is a cooperation between the bank and the customer and the bank agrees to finance a business or project jointly with the customer as the originator with an amount based on a percentage of the total cost of the project with a revenue share of the proceeds received from the business or project with a predetermined percentage of revenue share (Lubis, 2001). Mudharabah is a contract (transaction) between two parties in which one party is the owner of the capital to then be handed over to the other party to be used as business capital with the distribution of profits between the two based on the agreement. From this, it can be said that Mudharabah is a form of cooperation between two or more parties in which the owner of the capital (shahibul maal) entrusts part of his capital to the manager (mudharib) with a profit-sharing (Salman, 2023). So, Mudharabah and Musharakah is a cooperation agreement between Islamic banking and customers using a profit-sharing system for the benefits obtained from the cooperation following the agreement of both parties.

Figure 1. Shariah Commercial Bank Revenue Sharing



Source: Annual Report, 2022

Based on the bar chart above, it is known that the revenue sharing of Sharia commercial banks (BUS) in Indonesia. There are 13 banks registered as Sharia commercial banks (BUS), but Bank Aladin Syariah in its annual report was not found related to Mudharabah and Musharakah financing so Bank Aladin Syariah also did not receive income for the financing of the cooperation between the two contracts. The largest revenue share in 2022 was obtained by Bank Syariah Indonesia (BSI) from the 12 existing Sharia commercial banks in Indonesia. Bank Syariah Indonesia (BSI) received revenue from the revenue sharing on Mudharabah and Musharakah financing of 4 trillion Rupiah while the lowest revenue sharing was obtained by Bank Tabungan Pensiunan Nasional Syariah (BTPNS) with revenues ranging from 3 billion Rupiah only (PT Bank Syariah Indonesia Tbk, 2022; PT Bank BTPN Syariah Tbk, 2022).

Based on previous research from C. I. P. Sari & Sulaeman (2021) Mudharabah, Musharakah and Murabahah financing will bring favourable results for Sharia commercial banks if in large quantities. The higher the income, the greater the ability of the bank to pay the obligations of other parties. The results obtained from Sari and Sulaeman's research are that Mudharabah financing and Murabahah financing have a significant positive effect on the

profitability of Sharia commercial banks in Indonesia while Musharakah financing has a significant negative effect on the profitability of Sharia commercial banks in Indonesia. The same is the case with the research conducted by D. M. S. Sari et al. (2021) which shows that Mudharabah financing and Murabahah positive effect financing have a significant positive effect on profitability in Sharia commercial banks. This indicates that the higher the value of Mudharabah and Murabahah financing carried out by the bank, the higher the level of profit at the bank will also be. Murabahah financing is also favoured by the public because the financing has a certain margin and the risks can be managed. The results of the test Musharakah on the profitability of Islamic commercial banks showed a significant negative effect, this indicates that the higher the level of financing Musharakah, it will reduce the profitability of Islamic commercial banks. The conclusion of the two previous studies above is that it can be seen that although the revenue for Mudharabah and Musharakah financing is the largest at 4 trillion rupiah owned by Bank Syariah Indonesia (BSI), the financing, especially Musharakah financing, is accompanied by a high risk to the bank's profitability, in contrast to Murabahah financing, which is minimal in risk and the relatively so much in demand by the public users of Islamic bank services.

Murabahah financing according to (Karim, 2008) "a sale of goods worth the goods plus the agreed profit. For example, someone buys goods and then resells them with a certain profit. How much the profit can be expressed in a certain nominal rupiah or the form of a percentage of the purchase price, for example, 10% or 20%." The arguments that serve as the basis for the Murabahah contract are the words of Allah SWT about the basis of trade among them Surah An-Nisa verse 29:

"O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent..." (Q.s.An-Nisa: 29)

"...But Allah has permitted trading and forbidden interest..." (Q.s. Al-Baqarah: 275).

Karim (2008) explains that Murabahah can be done by order or without order. Murabahah based on the order, the bank purchases goods after there is a reservation and can be binding or non-binding for the customer to purchase the goods ordered. Murabahah transactions through this order are valid in Islamic jurisprudence, among others, it is said by Imam Muhammad Ibn-Hasan Al-Syaibani, Imam Shafi'i and Imam Ja'far Al-Shiddiq. Other types of Murabahah are Murabahah without orders and Murabahah based on orders. Murabahah based on the order can be divided into two, namely: (1) binding, that is, when it has been ordered then it must be purchased, and (2) non-binding nature, meaning that although the customer has ordered goods, the customer is not bound, the customer can receive or buy the goods. While the provisions of Murabahah obtained in the words of the Prophet Muhammad al-baihaqi and Ibn Majah history and assessed Sahih by Ibn Hibban quoted from DSN fatwa No.04/DSN-MUI/IV / 2000 about Murabahah "from Abu Said Al-Khudri that the Prophet said, "Indeed, buying and selling must be done voluntarily." (H.r. Al Baihaqi and Ibn Maja), Hadith narrated by' Abd al-Raziq from Zaid bis Aslam "the Prophet was asked about' urban (advance) in buying and selling, so he legalized it." (H.r. 'Abd al-Raziq).

Pricing is one aspect of marketing activities. Determination of the price on a contract or transaction that produces a definite profit, in most companies or banks according to Karim (2008) with Mark-up Pricing. Most of the basis for determining the price level is to mark up the cost of production of the commodity in question. In this method, the company must first determine the level of production costs or acquisition costs of a product and also determine the

level of margin or markup of simplified production costs. Karim (2008) defined margin as the agreed profit from the Murabahah contract. The method of determining Margin according to Karim (2008) is the determination of the profit margin of natural certainty contract (NCC) financing based on the recommendations, proposals, and suggestions of the Asset-liability committee team of Syariah Banks (ALCO Syariah Banks), taking into account the following:

- a. Direct competitor's Market Rate (DCMR) is the average profit margin level of a Shari'ah bank, or the average profit margin level of several Shari'ah Banks specified in the ALCO meeting as a group of direct competitors, or the profit margin level of a particular Shari'ah bank specified in the ALCO meeting as the closest direct competitor.
- b. Indirect competitor's Market Rate (ICMR) is the average interest rate of a conventional cooperative or the average interest rate of several conventional banks that in the ALCO meeting are designated as the closest indirect competitors.
- c. Expected Competitive Return for Investor (ECRI) is a target for competitive results that are expected to be given to third-party funds.
- d. Acquiring Cost represents expenses incurred by the bank that are directly related to attempts to obtain third-party funds.
- e. Overhead costs are expenses incurred by the bank that are not directly related to attempts to obtain third-party funds.
- f. Value Pricing is a policy of establishing competitive prices for high-quality goods. It is a common understanding that Goods are expensive.

Selling price installments consist of purchase price installments or cost of goods and profit margin installments. The installment can be calculated using four methods:

- a. The declining profit Margin method (The sliding profit Margin method) is the calculation of the decreasing profit margin by the decreasing cost of goods as a result of instalments or installments harga of the cost price, the number of installments (cost of goods and profit margin) paid by customers each month is decreasing.
- b. Margin The average profit Margin is the declining profit margin whose calculation is fixed and the number of installments (cost of goods and profit margin) paid by the customer is fixed each month.
- c. Flat profit Margin is the calculation of profit margin against the value of the cost of financing on a fixed basis from one period to another.
- d. Annuity Profit Margin is the profit margin obtained from the calculation on an annuity basis. This calculation will result in installment patterns of cost of goods that are getting bigger and decreasing profit margins.

Requirements for margin counters According to Ariani (2016) profit Margin can only be calculated if these components are willing: (1) type of margin calculation, (2) nominal amount (ceiling), (3) period, (4) percentage level of financing Profit margin, (5) billing pattern or maturity.

Identification of problems based on data and previous research is to review how the application of profit-sharing that is characteristic of Islamic banks as a substitute for usury solution, whether the majority of Muslim Indonesians have made maximum use of the profit-sharing system, and whether Islamic banks carry out their financing activities following Sharia provisions. The limitation of research problems in this journal is about the application of profit-sharing systems in Indonesian Sharia commercial banks. The purpose of the study was to determine the application of the profit-sharing system in Islamic commercial banks in Indonesia

and compare Mudharabah and Musharakah financing revenue-sharing systems with Murabahah financing margin.

2. METHODOLOGY

This study uses qualitative methods of library research approach (Study literature). This study was conducted to discuss in depth the revenue-sharing system that is common in Islamic banks in Indonesia. The Data used in this study is in the form of secondary data obtained from the official websites of 13 Islamic commercial banks in Indonesia, books, journals and articles related to the revenue-sharing system. Of the 13 Sharia banks included in the Sharia Commercial bank, Bank Aladin Syariah does not have data associated with Mudharabah and Musharakah financing so there is no revenue sharing on the financial statements, the samples used are 12 Sharia commercial banks in Indonesia with the financial reporting year of 2022. This study uses qualitative data analysis techniques Miles and Huberman models. Data analysis techniques in this study include: the collection of data related to the profit-sharing system of Sharia commercial banks in Indonesia then the data collected is reduced and presented, after which the data is analyzed and conclusions are drawn (Sugiyono, 2018).

3. RESULT AND DISCUSSION

a. Application of Profit Sharing System in Islamic Commercial Banks in Indonesia

Profit sharing is usually referred to as profit sharing, profit sharing itself means the distribution of profits and the term is the distribution of some part of the profits to the employees of a company cooperation of the parties with the profit sharing system must be run fairly and transparently based on the rules of Allah SWT and the Sunnah of the Prophet in weighing, lying, and broken promises. Profit sharing is a form of return (acquisition of Return) of investment contracts, from time to time and uncertain so the profit sharing system is a system in which the agreement in one business activity with distribution of profits that can be obtained between the two parties who have made agreements and different from the conventional way only more concerned with profit alone.

This is as research conducted that the sharing of results in Islamic economics, especially in Indonesia, must be able to provide a very positive force for the acceleration of economic development in Indonesia itself through (Mudharabah) or a kind of business partnership with fellow entrepreneurs, both small businesses and medium-sized entrepreneurs. This development program needs to be empowered and carried out to encourage the progress of National Economic Development and efforts to improve the economic welfare of the Indonesian people. The system of profit sharing is certainly expected to improve the economy on both national and international scales based on Islam (Aini, 2021).

The form of products based on the principle of profit sharing is Mudharabah and Musharakah. Furthermore, the principle of Mudharabah can be used as a basis for both funding products (savings and deposits) and financing, while Musharakah is more for financing. Allah says in Surah Al-Baqarah verse 283.

".... If you trust one another, then there is no need for a security, but the debtor should honour this trust by repaying the debt—and let them fear Allah, their Lord..." (Q.S Al-Baqarah: 283).

The Fatwa of the MUI National Sharia Council on profit sharing is as follows (Fatwa DSN MUI No. 15/DSN-MUI/IX/2000, 2000) General Terms :

- 1) Islamic Financial Institutions may use the principle of profit sharing (Net Revenue Sharing) and profit Sharing (Profit Sharing) in the distribution of business results with its partners (customers).
- 2) Viewed in terms of benefit (al-ashlah), currently, the distribution of business results should be used in the principle of profit sharing (Net Revenue Sharing).
- 3) Determining the principle of distribution of selected business results must be agreed upon in the contract.

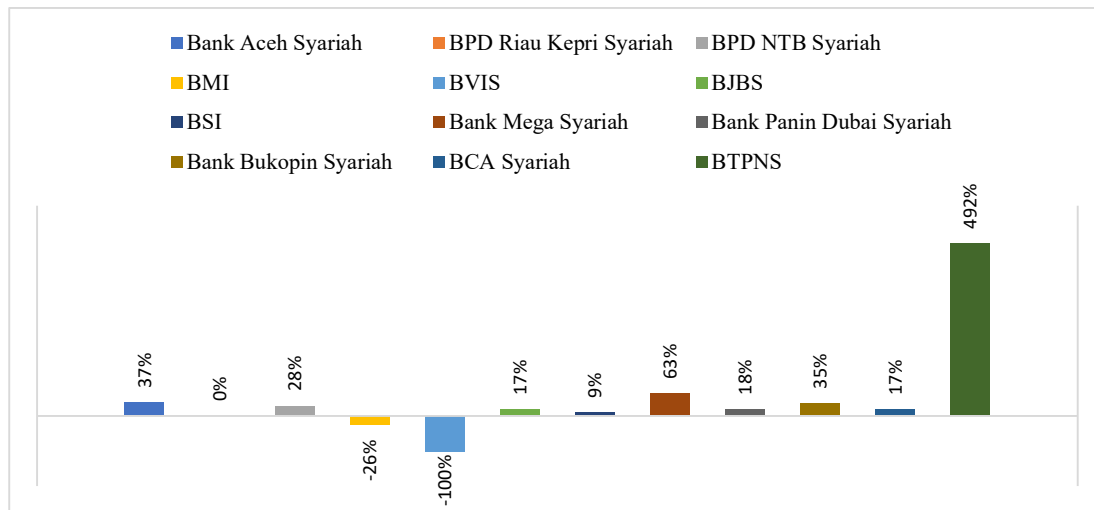
In practice, the mechanism for calculating profit sharing can be based on two ways, namely as follows:

- 1) Profit Sharing (for profit), is a calculation of profit sharing based on the profit of the fund manager, namely operating income minus operating expenses to obtain these operating revenues.
- 2) Revenue Sharing (for revenue), is a calculation of revenue based on revenue (revenue) from the fund manager, namely operating income before deducting operating expenses to obtain operating income.

Table 1. Mudharabah Financing, Musharakah Financing and Profit-Sharing Of Indonesian Sharia Commercial Banks In 2022 (In Rupiah)

No	Bank	Mudharabah Financing	Musharakah Financing	Revenue Sharing
1	PT Bank Aceh Syariah	94,822,925,517	4,382,712,924,697	213,680,382,656
2	PT BPD Riau Kepri Syariah	23,713,475,416	2,442,740,666,742	87,840,637,351
3	PT BPD Nusa southeast West sharia	-	6,960,580,529,394	721,054,415,522
4	PT Bank Muamalat Indonesia	557,043,893,000	10,416,113,948,000	722,285,259,000
5	PT Bank Victoria sharia	505,924,575	469,042,156,837	23,157,970,059
6	PT Bank Jabar Banten syariah	259,743,839,000	2,396,128,352,000	208,090,629,000
7	PT Bank Syariah Indonesia, Tbk	1,001,957,000,000	66,450,946,000,000	4,864,264,000,000
8	PT Bank Mega Syariah	153,351,022,000	4,804,390,424,000	468,634,337,000
9	PT Bank Panin Dubai Syariah, Tbk	956,454,000,000	8,837,754,000,000	665,255,000,000
10	PT Bank Syariah Bukopin	241,125,924,740	4,087,300,186,086	295,169,368,705
11	PT BCA Syariah	503,043,233,023	4,838,288,397,144	399,239,243,531
12	PT Bank tabungan pensiunan Nasional syariah	-	59,672,000,000	3,289,000,000

Source: Annual Report, 2022

Figure 2. Percentage Increase in Revenue For Sharia Commercial Banks

Source: Annual Report, 2022

Table 1 presents data on the amount of Mudharabah financing and Musharakah financing as well as revenue sharing on both financing. According to Table 1, it is known that of the 12 Sharia commercial banks (BUS), the highest amount of financing using the Musharakah agreement. That is, customers are more interested in taking financing with Musharakah agreement in Sharia banks, where in this agreement as Fatwa DSN MUI No. 08/DSN-MUI/IV/2000 about financing Musyarakah does not mention the risks but regulates the distribution if there has been a loss when the business project is run (Fatwa DSN MUI No. 08/DSN-MUI/IV/2000, 2000). Losses incurred as a result of the negligence of the partnering parties must be divided proportionally based on the capital of each party. So it can be concluded that if there is a loss in the financing of Musharakah, it will be borne by both parties, namely banks and customers who partner following the portion of their respective capital (Hakimah, 2021). What is different when using Mudharabah financing because if there is a loss, the bank as Shahibul maal will bear the loss except for losses due to customer negligence as Mudharib. In conclusion, Islamic banks and customers want to avoid large losses experienced when partnering.

Based on the amount of Mudharabah and Musharakah financing in Table 1, it is found that the largest financing in 2022 is Musharakah financing. The value of revenue share as depicted in the bar chart Figure 1 shows the highest revenue owned by Bank Syariah Indonesia (BSI) but the percentage of revenue share growth from the previous year owned by Bank Tabungan Pensiunan Negara Syariah at 492%. Bank Victoria Syariah (BVIS) and Bank Muamalat Indonesia (BMI) decreased revenue sharing by 100% and 26%, respectively, but did not explain in the annual report why there was a decrease in revenue sharing at both banks.

Application of revenue sharing financing or Mudharabah and Musharakah agreement on Bank Muamalat financing products thus can be seen in the financing products, as here:

- a. Working capital financing in (Consumer Banking), iB working capital financing in (Retail Banking), and working capital financing in (Corporate Banking), This financing is based on sharia principles with a choice of contract-based buying and selling (Murabaha) and profit sharing (Mudharabah and Musharakah). By the specifications of working capital needs.

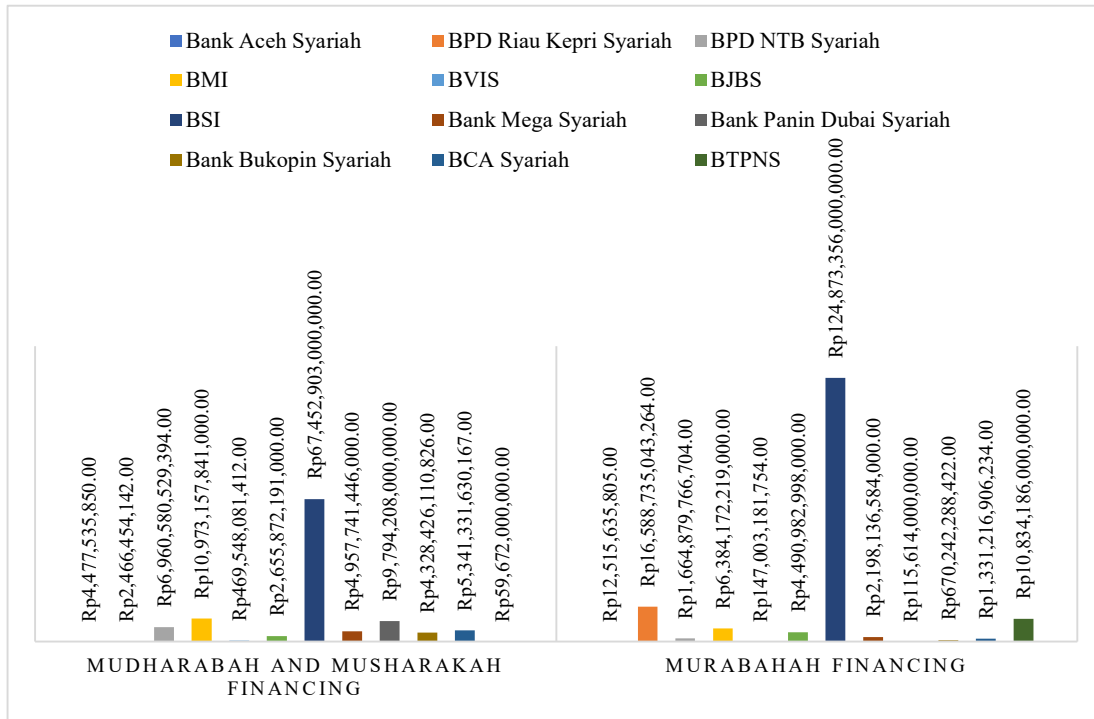
- b. Sharia business residential financing on (Consumer Banking), Sharia business Residential Financing on (Retail Banking), Sharia business Residential Financing on (Corporate Banking), This financing is based on sharia principles with two choices, namely Murabaha contract (Sale-Purchase) or *Musharakah mutanaqishah* (rental cooperation).
- c. IB Asset Refinance Sharia financing (Consumer Banking) This financing is based on sharia principles with two choices of contracts, namely Musyarakah Mutanaqisah and Ijarah Muntahiya Bit Tamlik.
- d. Short-term financing SRB IB (Retail Banking), This financing is based on Sharia principles with the Mudharabah Mutlaqah agreement. Thus it can be seen that Bank Muamalat in financing products that are run, gives freedom to its customers to choose what contract will be used in a financing under the specifications of the needs of the financing.

The percentage placement of financing funds with profit sharing is very little compared to other products, such as *Murabaha* and *Ba'i bistaman 'ajil*. This is due to public understanding that is still wrong about banks based on sharia principles. They assume Islamic banks are social institutions that in their operations must provide financial convenience and relief compared to conventional banks. Comparison with conventional interest has always been the only measure to assess whether the performance of Islamic banks is bad or not. They don't understand the profit-sharing system or anything else. Generally, customers who come to apply for financing with Mudharabah or a profit-sharing system to Bank Muamalat are customers with a type of business or project whose profit value is small or whose prospects are uncertain. In some cases, there was a Mudharib when his business began to achieve great profits and Bank Muamalat also obtained greater results than before (Basalama, 2017). Customers feel Bank Muamalat is too big to take advantage of and think of moving to a conventional bank. They do not realize, that at first their efforts only give a small profit (Neneng, 2015).

b. Comparison of Mudharabah and Musharakah Financing Revenue Sharing System with Murabahah Financing Margin

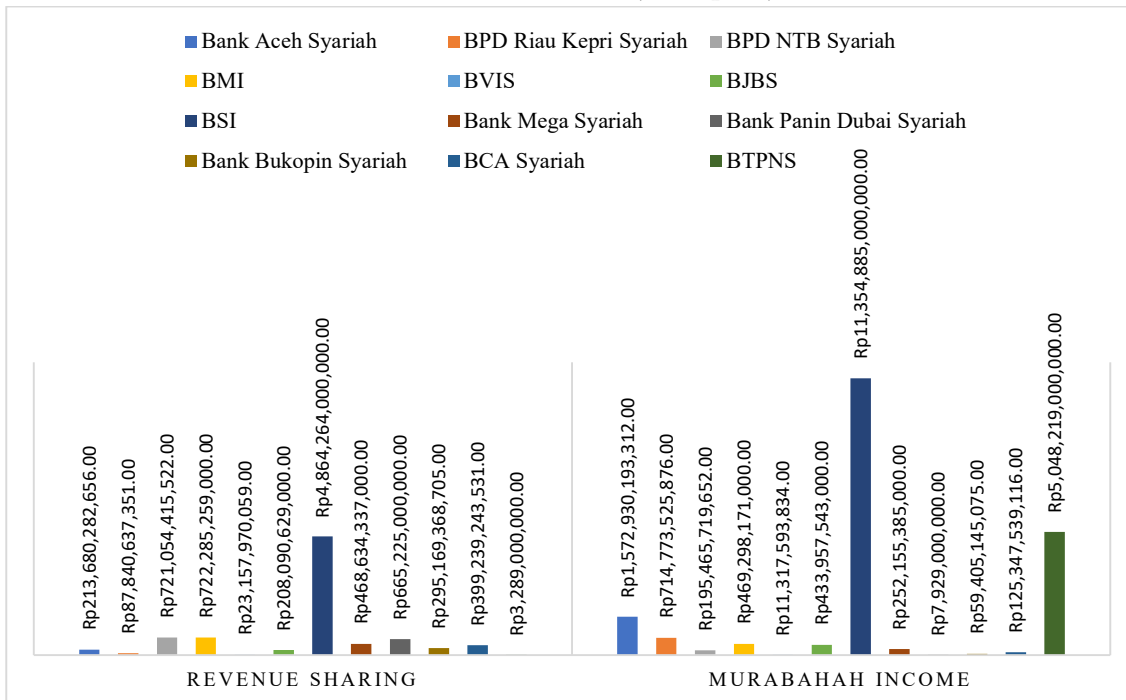
Data 12 Sharia commercial banks Figure 3 shows the comparison of the value of Mudharabah and Musharakah financing with Murabahah financing. 5 banks financing Murabaha greater than financing Mudharabah and Musharakah. The five Islamic banks are Bank Aceh Syariah, Bank BPD Riau Kepri Syariah, Bank Jabar Banten Syariah (BJBS), Bank Syariah Indonesia (BSI), and Bank Tabungan Pensiunan Nasional (BTPNS). The amount of financing provided is also proportional to the income received by the five Islamic banks. Bank Syariah Indonesia (BSI) recorded revenue on Murabaha financing of 11 trillion Rupiah compared to Revenue Sharing which only reached 4 trillion Rupiah (PT Bank Syariah Indonesia Tbk, 2022).

Figure 3. Comparison of Mudharabah and Musharakah Financing Amount with Murabahah Financing in 2022 (in Rupiah)



Source: Annual Report, 2022

Figure 4. Comparison of Mudharabah and Musharakah Revenue Sharing with Murabaha Income 2022 (in Rupiah)



Source: Annual Report, 2022

Ideally, financing carried out by Islamic banks should be in the form of profit and loss-sharing financing, but the ideal financing concept is still difficult to implement because it is full of risks and uncertainties. In addition, Islamic banks that get financing with this concept also still like to feel a loss when the profit-sharing ratio is distributed. That is what can cause the existing financing in 5 Islamic banking to be still dominated by non-profit-sharing financing (PLS) is a contract based on the principle of buying and selling such as Murabaha financing.

Statistical data on Islamic banking at the Directorate of Islamic Banking of Bank Indonesia in November 2004 showed Murabahah financing reached 73 % of the total financing in Islamic banking, while Mudharabah and Musharakah financing provided only about 27% of the total financing (OJK, 2005). Until 2022 as the year of the financial statements used for journal Research data, data from Sharia banking statistics published on the OJK website also indicated that Murabaha financing as financing with the highest average value of 183 billion Rupiah as of December 2022 while Mudharabah financing had only worth 2.9 billion Rupiah with a high NPF as of December 2022. The amount of Musharakah financing according to Islamic banking statistics as of December 2022 is 121 billion Rupiah (OJK, 2023). Although 7 out of 12 Islamic commercial banks (BUS) have a Musharakah financing value with profit sharing system higher than Murbahah financing, but this fact can be seen that the average Islamic banking managers are still very concerned about the aspect of prudence in Mudharabah financing so the results obtained are not optimal.

From the statistical data on the development of Islamic banking, it appears that the form of financing Murabaha plays an important role that provides the largest portion of the distribution of funds. This can happen for several reasons, including because Murabaha is a short-term investment financing, and compared to the profit and loss Sharing (PLS) system is quite easy. Then the mark-up in Murabaha financing can be set in such a way as to ensure that Islamic banks obtain profits comparable to interest-based banks that are competitors of Islamic banks. Murabaha also keeps away the uncertainty that exists in the income of various businesses that are run with the PLS system. Finally, Murabaha does not allow Islamic banks to interfere in business management, because the bank is not a customer partner, but the relationship that occurs is the relationship between creditors and debtors. This position is preferred by the bank because the bank becomes a fairly decisive party. This is what makes Murabaha beat profit-loss sharing (PLS) - based financing so that the largest bank profits also come from Murabaha profits.

Murabaha is also popular because it is now seen that the ranks of Islamic banks tend to want to get a fixed income (fixed income) from the Murabaha margin level that has been

determined in front of it so that Islamic banks as mudharib can provide a profit-sharing ratio that is quite attractive to the shahibul maal, namely depositors and savers Mudharabah. The higher the margin required by the bank to the customer buyer (Murabaha) the greater the income of Islamic banks that can be distributed to the shahibul-maal. In turn, the source of Mudharabah funds that can be collected can be maintained and the number is expected to increase. In addition, the current Islamic banking bankers seem to be very cautious in investing their funds in financing Mudharabah and Musharakah. This doubt occurs because of the high risks faced by Islamic banks, especially the level of honesty from the mudharib or partners, plus the condition of the riel sector which is still recovering from the economic and monetary crisis.

In addition to the various reasons mentioned above, the causes of the low proportion of profit-sharing financing (PLS) include:

- a. Investment risk is relatively high because of the difficulty of monitoring investment activities,
- b. The principal-agent problem is where the agent (mudharib) does not always act in the interests of the principal (owner of capital).
- c. The competence of human resources in Islamic banking is still low to invest in profit-sharing patterns.
- d. The unavailability of in-depth business performance information for each industry sector targeted for investment. This resulted in the Islamic banks being very careful in providing financing.

This is what makes Islamic banking happy to put forward the concept of Murabaha financing because it is the simplest (BINUS, 2021).

4. CONCLUSION

Based on the results and discussion above, it can be concluded that:

- a. The application of profit sharing in 12 Sharia commercial banks (BUS) in Indonesia is greater than the financing of Musharakah Mudharabah financing. The highest revenue share was recorded by Bank Syariah Indonesia (BSI), but the percentage of revenue share growth was owned by Bank Tabungan Pensiunan Nasional Syariah (BTPNS).
- b. Comparison of Mudharabah and Musharakah financing with a profit-sharing system with Murabaha financing, namely as of December 2022, Murabaha financing is still the largest financing in demand by the Indonesian people. This is because financing with a profit-sharing system contains many risks. Murabaha does not allow Islamic banks to interfere in

business management, because the bank is not a customer partner, but the relationship that occurs is a relationship such as between creditors and debtors.

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