

## REVIEW CAPITAL STRUCTURE AND GOOD CORPORATE GOVERNANCE TOWARD ISLAMIC BANKING PERFORMANCE IN INDONESIA

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### Abstract

*This study aims to review capital structure and the implementation of Good Corporate Governance (GCG) toward Islamic Banking performance in Indonesia. The research results can be depicted that the capital structure and corporate governance has been running well. Slowing Islamic banking is dominated by external economic slowdown that occurred in Indonesia. However, main sources of Islamic bank capital are core capital (core capital) which comes from the owners of the banks and quasi-equity. When the world financial crisis and the shareholders take their share of Islamic banks then certainly slowing global political factor because it is Identic with the capitalist and the capital structure of Islamic banks is still not much yet as the conventional banking which is inherently present in this global world.*

**Keywords:** Islamic Banking, capital structure, Good Corporate Governance (GCG)

### Abstrak

Penelitian ini bertujuan untuk mengkaji struktur modal dan penerapan Good Corporate Governance (GCG) terhadap kinerja Perbankan Syariah di Indonesia. Hasil penelitian dapat digambarkan bahwa struktur permodalan dan tata kelola perusahaan telah berjalan dengan baik. Perlambatan perbankan Islam didominasi oleh perlambatan ekonomi eksternal yang terjadi di Indonesia. Namun sumber utama modal bank syariah adalah modal inti (modal inti) yang berasal dari pemilik bank dan quasi-equity. Ketika krisis keuangan dunia dan pemegang saham mengambil bagian mereka dari bank-bank Islam maka tentu melambat faktor politik global karena Identik dengan kapitalis dan struktur modal bank Islam masih belum banyak seperti perbankan konvensional yang secara inheren hadir di global ini dunia.

**Kata Kunci:** Bank Syariah, Struktur Modal, Good Corporate Governance (GCG)

## INTRODUCTION

Indonesia is one country that is predominantly Muslim. In 1945 Article 29, paragraph 2; it states that "the state guarantees the freedom of each citizen to profess his own religion and to worship according to their religion and belief". Due to such article then every citizen has the right to worship in accordance religion Muslim community is no exception.

Construction of the mosque is a physical manifestation of the development process that is needed. Provision of various places of worship including mosques become one of the priorities in the construction of the mosque is usually understood by most people a house of worship, especially for prayer, when in fact the mosque has a function such widely than just to pray. Description grand mosque is a large mosque

with magnificent buildings and spacious and can accommodate hundreds of worshipers. (<http://deskripsi.com/m/masjid-agung>, 2018). Broadly speaking, the notion of the mosque was the center of worship and Islamic culture. Mosque at the beginning of the establishment has not moved from primary function is to perform the prayer, but note that the mosque at the time of the Prophet used as the center of Islamic civilization and culture. In reality, that happened can be proved with their ID card shows that the majority of color is a Muslim country Indonesia. (<http://blog.yereview.com/hapuskan-kolom-agama-di-ktp>, 2018).

In a study conducted population census population of Indonesia in 2010, showed that the composition of the population by religion is as follows:

Table 1.The Composition of the population by religion.

No.	Agama	Jumlah	Persentase
1	Islam	207,176,162	87.18
2	Kristen	16,528,513	6.96
3	Katolik	6,907,873	2.91
4	Hindu	4,012,116	1.69
5	Buddha	1,703,254	0.72
6	Khong Hu Chu	117,091	0.05
7	Lainnya	299,617	0.13
8	Tidak Terjawab	139,582	0.06
9	Tidak ditanyakan	757,118	0.32
	Jumlah	237,641,326	100.00

Sumber:BPS,20110

1. Indonesia	: 182,570,000 orang.
2. Pakistan	: 134,480,000 orang
3. India	: 121,000,000 orang
4. Bangladesh	: 114,080,000 orang
5. Turki	: 65,510,000 orang
6. Iran	: 62,430,000 orang
7. Mesir	: 58,630,000 orang
8. Nigeria	: 53,000,000 orang.
9. Algeria (Al-Jazair)	: 30,530,000 orang
10. Maroko	: 28,780,000 orang

More:<http://www.kompasiana.com/baniaziz/kontroversi-indonesia-sebagainegara-dengan-penduduk-beragama-Islam-terbesar-di-dunia>.

This proves Indonesia is an Islamic country great, many systems made by the Indonesian state ranging from designing based on Islam is ample evidence to show it in the Constitution 45, it is described in more detail in the book Syariah 1945 Islamic Perspective work of Masdar Farid Mas' udi present in our midst can be understood as an effort to bring the harmonization clause of the 1945 constitution as the source of law of the State with religious verses, in this case Islam. The intersection paragraph of the constitution and religious verses as view in this book actually starts in joint doctrine that the state is as important as religion.

Strengthen the country as important as the strengthening of religion and tolerance as important as compatriots fellow inter-religious tolerance adopted by the people of Indonesia. To strengthen the culture of constitutional awareness, Muslims in Indonesia should be given an explanation of the context of the content of the constitution with the texts and arguments of the primary sources of Islam (al-Qur'an and Sunna) as presented in this book. Because until now, although the amount is very small; there are still some Muslims who think that our state constitution 1945 not in accordance with Islamic teachings, so it needs to be replaced. There is a dissertation on the movement of "Islamic Sharia" written Haedar Nasir in

achieving post-graduate doctorate in UGM, said that until now there are atleast three official movement which is open fight for formalization of Islamic law, even to make Indonesia an Islamic State. (<Http://www.dakwatuna.com/>, 2014).

In the course of strengthening the economic basis of Islam into arable and hard struggle for the country of Indonesia, the modern era has been a lot of changes to the system and culture that occurred in the nation's problems can not be separated from the advanced economies are demanding and fast-paced, a country must have no control and determination of financial policies in the economy that make banking as a very important thing. In addition the bank is also known as a place to borrow money (credit) for the people who need them. Also known as a place to exchange money, move money or accept all forms of payment and deposit as payment of electricity, telephone, water, taxes, tuition and other payments. "Bank" is an entity that collects funds from the public in the form of savings and distribution on society in the form of credit or other forms in order to improve kehidupan masses, as stipulated in Law No. 10 of 1998 dated November 10, 1998. Speaking of the Bank must not be separated from financial problems. The first banking activity is to collect funds from the public which is

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known as the world of banking is an activity (Funding).

During the downturn experienced by the world that the crisis can not be avoided financial crash makes countries think to look for solution of problems of the crisis, in fact, in this world people need a system to make financial stability a solid which requires states to establish financial experts who really can balance all classes. The world has experienced a problem as complex in financial problems, if viewed from the development of more modern era of economic and financial stability is certainly more powerful and can be felt by everyone and no one but a social leisure welfare. But in its implementation in the global world occur name leisureliness tremendous social and financial crisis that became the problem. This crisis occurred in all lines that exist, especially in banking, why is that banking is a state institution or a financial system that regulates the rate of the economy of the community, if the banking crash chaos could be the country's economy and population. This could be a very serious issue to be left to drag on, banking experts and economists to move together how to resolve the problem that occurred in the banking world.

The crisis that hit the banking sector in Indonesia since 1997 has alerted all concerned that banks with a conventional

system is not the only system that is reliable, but no system other banks more resilient due to embed the principles of fairness and transparency, the Islamic banking (Fauzi, 2008 ). Although at that time there was only one Islamic banking financial institutions, however, many people believed that the system adopted to address challenges of the crisis that occurred in 1997-1998 (Khaidar, 2007). Since then, Islamic banking is born from the womb of Muslims became known by the Muslim and non-Muslim communities. Until today many conventional banks that have a special unit of Islamic banks (Perwataatmadja and Tanjung, 2006)

Research Financial Services Authority (FSA) in 2013 through a survey in 20 provinces with 8,000 respondents, reveals the relatively low literacy (understanding) Indonesia's financial community. This condition is in line with the low level of financial inclusion of citizens. In terms of literacy, tangka understanding of the community on about 22 percent of banking, insurance services 18 percent, 15 percent pawnshops, financial institutions 7 percent, 4 percent and capital markets. These results contain a message that there is no other choice for the Indonesian nation except create programs and policies to improve access to finance for the poor, the programs and policies that could be a solution for poor

households who have difficulty getting support credit from formal financial institutions.

Islamic banking is also an important institution in implementing financial inclusion in Indonesia. If we flashback to 2008, the number of Islamic banking industry players when it still amounted to 155, which is 3 Islamic Banks (BUS), 28 Sharia (UUS), and 124 Financing Bank Rakyat Syariah (BPRS). Now the number is increasing with increasing awareness of the public to use the financial products of non-interest. In December 2013 alone Indonesia has 11 Islamic Banks (BUS), 23 Sharia (UUS), and 16 Bank Rakyat Syariah Financing (BPRS). This is concrete evidence that Islamic banking is able to survive and grow even in the midst of economic instability, such as the crisis in 1998, 2008 and the crisis that hit Europe in 2011 ago. The existence of Islamic banking as an important part of the formal financial institutions in the country is expected to implement financial inclusion.

In 1998, the enactment of Act No. 10 of 1998 on banking in lieu of Law No. 7 in 1992, with the Act, Islamic banking in Indonesia is getting wider opportunities to develop, organize business activities, including providing the opportunity for a conventional bank to open a branch office to

conduct banking operations that is based on Islamic principles. If in 1992-1998 there was only one Islamic bank, then in March 2007 (based on Islamic Banking Statistics data published by Bank Indonesia) the number of Islamic banks has reached 24 units consisting of 3 Islamic Banks and 21 Syariah Business Unit. In addition the number of Sharia Rural Bank (BPRS) reached 105 units in the same period (Octaviana, 2007). Despite the development of sharia economy is sluggish, but until 2009, Indonesia is still the country with the banks and financial institutions are based on sharia system most of the world, it is proved by the presence of 33 banks, 46 insurance agencies and 17 mutual fund that adopts sharia (Shafi, 2009) and Based on the results of hypothesis testing found that the variable sharia supervisory board has no effect. This may be due to the shariah supervisory board to meet the regulations of Bank Indonesia only (Suryanto T, 2014). The development of Islamic banking in Indonesia indicates the direction of improvement. Such improvements can be seen from several indicators, namely: asset, third party funds (DPK), and financing. Based on data from Bank Indonesia Islamic banking statistics can be seen that the development of Islamic bank assets in November 2007 and 2008 respectively by 0.82% and 9.76%. But in

December 2007 the development of Islamic bank assets had reached 9.76%.

But along the way Islamic banking until now slowed very serious, when seen in aspects of capital structure and corporate governance (GCG) should have been able to provide solutions and continued growth of Islamic banking is very significant that more than 5%, It can thus be seen on two issues that need to be researched is of capital structure and corporate governance (GCG). In the execution of two things can not be left behind in dealing with banks that apply for control and mengatus and have clear standards in running the banks. There are two possible causes for the slowdown of Islamic banking in Indonesia when seen from the majority of citizens of Indonesia is Muslim should be able to promote Islamic banking system that could compete with conventional banks, it is becoming an interesting phenomenon to be studied from internal and external factors.

## **RESEARCH METHODOLOGY**

This study used data obtained from the study of literature and primary data from interviews (depth interview) with a number of regulators and practitioners who understand the problems in the study of a slowdown in growth that occurred in Islamic banking. Interviews were conducted during the period June until this interview was

conducted in October 2015, the regulator made to Bank Indonesia (BI), Financial Services Authority (FSA), the Indonesia Stock Exchange (BEI). For practitioners have speakers from Bank Muamalat Indonesia (BMI), Bank *Syariah* Mandiri (BSM), Bank Negara Indonesia (BNI) *Syariah*, Bank Panin *Syariah* and Islamic National Savings Bank (BTPNS). The interview is a tool to double-check or verification of the information or information obtained previously and also the technique of direct communication between researcher and respondent.

This study also uses quantitative methods to look at the influence of factors causing a slowdown in the growth of Islamic banks WITH linear regression with SPSS. Thus it can be seen the factors that have a significant effect or no effect. Research is a research with qualitative and quantitative methods with the dependent variable internal (SME financing, Lising *murabahah*, savings deposits and branch network of Islamic banks) and external factors (exchange rate of the rupiah against the US Dollar, JCI, the rate of inflation). Independent variables are such as the amount of assets of Islamic banks. This study was conducted to determine the factors causing the slowdown in growth of Islamic banks and test how these factors influence the growth

slowdown, as well as to know the effort that needs to be done by Islamic banks in overcoming the slowdown in growth.

Thus, theoretically we cannot predict Y by using variable X. The tool used to analyze the correlation in this thesis is the method of Pearson Correlation. Pearson correlation coefficient describes the relationship between two variables scale ratio. The scale of the correlation coefficient ranges between -1 and +1. Pearson correlation coefficient value approaching +1 indicate the presence of a strong positive correlation between variables. Pearson correlation coefficient value close to -1 indicates the presence of a strong negative correlation between variables. Pearson correlation coefficient values close to 0 indicate a weak correlation between variables. In this study the Pearson correlation analysis is used to examine the correlations of each independent variable.  $R^2$  (coefficient of determination) informs whether or not the regression model estimation. The figure can measure how close estimation regression line with real data. That is, the value reflects how large variety of variables dependent Y can be explained by the independent variable independent of X, the greater the value, the greater <sup>2</sup> / strong relationship between the

independent and dependent variables, the better the regression model obtained.

## RESULTS AND DISCUSSION

According Husnan Suad (2004) is in proportion to the capital structure or the ratio between foreign capital and equity capital. According to Sabar Warsini (2003) the capital structure is a source of long-term financing consists of bonds and capital stock. Structure a proportion or ratio in determining the fulfillment of corporate spending, whether by using debt, equity, or by issuing shares (Birgham and Gapensi: 1996) in research Tinjung Nursanti Desy (2004). According to Bambang RJ (2001) in research Hasa Nurrohim (2008), the capital structure is permanent spending that reflects the consideration or the ratio between long-term debt with its own capital. The capital structure shows the proportion of the use of debt to finance the investment, so that by knowing the capital structure, the investor can find out the balance between risk and return on investment. So, according to some references the authors to conclude that the capital structure is the proportion of expenditure in determining the fulfillment of the company with long-term funding sources from internal funds and external funds, thus the capital structure is financial structure minus short-term debt. While understanding the financial structure by Farah Margaretha

(2004) describe the overall composition of the credit side of the balance sheet are comprised of short-term debt, long-term debt and equity capital.

Short-term debt is not taken into account in the capital structure because of the debt of this type generally spontaneous (change according to changes in the level of sales) while the long-term debt is fixed over a relatively long period (more than one year) so that its presence should be considered by managers finance. That is the main reason why the capital structure consists of long-term debt and equity. For that reason also the cost of capital is only to consider long-term funding sources (HandonoMardiyanto, 2009). Needs funds from within or often called own capital is capital that comes from the company itself as backup profits derived from such owners of the share capital. Capital is dependent on the overall risk of the company and pledged as security for creditors.

While the funding is coming from outside the capital from creditors (funder), it is what the capital of the debt for the company concerned (Bambang Riyanto, 1980). The purpose of the management structure of capital or capital structure management is to combine the sources of funds used to finance the company's operations. In other words, this goal can be

seen as a combined search of funds that will minimize the cost of capital and to maximize the stock price. This capital structure, we can refer to as the optimal capital structure (Rodoni and Herni Ahmad Ali, 2010).

The application of the principles of good corporate governance is a must for an institution, including the institution of Islamic banks. It is more directed to their public accountability relating to the operations of the bank are expected to actually comply with the provisions outlined in the positive law. In addition, it also relates to compliance with Islamic banks to Islamic principles as outlined in the Quran, the Hadith, and the consensus of the scholars. Understanding GCG itself according to Article 1, item 6 of Bank Indonesia Regulation No.8 / 4 / PBI / 2006 on Implementation of Good Corporate Governance for Commercial Banks.

It is mentioned that good corporate governance is the governance of banks to apply the principles of Transparency, accountability, responsibility, independency and fairness. In general, Islamic banks function the same as the conventional banking as intermediary institutions that mobilize funds from the public and to channel these funds back to the people who need it in the form of financing facility. Therefore, the basic principles of GCG

developed for the banking system in general also apply to Islamic banks. These five basic principles of GCG above can be described as follows:

The principle of transparency. That is, the Islamic bank is obliged to give information about the condition and prospects of banking timely, adequate, clear, and accurate. That information should also be easily accessible to stakeholders in accordance with their rights. It can be used as a basis for them to assess the reputation and responsibility of Islamic banks;

Principles of Accountability, where Islamic banks must assign clear responsibility of each component of the organization, aligned with the vision, mission, business targets, and corporate strategy. Each component of the organization has competence in accordance with their respective responsibilities. In addition, the bank must ensure the presence and absence of checks and balances in the management of the bank. Banks must have a measure of performance of all ranks based on agreed standards consistently, in accordance with the value of firms (corporate values), business targets, the bank's strategy, and has a reward and punishment system; Principles of Responsibility (responsibility). That is, Islamic banks must hold the principle of

prudential banking practices. This principle must be executed in accordance with applicable regulations, so that Islamic banking operations continue to run as expected. Banks must be able to act as a good corporate citizen (good company);

The principle of Independence. Islamic banks should be able to avoid an unnatural domination by stakeholders. Bank managers should not be affected by the unilateral interests. Islamic banks should avoid any conflicts of interest (conflict of interest);

The principle of justice (fairness), meaning that Islamic banks should consider the interests of all stakeholders based on the principles of equality and fairness. However, banks also have to provide an opportunity for stakeholders to provide input and suggestions for the betterment of Islamic banks. Researchs carried out by experts and academics related to Islamic banking in Indonesia, many empirical facts obtained in researching Islamic banking in Indonesia that make many experts and scholars have a view of how to develop and provide solutions for the advancement of Islamic banking in Indonesia. Indonesia in view of the world it is clear that the majority of the religious affiliation is Islam it is certainly spotlight Islamic banking development is so fast and well because the views of the majority of the population is Muslim, but in

reality Islamic banking in Indonesia grew only 5% of the population of Indonesia which notabennya 80% are Muslims. It became one of the very interesting study, Islamic banking in Indonesia is already established quite a long time a dozen years ago there was a lot of facts that occurred in the regulation of Islamic banking in Indonesia as follows: Based on the interview during the period July s.d. October 2015 with the speakers who come from the regulator, the Bank Indonesia (BI), Financial Services Authority (FSA), and the Indonesian Stock Exchange (BEI), as well as practitioners of Islamic banking are derived from: Bank Muamalat Indonesia (BMI), Bank Syariah Mandiri (BSM), Bank Negara Indonesia (BNI) *Syariah*, Bank Panin *Syariah* (BPS), and the National Pension Savings Bank (BTPN) *Syariah* result bahwaterdapat internal and external factors that cause a slowdown in the growth of Islamic banks, but internal factors occur triggered by to external factors.

Slowing the growth of Islamic banking had begun in 2013 to 2015. In general deceleration, can be seen from the external and internal side, slowdown occurred because it is caused by the economic conditions in which the slowdown in economic growth in the world, including in Indonesia. This causes the rupiah weakened

against the US dollar, the decline in JCI and and weaker purchasing power. These macroeconomic conditions affect the performance of Islamic banking industry is experiencing a slowdown in terms of assets and liabilities. This is in line with research conducted by Hasan and Dridi (2010) which states that the decline in economic conditions, Islamic banking will face the challenge of the liquidity and efficiency of the bank. It is related to the amount of liquidity on the finance portfolio in deposits collected by Islamic banks. While the efficiency related capital costs will be a source of funds is relatively high and rising overhead costs of banks.

One indicator of the growth of Islamic banks is the amount of assets, which during the study period of the Islamic banking assets to slow the amount of financing provided to the public. In the Islamic banking industry, it is increasingly reviewing the financing that has been and will be given. Management control and improvement of the quality of financing reduce the occurrence of financing problems. Financing is problematic NPF seen in the Islamic banking industry during January-March 2015 reached 4.93%, almost touching the maximum limit NPF is considered healthy by BI is 5%. NPF high ratios cause of Islamic banking should provide more capital

reserves to cover the amount of financing being problematic. During January-March 2015, the Islamic banking capital position decreased reached an average of 13.79%. It will also reduce the impact on profits derived by Islamic banks. Declining profit condition is an indication of the company's performance is weakened so that the bank's management must change its financing strategy.

This is in line with research that states that the NPF ratio is high (Mawardi; 2004) and declining capital position (Azwir 2006 and Yuliani, 2007) affect the decline in profitability of banks. As according to M. Bashir (2001) stated that the capital ratio is closely related to the performance of the financing which is a source of income for Islamic banks. If capital and financing Islamic banks is in trouble, it will impact on the declining performance of Islamic banking. One internal factor in the weakening performance of Islamic banks is during this segmentation Islamic banking financing is dominated by the retail sector, especially SMEs. By industry, synonymous with the Islamic bank financing SME business sector, should be more careful because the retail sector is quite vulnerable to economic growth. If the economic growth slows down it will impact on the sustainability of SMEs.

Other internal factors Islamic banking financing is dominated by *Murabahahis* a financing consumer goods with the contract of sale. When the economy slows down, *murabaha* sector which is also weakened consumer financing, this is due to weak purchasing power, so that most people resist the need for consumer goods. Still less variability Islamic banking financing compared to conventional bank credit products also be internal factors cause a slowdown in the growth of Islamic banks. With financing product variants are still quite limited cause less than optimal Islamic banks take a potential market that should be owned by Islamic banks, namely the market who want propose funding from banks that are free from usury or markets idealistic.

Other source mentioned the internal factors that causing a slowdown in the growth of Islamic banks is the bank's operational efficiency. Islamic banks are still unable to compete with conventional banks in terms of efficiency, especially in the economic conditions that are less stable, so the equivalent rate financing requested by Islamic banks relatively higher than conventional bank loans. This can lead to reduced attractiveness of the customer to take on the financing of Islamic banks, because the majority of bank customers in Indonesia are still rational, that is to say in

the transaction are still assessing tradeoffs in terms of nominal funds.

People who have a motive ideolegi in dealing with Islamic banks is still very limited. Also from the liability, the Third Party Funds (TPF), Islamic banking is dominated by short-term funding sources in the form of deposits where the January-March 2015 the average reaches 61.92% of the total composition of TPF. Third Party funds in the form of deposits are also expensive funds, so that the Islamic banking increasingly feel the magnitude of the additional cost of funds (cost of funds). The capital costs are expensive generally in the corporate segment, where segmentation is sensitive to yields offered. In this case, Islamic banking cannot compete with conventional banking where they can raise deposit rates to attract corporate funding so it can happen to the partial transfer of deposits from conventional banking to Islamic banking. In this case Islamic banking must also understand that most corporations rational enough where they pay attention to the yield which is considered more advantageous for them. Revenue sharing system inherent in Islamic banking differs from the system of interest inherent in conventional banking where conventional

banks can raise rates to attract customers to keep their funds in the conventional banking.

Islamic banking is also stymied yet many networks and branch offices to obtain funding from the public. In this case, Islamic banking capital is limited and cannot compete with conventional banking. Besides not much variety of deposit products, thereby reducing the interest of the community to save on Islamic banking. Problems in deposits in Islamic banks also submitted by Rival and Arifin (2010), that the banking sector should fund is influenced by many external and internal factors. External factors affecting the banking fund raising include economic conditions, the activities and conditions of the government, or the development of money market conditions and capital markets, government policies and regulations of Bank Indonesia. Meanwhile, internal factors include the bank's products, policies for yield, quality of service, ambience bank office, office location and reputation of the bank. In addition to these factors, the safety of the funds (money) deposited or invested in a bank and the return on the invested money is a factor to be considered (Ismail; 2011).

The composition of each factor during the study period is shown in Figure 1 below

During the study period, the average total assets of Rp. 241,271.07 billion, with a standard deviation of Rp. 23229.35 billion, the average savings deposit Rp. 112,405.67 billion, with a standard deviation of Rp.15.449,90 billion, an average of *murabahah* financing. Rp 109,606.83 billion, with a standard deviation of Rp. 7720.07 billion. And the average office 2487 office network with a standard deviation of 80 offices. From a linear regression model that is formed is: Total Assets = 46317.792 + 0,050 Deposits Deposits + 2, 846 *Murabahah* Financing - Financing SMEs 0.148 - 44.321 Office Network. That is, if the saving deposits rose Rp 1 Miliard to total assets increased to Rp. 0.05 Miliard. This shows that the more specific DPK deposits may increase the total assets of Islamic banks, because of savings deposits can be channeled into financing. Although in the long term should prefer the Islamic banks to attract deposits in deposits from nondeposits that cost less than savings deposits. If the financing *murabaha* rose Rp.1 Miliard lead to total assets increased to Rp. 2,846 Miliard. Financing of *murabaha* provide definite revenue for Islamic banks in the form of margin, so as to increase the assets of Islamic banks. However, Islamic banks should also be

intensified to channel financing is the result of cooperation, as well as most appropriate to the economic principles of Islam, the community will postpone buying and selling transactions (*murabaha*) consumer goods will decrease in a situation of economic crisis.

If financing of SMEs groups fell Rp. 1 M caused total assets to rise to Rp. 0.148 M. This shows that the group financing of SMEs in the economic crisis situation is less favorable, as it has troubled financing risks are quite high. However, group financing SMEs under normal conditions need to be improved because it is characteristic of Islamic banks in addition to for-profit also has a social mission of helping communities economically weak. If the office network is down 1 cause total assets will raise Rp. 44.321 M. This shows the reduction of office network causes the efficiency of Islamic banks increased, thus increasing the assets of Islamic banks. However, the addition of an office network of Islamic banks are also required to be able to attract more customers but still considered operational efficiency Islamic bank office.

The independent variables that affect the assets of Islamic banks are singnificance at significance level <5% is *murabaha* financing, SME financing, and office

networks, with an overall value of sig = 0,000. The variable savings deposits did not significantly affect the assets of Islamic banks (sig = 0.053). Variable *murabaha* financing, SME financing, office networks, and savings deposits together influential singnificance (sig = 0.000) against the assets of Islamic banks with effect as 98.9% and the remaining 0.1% is influenced by other variables that are not included on the model.

SPSS output of the correlation shows that the relationship between the variable savings deposits with total assets of 0.083 which means a strong positive. The relationship between the variables of *murabaha* financing with total assets is 0,972, which means a very strong positive. The relationship between the variables financing of SMEs with total assets is -0.789, which means a strong negative. Relations office network with total assets of Islamic banks amounted to 0.505, which means a moderate positive. Testing Best Linear Unbiased Estimation (BLUE) was conducted to see the presence/absence problem of autocorrelation, multicollinearity, and heterosedasitas. SPSS obtained output value of durbinwatson = 1.712, which means that the model is not autocorrelation (independent). The regression model also does not occur multicollinearity, because the number of independent variables VIF <10.

Of normal image output P-Q plot shows spreading point follow a straight line and a point on the scatterplot does not form a specific pattern, we concluded that the residuals of the regression model is formed to have a constant variance or are homoskedasitas.

During the study period, the trend of rupiah exchange rate against the dollar and JCI increasing trend. While the trend rate of inflation tends to be stable. This is shown in Figure 2 below:

During the study period, the average total assets of Rp. 241,271.07 billion, with a standard deviation of Rp. 23229.35 billion, the average Composite Index 4856.37 with a standard deviation of 360.40 billion, the average exchange rate of S / USD Rp.11.580,60 with a standard deviation of Rp.1.140,85, and the average rate of inflation of 0.57 % with a standard deviation of 0.78%. A linear regression model that is formed is: total assets = -52,540.718 19,098IHSG + 17.202 + Kurs IDR / USD + 2919.191 inflation rate. That is, if the stock index rose 1 point lead to total assets increased to Rp. 19.098 M. This shows that the increase in JCI could increase the total assets of Islamic banks, due to the increase in JCI showed investment climate are rising, so the chances are many people who invest through Islamic banks so as to increase the

If the exchange rate IDR / USD rose Rp 1 led to total assets increased to Rp. 17.202 M. When the exchange rate of S / USD is rising causing more interested exporters to increase their export transactions by filing a financing at banks including Islamic banks. It is shown on figures working capital financing increased 42.30% and investment financing increased by 68.06% in the period January 2013 until June 2015. As inflation rose by 1% led to total assets will rise to Rp. 0.148 M. Inflation is characterized by rising prices of consumer goods, on average, where most of the transactions conducted by using financing from banks including Islamic banks. It is shown on the figure financing *murabaha* contract (buying and selling) *murabaha* which increased 31.35% and 18.34% increased consumption financing from the period January 2013 s.d. June 2015. All independent variables affect assets of Islamic banks are significant at significance level <5%, the CSPI, the exchange rate IDR / USD with sig = 0,000, and the rate of inflation with sig = 0,039. JCI variable, rate IDR / USD, and the inflation rate are jointly influence significant (sig = 0.000) against the assets of Islamic banks with effect as 97.4% and the remaining 2.6% is influenced by other variables that are not included in the model.

SPSS output of the correlation shows that the relationship between the variables of JCI with total assets of 0.577 which means a moderate positive. The relationship between the variable rate IDR / USD with total assets of 0.930, which means a very strong positive. The relationship between a variable rate of inflation with total assets of -0.085, which means a very weak negative. Testing Best Linear Unbiased Estimation (BLUE) was conducted to see the presence/absence problem of autocorrelation, multicollinearity, and heteroscedasity. SPSS output obtained from watsondurbin value = 1.231, which means that the model is not autocorrelation (independent). The regression model also does not occur multikolinieritas, because the number of independent variables VIF <10. Of normal output P-Q plot which shows the point spread in a straight line and a point on the scatterplot does not form a specific pattern, we concluded that the residuals of the regression model is formed to have a constant variance or are homoscedasitas. Based on the interview during the period July s.d. October 2015 with the speakers who come from the regulator, the Bank Indonesia (BI), Financial Services Authority (FSA), and the Indonesian Stock Exchange (BEI), as well as practitioners of Islamic banking are derived from: Bank Muamalat

Indonesia (BMI), Bank *Syariah* Mandiri (BSM), Bank Negara Indonesia (BNI) *Syariah*, Bank Panin *Syariah* (BPS), and Persiunan National Savings Bank (BTPN) *Syariah* obtained information efforts are needed to address the problems of Islamic banks slowing growth of Islamic banks.

In general slowdown in Islamic banking is dominated by external factors in this case because of the economic slowdown also occurred in Indonesia. In the research results can be depicted that the capital structure and corporate governance is already well underway lot of interest in Islamic banking in Indonesia, which became the cause of the problems which departs from external domination, however main sources of Islamic bank capital is core capital (core capital) and quasi-equity. Core capital is capital that comes from the owners of the bank, which consists of capital subscribed by the shareholders, and the average shareholders are the owners of capital from anywhere. When the world financial crisis and the shareholders take their share of Islamic banks then certainly slowing global political factor because Identic with the capitalist and the capital structure of Islamic banks is still not much yet as the conventional banking which is inherently present in this global world.

## **CONCLUSIONS**

Based on the results of the discussion can be concluded that is the majority of Indonesian citizens of Islamic religion, the reality of that happening can be proved with their ID card shows that the majority of color is a Muslim country [Indonesia \(http://blog.yereview.com/hapuskan-kolom-agama-di-ktp\)](http://blog.yereview.com/hapuskan-kolom-agama-di-ktp). Not only from identity cards but on the evidence of the many mosques standing legal basis and foundation of the Indonesian state that is designed with the concept of Islam.

According to Suad Husnan (2004) is in proportion to the capital structure or the ratio between foreign capital and equity capital. According to Sabar Warsini (2003) the capital structure is a source of long-term financing consists of bonds and capital stock. Structure is a proportion or ratio in determining the fulfillment of corporate spending, whether by using debt, equity, or by issuing shares (Birgham and Gapensi: 1996) in research Tinjung Nursanti Desy (2004). According to Bambang RJ (2001) in research Hasa Nurrohim (2008), the capital structure is permanent spending that reflects the consideration or the ratio between long-term debtwith its own capital. Good corporate governance is the governance of banks to apply the principles of openness (Transparency), accountability (accountability), liability (responsibility),

independency (independency) and fairness (fairness). In general, Islamic banks function the same as the conventional banking as intermediary institutions (intermediary institution) that mobilize funds from the public and to channel these funds back to the people who need it in the form of financing facility.

Slowing Islamic banking is dominated by external economic slowdown that occurred in Indonesia. In the research results can be depicted that the capital structure and corporate governance is already well underway lot of interest in Islamic banking in Indonesia, which became the cause of the problems which departs from external domination, however main sources of Islamic bank capital is core capital (core capital) and quasi-equity. When the world financial crisis and the shareholders take their share of Islamic banks then certainly slowing global political factor because Identities with the capitalist and the capital structure of Islamic banks is still not much yet as the conventional banking which is inherently present in this global world.

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